

Portofino

RULES AND REGULATIONS

INTRODUCTION

Welcome to Portofino in Vacaville!

Portofino is a single-family Community. Because community living is a unique experience that relies on the mutual cooperation of all to be successful, the Portofino Owners Association ("Association") created these Rules and Regulations. Inside you'll find practical rules, regulations and guidelines that are intended to help foster a harmonious, enjoyable and safe environment for all Portofino residents.

These Rules and Regulations contain basic guidelines that, if observed, ensure that the structures and grounds of Portofino remain in good condition and that neighbors treat each other with respect and consideration.

These Rules and Regulations constitute the "Association Rules" contemplated by the Declaration. All Owners, residents and their guests are required to follow these Rules and Regulations as a means of acting on behalf of the greater good of the Community and its well being.

Bear in mind that these Rules and Regulations are always subject to the Declaration of Covenants, Conditions and Restrictions of Portofino ("Declaration"), and the Bylaws of Portofino Owners Association ("Bylaws"). The Board of Directors has the power to revise these rules, regulations, and any guidelines, policies and procedures set forth in these Rules and Regulations from time to time. If you would like to contribute suggestions for these Rules and Regulations, please submit them to the Property Management Company for consideration by the Board. In the event of any conflict between these Rules and Regulations and the Declaration or the Bylaws, the provisions of the Declaration or the Bylaws (whichever applies) shall prevail.

Please read these Rules and Regulations carefully, and be sure your family, guests and tenants fully understand and follow the rules, regulations and guidelines set forth below. If you have questions, please contact the Property Management Company:

Portofino Owners Association
c/o C & C Property Management
425 Merchant Street, Suite 101
Vacaville, CA 95688
707-447-6088
rich@ccpropmgmt.com

As you read through these Rules and Regulations, you will encounter defined terms, identifiable by their initial capital letters. Except as the context otherwise requires, these defined terms have the same meaning as set forth in the Declaration.

THE ASSOCIATION

The purpose of the Association is to operate, manage and maintain the Portofino Community for the benefit of the Owners. Common sense and consideration for your neighbors are the keys to its success.

The Board of Directors governs the Association, and meets regularly to make decisions pertaining to those matters for which the Association is responsible. Homeowners will be notified of the date, time and location of all meetings of the Members and the Board. If you are interested in becoming involved in the Association, please contact the Property Management Company.

Residents of Portofino are encouraged to work together to build a harmonious community. If any disputes between individual Owners should arise, the parties are encouraged to try to resolve them on their own.

To report problems related to the Association Property (such as landscape, sewer, street problems, etc.), please contact the Property Management Company.

ELECTION PROCEDURES

The Association has adopted the election rules and procedures ("**Election Procedures**"), which are attached to these Rules and Regulations as **Attachment 2**. These Election Procedures must be followed in circumstances set forth in Section 4.10 of the Bylaws. The Election Procedures set forth requirements regarding equal access for all candidates, procedures for nomination of candidates, secret ballot procedures, inspector selection, voting periods, eligibility and vesting, proxies, voting procedure and custody, procedures for contesting an election, restrictions on Association funds, and rights of enforcement. You must review the Election Procedures.

COMMUNICATION AND VOLUNTARY COOPERATION

As a residential community, Portofino calls for mutual cooperation, common sense and consideration of neighbors. To facilitate harmony within the community, all residents, tenants and their guests must comply with the rules and guidelines set forth in these Rules and Regulations and the Governing Documents. If you believe that a rule or restriction is unfair, you may try to change it by serving on the Board, participating in a committee, etc.

Portofino Owners Association welcomes communication from its members. Please feel free to call or write to the Property Management Company, the Association's liaison, to discuss any questions or issues.

MAINTENANCE AND INSPECTION OBLIGATIONS

Both Owners and the Association have maintenance and inspection obligations. Owners should consult their Owner's Maintenance Manual, applicable warranties and other manufacturers' maintenance schedules and recommendations for specific maintenance requirements. As set forth in the Declaration, a portion of the Owners' maintenance and inspection obligations require Owners to implement commonly accepted maintenance practices to prolong the life of the materials and construction of the Residences.

Similarly, specific maintenance and inspection requirements for the Association are set forth in the Association Maintenance Manual, applicable warranties and other manufacturers' maintenance schedules and recommendations. The Association is also required to implement commonly accepted maintenance practices to prolong the life of the materials and construction of the Association Property.

SEVERABILITY

If any of the provisions of these Rules and Regulations are held to be invalid, the remainder of the provisions shall remain in full force and effect.

ENFORCEMENT OF GOVERNING DOCUMENTS

If there is a violation of the Association's Governing Documents, including these Rules and Regulations, then a member may submit a Violation Complaint Report to the Property Management Company. A copy of the form is attached to these Rules and Regulations. No member complaint can be acted upon unless there is supporting documentation, i.e., the written complaint. However, in an emergency situation or under extenuating circumstances, the Property

Management Company, in its sole discretion, may choose to act on a complaint that is not in writing, and create their own written record of the situation.

