

EXHIBIT B
CHOA Amended and Consolidated Rules and Regulations
ENFORCEMENT PROCEDURES

1. General. These Enforcement Procedures and Fine Schedule are enacted to supplement the provisions of Article XII of the CC&Rs (Breach and Default). Pursuant to Section 12.01 of the Declaration, the remedy at law is deemed to be inadequate, and the Chinquapin Governing Documents (“GDs”) may therefore be enforced by any proceeding in law or in equity, including but not limited to an application for a temporary restraining order and permanent injunction and/or requests for damages and attorneys’ fees for violation of the GDs, as allowed by the GDs and/or applicable law. Owners are responsible and liable for their renters, guests or invitees and all other occupants of their Unit. Therefore, when a violation is committed by an Owner’s renters, guests or invitees, the Board’s enforcement action will generally be directed at the Owner who is bound by the GDs rather than their renters, guests or invitees.

The Board will usually try to resolve disputes or violations informally, and follow the notice and hearing procedures at section 4 of these Procedures before imposing any fines or other discipline. However, the Board retains the authority and discretion to initiate formal hearings or take immediate action to correct violations as allowed by the GDs, these Rules, and applicable law.

2. Delegation of Authority to Management. The Board has delegated certain enforcement responsibilities to Management, including the ability to take immediate corrective or disciplinary action as provided at section 12.06(e), (iii), of the CC&R’s. While at Chinquapin, each Owner, their renters, guests or invitees are to comply with the directions and instructions of the CHOA Management Company employees, the General Manager, Association Directors, Officers, and Committee members, and all other authorized CHOA agents.

3. Enforcement by Individual Owners. California Civil Code section 1354 authorizes enforcement of the GDs by individual Owners. However, an Owner must first file a written complaint with the Board and may not file litigation or arbitration to enforce the GDs, without first complying with the requirements of Section 12.06(b) of the CC&R’s.

4. IDR and ADR. Disputes between Owners, and/or between Owners and the Association, will be handled pursuant to California Statutes that require Informal Dispute Resolution (IDR) and/or Alternative Dispute Resolution (ADR) in most instances. All Owners are provided notices that explain their IDR and/or ADR rights and procedures annually. Owners subject to discipline will be provided

additional copies of the Association notices on these subjects not later than the time a formal disciplinary hearing is noticed.

5. Notice and Hearing Procedures. The procedures set forth in this section are intended to augment the basic procedures set out at Section 12.06 (Rights and Remedies of the Association) of the CC&R's, and Article IX (Duties and Powers of the Board), of the By-Laws. These procedures shall also apply to hearings and/or appeals from any committees that the Board may delegate enforcement authority to.

In the event the Board elects to notice a formal hearing, written notice shall be given by personal delivery or first class and certified or registered mail to the Owner in question at the same address to which the Association sends assessment statements. It is the obligation of all Owners to advise the Association promptly of any change of address or any second address to which official notices are to be sent. Notification by email, facsimile, or similar electronic transmission may be used in addition to, but not in lieu of, personal or mail delivery as required herein.

The notice shall be given at least ten (10) days, and not more than sixty (60) days before any scheduled hearing, and shall contain, at a minimum, the date, time, and place of the hearing, the basic facts that support the alleged violation(s) for which an Owner may be disciplined, and a statement that the Owner has a right to attend and may address the Board at the hearing. The Owner may also appear by written statement or by telephone conference call, so long as the request to appear by telephone is made at least three (3) days in advance of the hearing. Pursuant to Corporations Code § 7211, Board members may attend the hearing by telephone conference call or other electronic means, so long as all persons participating in the hearing are able to hear and communicate with one another. If approved by the Board, witnesses may also attend by telephone conference call or other electronic means or by written statement. The Board shall meet in executive session at the hearing, unless otherwise requested by the Owner subject to discipline.

In cases where personal delivery has not been effected, or the Owner does not sign for the certified or registered mail, the notice of hearing shall conclusively be deemed to have been given three (3) days after the first class and certified or registered mailing to the Owner at his/her last known address. The Owner's failure to pick up mail or to advise the Association of a change of address will not prevent the Board from proceeding with a hearing and taking disciplinary action.