Upon receiving the first written complaint, a "courtesy reminder" will be sent to the member complained about, if appropriate. If the violation is not cured, then upon receiving a second written complaint regarding the violation, a second violation letter will be sent. The second violation letter will advise that if the violation is not corrected, the Board will schedule a hearing for the Owner to address the Board regarding the alleged violation at which monetary fines and penalties may be imposed, and may include the suspension of membership rights. If there is a third written complaint, then the Board will approve the matter for handling, and a due process hearing will be scheduled. Failure to correct a violation may also result in legal action, the cost of which will be the Owner's responsibility.

GENERAL RULES FOR ASSOCIATION PROPERTY

It cannot be stressed enough that all Owners and their tenants be thoughtful and considerate of their neighbors. General rules of good conduct should be observed at all times. The following are general guidelines you, your tenants and guests must observe at Portofino:

1. Safety and Noise. Please use common sense and courtesy in regard to voice levels, unnecessary noises and boisterous conduct. This includes, but is not limited to, televisions, radios and/or other sound emitting devices. Keep the volume at a reasonable level at all times so other residents are not disturbed. Between the hours of 10p.m. and 8a.m., (which hours may be revised by the Board as appropriate), the volume must be significantly reduced to keep from disturbing other residents. Owners should be responsive to requests from their neighbors.
2. Damage Caused by Owner. Owners will be responsible for and bear all costs of repairs and/or replacement for any damage to Association Property, if it is determined that the damage was caused by the Owner, its lessees, guests, employees or contractors.
3. No Obstruction. Obstruction of the sidewalk, Private Streets or entranceways throughout the property is not permitted. No one may store or place anything in the Association Property (including sidewalks and Private Streets). This includes, but is not limited to potted plants, signage, pictures, paintings, items of furniture, etc. The Association will not be responsible for any damage to, or loss of, any personal property left in any Association Property.
4. Antennas and Signs. Antennas or signs must be installed in accordance with the Architectural Guidelines.
5. Association Property. Owners may not borrow or remove any equipment or property belonging to the Association.
6. Solicitation. All Owners of Residential Lots are prohibited from distributing or causing to be distributed any advertising, pamphlet, free newspaper or any other printed matter on or in any portion of the property or resident cars. This includes door-to-door solicitation, electioneering, etc. Owners may not permit their families, employees, agents, visitors or licensees to solicit either.
7. Outside Drying or Laundering. No exterior clothesline shall be erected or maintained or hung on porches, decks or patios and there shall be no exterior drying or laundering of clothes, towels or any other items.

CONDUCT AFFECTING INSURANCE

Nothing shall be done or kept in any Residential Lot or the Association Property that will increase the rate of insurance without the approval of the Association.

No Owner shall permit anything to be done or kept in his or her Residence, or in the Association Property, which could result in the cancellation or suspension of insurance or which would be in violation of any law.

An Owner who is responsible for an increase in the rate of insurance on the Association Property shall be personally liable for the cost of the additional insurance premiums.

USE RESTRICTIONS

1. Residential Use. The Residences shall be used for residential purposes only. Please refer to Article 7 of the Declaration for more information regarding residential use restrictions.
2. Alarms. Any alarm installed in a Residence shall be the type of alarm which is monitored by a certified alarm company.
3. Window Coverings. Temporary window coverings in a design and color that does not conflict with the surrounding Improvements (but excluding aluminum foil, newspapers, or any other contrasting material) shall be permitted for a maximum period of ninety (90) days from the date that a Residential Lot is conveyed to an Owner by Declarant. All window coverings shall be of white or off white.
4. Basketball Standards. No basketball standards or fixed sports apparatus shall be attached to any portion of the Residence except as approved by the Board. No portable sports apparatus can be stored in front yard, driveway or street over night.
5. Potted Plants Only a reasonable number and size of potted plants can be displayed on exclusive use patios that can be seen by the common area street or court yard. (five to seven).
6. Patio Furniture There shall not be any furniture stored on exclusive use patios, which can be seen from common area street or court yard, other than reasonable sized café patio furniture, such as café benches, café tables and café chairs, Café style benches of reasonable size and color are permitted but must be maintained or removed if not maintained.