Hearings are intended to be informal, and representation by attorneys or other legal representatives is generally discouraged. Any Owner that wants to be represented by an attorney or other legal representative must advise the Board of

that fact in writing, at least seven (7) days before the scheduled hearing. If an Owner is to be represented by an attorney or other legal representative at the hearing, the Board may, in its discretion, advise the Owner that attorneys' fees incurred by the Association for its counsel related to the hearing may be assessed against the Owner as a Special Individual Assessment, pursuant to Section 4.04 of the CC&R's, as a cost of the hearing and/or enforcement process.

Any written materials or evidence that the Owner intends to have considered at the hearing, including the names of any witnesses the Owner intends to call at the hearing, must be received by the Board at least seventy two (72) hours before the scheduled hearing. Each side will generally have the right to make a brief opening statement. The Owner may explain or deny the alleged violation(s), and both sides may present evidence including witnesses and documentary evidence. Formal rules of evidence shall not apply, and all relevant and credible evidence should be considered. However, the Board shall have the authority to impose reasonable limitations on the presentation of evidence, such as limitations on time, the number and/or relevancy of witnesses and/or pages of documents to be presented at the hearing, and the exclusion of witnesses or evidence that the Board does not deem sufficiently relevant, reliable or credible. Each side shall generally have the right to make a brief closing statement. Each side may waive any rights provided at the hearing, such as the presentation of an opening or closing statement.

Before and/or after the hearing, the Board may meet in private, executive session, outside of the presence of the Owner that is subject to discipline, to informally consult experts or witnesses, or consider evidence presented at a hearing and discuss and/or decide appropriate action to be taken by the Board.

The Board may, after consideration of the evidence, set another hearing date for the consideration of additional evidence, or determine the penalties, if any, to impose, and if appropriate, what corrective measures it will take and the approximate date of such actions should noncompliance by the Owner continue. If the Board imposes discipline on an Owner, their renters, guests or invitees, the Board shall provide the Owner a written notification of the disciplinary action and the factual basis for such action, by either personal delivery or first class and certified mail, sent not later than fifteen (15) days following the conclusion of the hearing. The decision may include fines and/or suspension of privileges, a specified date by which to correct the offending conditions (after which the Association may correct the offending condition itself at the disciplined Owner's expense, as provided in the GDs or as allowed by applicable law), a recommendation to the Board that a lawsuit be filed to compel compliance by the Owner and to recover the Association's costs and attorney's fees, a recommendation to the Board that the Owner's membership rights be suspended,

including but not limited to the right to use the Common Area and/or Common Facilities.

In all instances where the Board gives notice that a violation must be corrected, a specific time limit for correction will be included in the notice that is at least five (5) days after the date of personal service or postmark date of the Board's decision. The specific time set for correction of a violation shall be a reasonable period based on the particular violation and the time required for a prudent person acting diligently to remedy the violation.

6. Immediate Action Under Exigent Circumstances. Pursuant to Section 12.06(e) (iii) of the Declaration, the Board or its other duly authorized agents, including Management personnel, may undertake immediate corrective or disciplinary action, including the immediate expulsion of offending Owners, their guests or invitees, from any Common Area Facility where the conduct occurred, under circumstances that constitute:

- a. An immediate and unreasonable infringement of, or threat to, the safety of any persons or the quiet enjoyment of neighboring Owners;
- b. A traffic or fire hazard;
- c. A threat of material damage to, or destruction of, the Project or Condominium Common Areas or any Common Facilities;
- d. Repeated, gross, or intentional violation of these Rules or the GDs, such as excessive noise or rowdy behavior in Common Facilities or a Unit, glass beverage containers in the pool, sauna or other restricted areas, and unattended pets causing damage or disturbance that can be removed;
- e. A violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as unauthorized use of Association buoys, parking a boat at the Association pier in violation of Association Rules, vehicle parking violations, or unreasonably loud, offensive, or threatening behavior by identified individuals);
- f. In such cases of immediate corrective or disciplinary action, in addition to immediate expulsion of the violator(s), the Board may impose any automatic fine that is specifically set forth in the Governing Documents. At the time these Rules are enacted, the specific fines that may be automatically imposed by the Board are provided in Exhibit G of said Rules. The Board may also impose

a continuing exclusion of the offending Owner, their renters, guests or invitees, from one or more Common Area Facilities.