ANIMALS

1. All Owners must comply with City and County laws and regulations with regard to control and health of pets. All dogs and cats shall have a current license and identification tag. Loose, unattended dogs, cats or other animals without a license or identification tag may be reported to the local Animal Control for pickup.
2. Pets are only allowed in the Association Property if they are at all times on a leash or within an enclosure, such as a carrying case. Pets must be under the owner's control when outside of the Residence or fenced yard.
3. Fecal waste deposits made by pets on any Association Property, including landscaped areas, sidewalks and Private Streets must be promptly cleaned up by the owner of the pet. Waste must be put in a tightly sealed plastic bag before being disposed of. Any damage caused by a pet shall be repaired/replaced at the pet owner's expense. This includes, but is not limited to, grass, plants, carpet, stained stucco, claw marks, etc.
4. No animal shall be bathed, at any time, on any Association Property.
5. Pets are not allowed on landscaped areas within Association Property at any time. Dogs shall not be tied to trees or to any exterior building feature, fence or railing.
6. Pets must not be left outside unattended. Pets must be kept within the Residence when the Owner is away or cannot attend to them. Barking dogs outside an Owner's Residence will not be tolerated. Any pet which makes noise disturbing to a neighbor must be confined within its Owner's Residence in a place from which this noise cannot be overheard.
7. Each person bringing or keeping a pet within the Community shall be fully liable to other Owners and their guests for any damage to persons or property caused by any pet brought upon or kept upon the property by such person or by members of his/her family or guests.
8. If, after notice and a hearing, the Board finds that a pet is dangerous or creates a nuisance, the Board may require the pet to be removed from the Community within seven (7) days.

modifications and restore the area to its original condition. If an Owner fails to do so, the Association may do so on the Owner's behalf and the Owner shall be liable to reimburse the Association for all of its costs and expenses.

FIRE SAFETY DEVICES

Each Owner must maintain the smoke detectors installed in his or her Residence. As part of this maintenance, you must replace all smoke detector batteries regularly. Fire sprinklers shall be properly maintained in accordance with the manufacturer's specifications.

GARAGES AND PARKING

1. Garages. All residents must park their vehicles in their garages, to the extent possible. Each garage must be used for parking of the number of automobiles the garage was designed to accommodate. Garages are to be used for parking vehicles only and shall not be converted for storage, living or recreational activities. Garage doors are to be kept closed except when vehicles are entering or exiting the garage. Doors to garages shall be kept closed except for the removal or entry of a vehicle there from or thereto.

2. Visitor and Resident Parking. Visitor parking is allowed in designated guest parking spaces only. No vehicle may be stored or parked anywhere outside of a garage for more than 72 consecutive hours. Designated parking spaces within Courtyards, as defined in CC&R Section 1.8 or its successor, are reserved for the use by the Owners of the abutting Courtyard Lots and their guests on a first come, first serve basis. However, an Owner of an abutting Courtyard Lot may park only one vehicle in a designated Courtyard parking space, but only if at the time an Owner attempts to park in the Courtyard, the maximum number of the owner's vehicles for which that Owner's garage was designed are parked in that garage. The Board may implement a system for identifying the vehicles of Owners and their guests and the corresponding authorized courtyards in which they may park (such as color-coded passes, numbered tags, permits, etc.). Violations of these Rules and Regulations are violations of the Association's Governing Documents and are subject to all available rights, remedies and enforcement options therein. Any vehicles parked in violation of these rules may be towed at the Owner's expense.

3. Fire Lanes and Parking Restrictions. There shall be no parking in any marked fire lanes. Parking vehicles, motorcycles, mopeds or bicycles are prohibited on sidewalks within the Community.

4. Vehicle Maintenance. No repairs, restorations, or any mechanical maintenance of any motorized vehicle, boat, trailer, aircraft, or other vehicle or equipment shall be conducted in the Community, including all Private Streets and within an enclosed garage, with the exception of minor or emergency automobile repairs. All authorized vehicles, motorcycles, mopeds and bicycles within the Community must be operable and possess a current license and registration. **5.**

Noise. No one shall race engines, honk horns, spin wheels, permit engines to idle excessively or otherwise create unnecessary noise with motor vehicles or the sound and automotive speaker equipment. All motor vehicles must have adequate muffler and exhaust systems.

7. Prohibited Vehicles. No motor homes, campers or recreational vehicles, boats, trucks or similar equipment shall be parked in the Development.

8. Towing. Any vehicles parked in any manner that obstructs free traffic flow, constitutes a nuisance or creates a safety hazard or in violation of these rules may be towed away at the vehicle owner's expense. Owners should contact the Property Management Company or the appropriate party as designated by the Property Management Company, who shall be responsible for taking appropriate action, including, if necessary, calling the towing company. The Association is NOT obligated to provide any notice (including, but not limited to, a letter mailed to the Owner or a notice posted on the vehicle) to a vehicle owner and/or an Owner before the vehicle is towed and/or an Owner is fined or penalized due to violations of these rules.

9. Speed and Lights. All drivers must maintain safe and proper speeds and observe a maximum speed of 15 miles per hour while driving in the Community.

10. Oil Leaks. Excessive oil leaks and stains caused by a user's vehicle within the Association Property will be subject to fines and/or the cost of clean up and repairs. Preventative maintenance of your vehicle will help to alleviate this issue.

ODOROUS MATTER, OFFENSIVE CONDUCT & NUISANCES

No person shall discharge into the Community's sewer system, storm drain or any toxic or noxious matter in such concentrations as to be detrimental to or endanger the public health, safety, welfare, violate any law, subject any Owner to liability under state and federal law for any clean-up or cause injury or damage to neighboring property or business elsewhere on the Community.

HOLIDAY DECORATIONS

1. Acceptable Timeframe. The acceptable timeframe for winter holiday decorations is from the day after Thanksgiving until January 10th. All other decorations must be displayed no more than fifteen (15) days prior to the day of the holiday, and must be removed within seven (7) days after the holiday.

2. Damage. Each Owner is liable to the Association for any damage to the Association Property (including holes, tape marks, abrasions, etc.) caused by that Owner or his or her guests, tenants, Invitees or any resident of his or her Residential Lot.

3. Lights. All holiday lighting must have a "UL" or comparable rating. Outdoor lights must be designed for outdoor use. Please ensure that lights do not disturb other Owners.

RENTAL OF RESIDENCES

An Owner shall be entitled to rent the Owner's entire Residence, or a portion thereof, for a term of not less than thirty (30) days. The Owner shall be responsible for all actions of the lessee and subject to the following guidelines:

1. Property Management Company Notification. All Owners who rent their Residences shall submit names and contact numbers for themselves and their tenants to the Property Management Company.

2. Written Lease or Rental Agreement. Any rental or leasing agreement shall be in writing, shall provide that the lease or rental is subject to the Governing Documents and shall provide that any failure to comply with any provision of the Governing Documents shall be a default under the terms of the lease agreement. A copy of any lease agreement shall be provided to the Association.

3. Compliance with Governing Documents. A copy of the Governing Documents, these Rules and Regulations and the Architectural Guidelines shall be provided by the Owner to each tenant or lessee. The leasing Owner shall, at all times, be responsible for their tenant's or lessee's compliance with all of the provisions of the Governing Documents pursuant to the occupancy and use of the Residence.

4. No Hotel, Timeshare, etc. No Residence may be rented for hotel, motel or transient purposes or for any other purpose inconsistent with the Declaration.

SIGNS

Owners displaying signs within the Community are subject to the parameters set forth in the Architectural Guidelines. No commercial signs can be displayed anywhere within the Development.

TRASH DISPOSAL

Trash, garbage or other waste shall be kept only in approved sanitary containers, properly closed. No trash or debris is to be left in any area that is visible to others, such as walkways, or Association Property, except when garbage cans are set out for garbage collection.

COMMUNITY GUIDELINES BASICS

1. Always be considerate of neighbors.
2. Know that the intent of the Association is to operate, manage and maintain the value of the Community and for the enjoyment of all.
3. Remember always that if you want to make any modifications or changes to your Residential Lot, contact the Property Management Company for Architectural Guidelines and the forms that must be submitted before undertaking any modifications.

PROCEDURES FOR ENFORCEMENT OF THE RULES AND REGULATIONS

The Board of Directors is authorized to impose monetary penalties and to temporarily suspend certain membership privileges and impose other appropriate discipline for failure to comply with the Declaration, Bylaws, Rules and Regulations or Architectural Guidelines. Enforcement of the Governing Documents depends on the participation and cooperation of all Owners, lessees and guests of the Owners.

1. Reporting of Violations.

- (a) Violations may come to the attention of the Association through written complaints by Owners or through visual observations by one or more Board members or by the Property Management Company.
- (b) All complaints must be submitted in writing to the Board of Directors in care of the Property Management Company, with the complainant's name, address and telephone number, in order for action to be taken regarding an alleged violation.
- (c) Each complaint must cite the name, date, time and nature of the violation and provide a factual statement supporting the charges of the alleged violation.
- (d) Complaints will be held in confidence to the extent permissible by law, however, is requested by the Board, it is the responsibility of the person filing the complaint to appear before the Board of Directors to be heard regarding the alleged violation.

2. Violation Notification.

- a. First Notice. Upon observation of a violation or receipt of a written complaint, the Board may direct the Property Management Company to send a violation letter. The Property Management Company will send a written "friendly reminder" (the "First Notice") to

the offending Owner of record at the Owner's last known address and, if the Residence is rented, to the tenant. The First Notice will describe the general nature of the alleged violation and request correction of the violation by a stated date. Additionally, the offending owner will be notified that if a second letter is required regarding the violation, the Board of Directors may authorize management to charge a fee for the second letter.

b. Second Notice. If the violation is not corrected by the date set forth in the First Notice, the Property Management Company will send a second formal written notice of violation (the "Second Notice") to the offending Owner of record at the Owner's last known address and, if the Residence is rented, to the tenant. The Second Notice will again describe the nature of the alleged violation and request correction of the violation by a stated date. The Second Notice will also advise that, if the violation is not corrected, the Board will schedule a hearing for the Owner to address the Board regarding the alleged violation at which monetary fines and penalties may be imposed, including the suspension of membership rights.