If immediate corrective or disciplinary action is taken, including but not limited to the imposition of an automatic fine, the offending Owner may request, in writing, a hearing to be conducted as soon thereafter as is reasonably practicable. Such request must be received within fifteen (15) days following the Association's immediate disciplinary or corrective action. In any case where a continuing exclusion of an Owner or his invitee has been imposed, the Owner must be given notice of that continuing exclusion from such facility in person, or by first class and certified mail, not later than five (5) days after the Board's decision. That notice must include advisement of the Owner's right to request a hearing. At such hearing, the Board will review the appropriateness of the action taken and may affirm, increase, reduce or eliminate any penalties imposed, such as suspension of access rights, or impose additional penalties, if warranted, as at any noticed hearing.

7. Exercise of Discretion. The failure of the Board to impose any prescribed fine or to avail itself of any available remedy, shall not be deemed a waiver of its authority to do so in any instance, but rather an exercise of its discretion in dealing with a specific situation.

8. Mandatory Mediation. Prior to initiating any arbitration or litigation regarding any decision by the Board, Owners will be required to participate in a non-binding, neutral, third party mediation process pursuant to Civil Code Section 1369.510 et seq. The mediation process will be conducted by a third party acceptable to both the Owner and the Association. The mediation may be conducted informally, but if the parties cannot agree on any procedural aspect of the mediation, it shall be conducted pursuant to the applicable mediation rules (as determined by the Board), of the Judicial Arbitration and Mediation Service (JAMS). Unless otherwise agreed by both parties, mediation proceedings shall be held in the North Lake Tahoe/Truckee area and the cost of the mediation process will be divided equally between the Owner and the Association. Any Owner that fails or refuses to participate in mediation as required by this paragraph shall not be entitled to collect attorneys' fees or costs in any arbitration or litigation arising from any action or decision, or any alleged failure to act or decide, by the Board that is the subject of such arbitration or litigation. Participation in this mandatory mediation by an Owner will satisfy the ADR requirements of Civil Code section 1369.510 et seq.

9. Limitation on Liability and Indemnity.

Any Owner, their guests or invitees, or other occupants of an Owner's Unit using the Common Facilities, as defined at Section 1.12 of the Declaration (see Exhibit A attached hereto), assumes all liability and agrees to release and hold harmless the Association, its members, directors, officers and employees in case of accident, injury, theft of personal property or other damages.

Neither the Board, Management, or their agents or employees, nor any committee appointed by the Board, nor any members thereof, shall be liable to any Owner or entity for any damage, injury, loss or prejudice suffered or claimed on account of any innocent or negligent act or failure to act on the part of such persons or entities. The Board, its committees, Association members, Management, and their agents and employees, may only be held liable for reckless or intentional misconduct.

Except as specifically provided for herein, in any arbitration or litigation arising from or related to these Rules or the GDs the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs, including but not limited to any expert witness fees or other costs. Further, in the event that the Association, or any of its agents and/or employees, including but not limited to Board and committee members, incurs any costs or expenses as a result of any claims, arbitration or litigation filed against them, which action includes allegations that a particular Owner or their guest or invitee has breached any provision of these Rules, the GDs, or applicable law, that Owner shall fully indemnify and defend the Association, its agents and/or employees, against all costs and expenses incurred in such action, including but not limited to attorneys' and expert witness fees. For example, if an Owner's guest or invitee was operating an Owner's boat at or near the Association pier, and that Owner's boat caused property damage or personal injury to a third party, if that third party sued the Association as a result of such damage, the Owner whose guest or invitee was operating the boat would indemnify and defend the Association against that claim and/or lawsuit. Further, if that boat accident resulted in a TRPA enforcement action against the Association, that Owner would indemnify and defend the Association against that TRPA action. Similarly, if an Owner pursued a claim or filed a lawsuit against the Association that alleged the Board or any of its committees had failed to enforce provisions of these Rules or other GDs against another Owner, their renters, guests or invitees, the Owner alleged to have breached these Rules or other GDs in the lawsuit, would fully indemnify and defend the Association and the Board and/or its committees, agents or employees, named in the lawsuit.