c. Third Notice — The Notice of Hearing. If the violation is not corrected by the date set forth in the Second Notice, the Property Management Company will send a formal written notice of hearing to the Owner scheduling a Board hearing on the violation and advising the Owner that monetary fines and penalties may be imposed (the "Third Notice" or "Notice of Hearing"). The Notice of Hearing shall be delivered personally or mailed by first class mail, certified or registered mail, return receipt requested, to the offending Owner at the last known address listed with the Property Management Company, and to the tenant at the tenant's address within the Community, at least fifteen (15) days before the proposed date of hearing on the alleged violation. The notice shall contain the following:

- an explanation in clear and concise terms of the nature of the alleged violation;
- ii. a reference to the provision(s) of the Governing Documents which the Member is alleged to have violated; and
- iii. the date, time and place of the hearing.

The Notice of Hearing may also include the amount of any monetary penalties which may be imposed at the hearing if the violation is not corrected, and the amount of any additional monetary penalties which may be imposed at the hearing for the continuation and/or repetition of the violation and shall include a description of other penalties which may be imposed, including, without limitation, the membership rights which may be suspended by Board decision at the hearing.

3. Hearing Procedures.

(a) If the violation is not corrected before the scheduled hearing, the Board will hold a hearing on the date and at the time and place set forth in the Third Notice (the "Hearing"). The Hearing will be held regardless of whether the Owner and/or tenant attends the Hearing, and an appropriate monetary fine and other penalties may be imposed, including, without limitation, the suspension of membership rights in accordance with the Governing Documents. Any determination made by the Board is binding notwithstanding the absence of the Owner and/or tenant.

(b) At the Hearing, the Owner will be given an opportunity to present facts and/or arguments disputing the alleged violation and/or against the imposition of any penalty or disciplinary action. At the Hearing, the Owner will be given an opportunity to present extenuating or mitigating facts or arguments. If an accused Owner fails to take the opportunity to be heard, the Board will decide the case on the facts presented in the written complaint(s) or on other pertinent oral or written evidence presented to the Board.

(c) The Board will make a determination as to whether a violation was committed. If the Board determines that a violation was committed, the Board can impose reasonable monetary penalties and/or discipline against the Owner as provided for in the Declaration.

(d) If the Owner has corrected the violation, the Board will not impose any monetary fines or penalties and will close the complaint or violation procedure. If the Owner continues to be in violation, the Board will determine what sanctions are appropriate.

(e) If the Board imposes discipline, the Board shall provide the Owner a written notification and explanation of the suspension, fine or conditions of the disciplinary action either in person, or by delivery of first class mail, within fifteen (15) days following the action.

4. Suspension of Privileges And Monetary Penalties.

Should the Board find an Owner (and/or his or her guests, residents, or tenants) in violation of the Governing Documents, after reviewing the evidence presented at a hearing, pursuant to the guidelines set forth in the Association's Declaration and Bylaws, the Board may in its discretion levy any or all of the following penalties and sanctions:

(a) Monetary fines;

Suspension of an Owner's (and/or his or her guests, residents or tenants) right to use the recreational facilities;

(b) Suspension of an Owner's (and/or his or her guests, residents or tenants) membership rights and privileges;

(c) Suspension of an Owner's right to vote on all Association business;

(d) Removal of any non-conforming structure or improvement; and

(e) Special Assessment against an Owner for any costs incurred by the Association, including attorney's fees and costs, with respect to the violation.

5. Fine Schedule.

The Board may impose monetary penalties in accordance with the adopted (graduated) fine schedule stated below, be automatically imposed for each month or for each portion of a month that the violation continues without the need for further hearings on the violation.

First Fine:	\$100.00
Second Fine:	\$200.00
Third Fine:	\$300.00
Subsequent Fines/Legal Action:	Per Decision of the Board

All fines, including Special Assessments representing the attorneys' fees and costs incurred by the Association in enforcing the Governing Documents, shall be a charge against the Owner of the Residence. Any and all fines shall be billed to the Owner's account for the Association.

The Association reserves the right to use any avenue of the legal system to enforce the Governing Documents against an Owner, including the collection of any fines imposed against an Owner for violating the Governing Documents.

6. Appeal Procedure.

Any decision of the Board with regard to these Rules and Regulations shall be made in good faith and may not be unreasonable, arbitrary or capricious. Such decisions shall be in writing and shall

be consistent with any governing provision of law, including but not limited to California Civil Code Section 1354, 1363.810 *et seq.*, and 1369.510 *et seq.* and any successor statute or law.

ATTACHMENTS

Attachment 1: Violation Complaint Report Form

Attachment 2: Election Procedures

Attachment 1

**PORTOFINO OWNERS ASSOCIATION
VIOLATION COMPLAINT REPORT**

Name: _____

Address: _____

Daytime Phone Number: _____

DETAILED DESCRIPTION OF INCIDENT (Please give as much information as possible such as date, time, name and address of person(s) involved, damage, location, license # or anything else which may be pertinent):

If possible, give name and phone number of any potential witness:

- _____
2. _____
3. _____

Were any photographs taken? Yes No By whom? _____

Attach all photographs to this form or forward to the Association as soon as possible. Include photographer's name and date photographs were taken, and the names of any individuals present.

I HAVE MADE THE ABOVE STATEMENTS BASED ON MY PERSONAL KNOWLEDGE AND NOT UPON WHAT HAS BEEN TOLD TO ME. I WILL COOPERATE WITH THE ASSOCIATION AND ITS ATTORNEYS TO PROVIDE ADDITIONAL STATEMENTS OR AFFIDAVITS, AND IN THE EVENT A HEARING OR TRIAL IS NECESSARY, I WILL APPEAR TO TESTIFY AS A WITNESS.

Signature

Date Signed

Printed Name

Portofino Owners Association
c/o C&C Property Mgt
425 Merchant St Ste. 101
Vacaville CA 95688
Phone: 707-447-6088
Rich@ccpropmgt.com

ATTACHMENT 2

Election Procedures for Portofino Owners Association Pursuant to California Civil Code Sections 1357.120, 1363.03 and 1363.05

*The following election procedures for Portofino Owners Association ("**Association**") are being adopted in accordance with Senate Bill 61, codified as California Civil Code Sections 1357.120, 1363.03 and 1363.05. As of July 1, 2006, the statute requires associations to adopt rules regarding election procedures.*

I. Equal Access.

A. If, in the course of an election campaign for a position on the Board, any candidate or Member of the Association advocating a point of view is provided access to a form of media (including, but not limited to, newsletters and Internet web sites) that is owned or entirely run by and for the Association, for a purpose that is reasonably related to that election, equal access shall be provided to all candidates and Members of the Association for the same purpose ("**Equal Access**").

B. Equal Access, as described above in **Section I (A)**, shall also apply to Members of the Association and candidates not endorsed by the current Board, and shall be for the purpose of advocating a point of view reasonably related to the election.

C. The Association shall not edit or redact any content from the presentation of the points of view described in this Section, to the extent that such content does not violate any provision in the Declaration, Bylaws of the Association or rules and regulations promulgated by the Board ("**Governing Documents**"), or any applicable state, federal or local laws, but may include a statement specifying that the candidate or Member of the Association, and not the Association, is responsible for the content of such point of view.

D. The Association shall give all candidates, including those candidates who are not incumbents, and those who are not endorsed by the Board, Equal Access to the common meeting area (i.e., time and space available for such candidate's use), if any, to present a point of view reasonably related to the upcoming election.

E. The Association shall not charge candidates a fee for access to the common meeting area for the purposes described in this Section.

II. Qualifications and Procedures for Nomination of Candidates.

A. A Member of the Association ("**Member**") is eligible to be nominated or to nominate himself or herself for a position on the Board if: (a) the Member's subdivision interest is not subject to a Notice of Delinquent Assessment that, as of the date of nomination, has been of record for thirty (30) or more days; (b) the Member has paid the first month's assessments, as provided for in the Declaration of Covenants, Conditions and Restrictions, levied against such Member's Residential Unit; (c) the escrow by which such Member acquired his or her Residential Unit closed at least sixty (60) days prior to the date on which the first ballot is mailed or solicited from Members of the Association for voting purposes; (d) the Member is at least eighteen (18) years old. If so required by the bylaws of the Association, directors shall be Members of the Association or representatives of Declarant.

B. All Members of the Association eligible to vote in the forthcoming election are eligible to nominate another eligible Member of the Association or himself or herself as a candidate for the Board.

C. Provided that a Member of the Association seeking candidacy for a position on the Board satisfies the eligibility requirements set forth in Section II (A) above, such Member of the Association may be nominated or nominate himself or herself by the following procedures:

1. Nominations for Board candidates may be submitted in writing and deposited in a receptacle designated by the current Board or mailed to the secretary of the Association or the Association Management Company, whichever the Board decides, not less than thirty (30) days prior to the mailing or distribution of ballots for the election of new Board Members. Members of the Association shall not be prohibited from nominating themselves for any Board position and any attempt to prevent a Member of the Association's self-nomination shall be invalidated.

2. After collecting all properly submitted nominations, the current Board shall issue a list of the prospective candidates, having confirmed that each nominated person is eligible under Section II (B), and contact each of the qualified Members of the Association on that list to confirm that individual's acceptance of the nomination.

3. The Board shall issue a full list of confirmed candidates, and shall draft a corresponding ballot to be distributed to all Members of the Association for voting purposes. Such ballots must satisfy the requirements set forth in Section III below.

III. Secret Ballot.

A. Pursuant to California Civil Code Section 1363.03, elections and votes related to assessments, selection of Members of the Board, amendments to the Governing Documents adopted by the Association, and the grant of certain exclusive use easements shall be by secret ballot. The secret ballot must satisfy the requirements set forth in the California Civil Code and this Section III. The Association shall send to each eligible Member of the Association a ballot and two (2) pre-addressed envelopes not less than thirty (30) days prior to the voting deadline for the election.

B. Ballots must not identify the voter's name, address, or lot, parcel or unit number.

C. The ballot itself must not be signed by the voter. It must be inserted into a sealed envelope. That sealed envelope must then be sealed within a second (2nd), outer envelope. The outer envelope shall have, in the upper left-hand corner, space for the voter to print and sign his or her name, and print his or her address.

D. The outer envelope is pre-addressed to the inspector or inspectors of election, as defined below, who will be counting the votes. The envelope containing the ballot shall then be hand delivered or mailed via first class mail to a location specified by the inspector or inspectors of the election. The Member of the Association may request a receipt for delivery.

IV. Selection of Inspectors.

A. The current Board shall select either one (1) or three (3) independent third parties to serve as the inspector or inspectors of the election ("*Inspector(s)*") not less than fifty (50) days prior to the voting deadline. A person or persons currently employed or under contract to the Association for any paid services may not be selected to be an Inspector unless such person is expressly allowed to serve as an Inspector under the rules of the Association. The Association's current Association Management Company is hereby authorized to serve as the Inspector.

B. For the purposes of this Article, independent third parties include the following:

1. A volunteer poll worker working for the county registrar of voters;
2. A Licensee of the California Board of Accountancy;
3. A Notary Public; or
4. A Member of the Association that does not hold a position on the current Board, is not related to a Member of the current Board, is not a candidate for the forthcoming election, for which such Member of the Association would serve as an Inspector.

C. The inspector(s) of the election shall have the following responsibilities:

1. Determine the number of Memberships entitled to vote as of the record date and the voting power of each said Membership;
2. Determine the authenticity, validity, and effect of proxies, if any;
3. Receive ballots;
4. Hear and determine the outcome of all challenges and questions regarding a Member of the Association's right to vote in the election;
5. Count and tabulate all votes submitted;
6. Determine the hours of operation of any polling facilities;
7. Determine and announce the result of the election based on the ballots received and votes tabulated; and
8. Perform any acts as may be proper to conduct the election with fairness to all Members of the Association in accordance with this Section and all applicable rules of the Association regarding the conduct of the election that are not in conflict with these procedures.

D. An Inspector shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as practical.

E. If there are three (3) Inspectors, the decision or act of a majority shall be effective in all respects as the decision or act of all Inspectors.

F. Any report made or issued by the Inspector(s) is prima facie evidence of the facts stated in such report.

V. Voting Periods.

A. Ballots and all related materials required for voting under these procedures shall be sent to eligible Members of the Association not less than thirty (30) days prior to the date on which the collection and tabulation of votes has been set to begin by the Inspector(s).

B. Ballots, if hand delivered to a location or receptacle designated by the Inspector(s), must be received within seven (7) business days after the first (1st) day of ballot collection and tabulation, as determined by the Inspector(s).

C. If ballots are sent to the designated location or recipient via first class mail, such ballot must be postmarked no later than the third (3rd) business day after the first (1st) day of ballot collection and tabulation.

D. No further ballots shall be accepted, by mail or otherwise, after the tenth (10th) day of ballot collection and tabulation. Any ballots received after the tenth (10th) day shall be discarded and will not be counted in the Inspector(s)' tabulation of votes. The Member of the Association whose ballot has been discarded will not be entitled to notification of such action and shall not have the right to cast another vote in the present election. Such discarded ballots shall not be counted in any subsequent recount or challenge to the election procedures.

VI. Eligibility and Vesting of Voting Rights.

A. A Member of the Association is eligible to vote if: (a) the Member's voting rights have not been suspended pursuant to the Declaration of Covenants, Conditions and Restrictions or the Bylaws of the Association; (b) the Member has paid the first month's assessments, as provided for in the Declaration of Covenants, Conditions and Restrictions, levied against such Owner's Residential Unit; (c) the Member closed escrow on his or her Residential Unit on or before the "Record Date," being not less than sixty (60) days prior to the date on which the ballots are mailed to or solicited from Members of the Association for voting purposes; (d) the Member is at least eighteen (18) years old.

B. Except where cumulative voting is authorized, Class A Members may cast only one (1) vote per Residential Unit. If more than one (1) party is record Owner of a Residential Unit, the vote for that Residential Unit shall be decided by said parties between themselves, as so provided in the Declaration of Covenants, Conditions and Restrictions.

C. Such voting rights attributed to any given Residential Unit in the Community shall vest as provided in the Declaration of Covenants, Conditions and Restrictions.

VII. Proxies.

A. Any eligible Member of the Association may authorize another person to act by proxy, pursuant to the bylaws of the Association.

B. Any instruction given in a proxy that directs the manner in which the proxy is to cast the vote shall be set forth on a separate page of the proxy that can be detached and given to the proxy holder to retain. The proxy holder shall cast the vote by secret ballot, in the manner prescribed in these procedures. The Inspector shall determine the authenticity, validity and effect of proxies. Proxies shall be presumed valid if executed in accordance with California Corporations Code Section 7613 and the bylaws of the Association.

VII. Voting Procedure and Custody.

A. All votes shall be counted and tabulated by the Inspector(s) in public at a properly noticed open meeting of the Board and/or Members of the Association. Any candidate or Member of the Association may witness the counting and tabulation of the votes. No person, including, but not limited to, Members of the Association and employees of the Association Management Company, if one has been selected, shall open or otherwise review any ballot prior to the time the ballots are counted and tabulated by the Inspector.

B. The results of the election, as tabulated by the Inspector(s), shall be promptly reported to the current Board and shall be recorded in the minutes of the next meeting of the Board, and shall be made available for review of Members of the Association. The Board shall

publicize the results of the election in a communication directed to all Members of the Association, within fifteen (15) days of the date the final tabulation of votes has occurred.

C. The sealed ballots shall at all times be in the custody and control of the Inspector(s), or at such location designated by the Inspector(s), until after the final tabulation of votes, after which time the custody and control of the ballots shall be turned over to the Association.

D. After the final tabulation of the votes has been completed by the Inspector(s) and custody and control of the ballots has been turned over to the Association, the Association shall store the ballots or cause them to be stored, in a secure location for not less than two (2) years from the date of final tabulation of votes.

IX. Contesting the Results of an Election.

A. An action challenging the validity of any election must be commenced within nine (9) months of the final tabulation of votes and report of the results to the Board at the open meeting in the election challenged.

B. In the event of a recount or other challenge to the election process, the Association shall, upon written request, make the ballots available for review by Members of the Association or authorized representatives. Any recount must be conducted in a way that preserves the confidentiality of all ballots recounted.

X. Restriction on Use of Association Funds.

A. Association funds shall not be used for campaign purposes in connection with any Board Election. Association funds shall not be used for campaign purposes in connection with any other Association election, except to the extent necessary to comply with the duties of the Association imposed by applicable law.

B. For the purpose of this Section, "Campaign Purposes" include, but are not limited to, the following:

1. Expressly advocating the election or defeat of any candidate that is on the Association election ballot; or

2. Including a photograph or prominently featuring the name of any candidate on a communication from the Association or the Board, accepting the ballot and ballot materials, within thirty (30) days of the distribution or mailing of ballots to Members of the Association for voting purposes.

C. Such action is not considered a "Campaign Purpose" (for which Association funds may not be used) if the communication is one that is required for Equal Access as described in Section I above.

XI. Right of Enforcement. Pursuant to California Civil Code Section 1363.09, Members of the Association shall have the following rights:

A. Members of the Association may bring a civil action for declaratory or equitable relief (including, but not limited to, injunctive relief, restitution, or a combination thereof) for a violation of these procedures by the Association within one (1) year of the date the cause of action accrues.

B. Upon finding that the Association violated the election procedures herein, a court of law may void any results of the election in question.

C. Members of the Association who prevail in an action based on this Section shall be entitled to reasonable attorney's fees and court costs.

D. The court may impose a civil penalty of up to Five Hundred Dollars (\$500.00) for each violation; however, a violation that affects each Member of the Association equally shall be subject to one (1) penalty only.

E. If the Association prevails, it shall not be entitled to recover attorney's fees or court costs unless the court finds the action to have been frivolous, unreasonable or without foundation, all as defined by applicable laws.

F. A cause of action brought pursuant to the rights of a Member of the Association under Civil Code Section 1363.09 with respect to Equal Access, as described in Section I, the receipt of a ballot by a Member of the Association, or the counting, tabulation, reporting of, or access to ballots for inspection and review after tabulation may be brought in small claims court, provided that the amount of the demand in such action does not exceed the jurisdiction of that court.

The preceding operating rules regarding election procedures are hereby adopted, pursuant to certification by the secretary of the Association, in accordance with California Civil Code Sections 1357.100 through 1357.150, which require that (i) written notice of a proposed rule change, including the text of the proposed rule change and a description of the purpose and effect of the proposed rule change, be provided to the Members of the Association at least thirty (30) days prior to making the rule change, (ii) a decision on a proposed rule change be made at a meeting of the Board, after consideration of any comments made by Members of the Association, (iii) as soon as possible after making a rule change, but not more than fifteen (15) days after making the rule change, the Board deliver notice of the rule change to every Member of the Association and (iv) Members of the Association may reverse a rule change by following the procedure set forth in California Civil Code Section 1357.140.