

**SUNSERRA AT CRESCENT BAR
HOMEOWNERS ASSOCIATION**

RULES AND REGULATIONS

The intent of the Rules and Regulations of the Sunterra at Crescent Bar Homeowners Association is to promote common sense and courtesy in the members' actions and attitudes. They are not meant to unduly limit conduct, but rather to protect the common interest in the property, to provide an avenue of relief for problems, and to serve as guidelines for effective operation of the community resulting in an enjoyable experience for all. It is important to remember that in a community such as ours, each Owner, resident and their guests must protect and regard the rights of all other Owners and residents to a quiet and peaceful home. These rules supplement the Sunterra at Crescent Bar Declaration of Covenants, Conditions, Restrictions, Reservations and Easements (the "CC&R's"), as amended from time to time. In the event of a material and substantive conflict between these Rules and Regulations and the provisions of the CC&R's, the CC&R's will control. The CC&R's will be interpreted broadly in order to achieve an interpretation consistent with the intent of the Rules.

A. HOMES

1. USE OF HOMES

The Homes in the community are intended for and restricted to residential use on an ownership, rental or lease basis and for social, recreational, or other reasonable activities normally incident to such uses, including use as a home office not involving use by nonresident employees or regular visits by customers or clients.

2. INTERIOR MAINTENANCE

Each Owner shall keep the interior of the Owner's Home and its equipment, appliances, and appurtenances in good order, condition, and repair.

3. EXTERIOR MAINTENANCE AND APPEARANCE

Each Owner shall keep and maintain the exterior in good condition, ordinary wear and tear excepted, and as may otherwise be provided in the CC&R's. No decorations are to be affixed to the siding wherein the siding is penetrated by nails, staples or like items. All holiday decorations located on the exterior of the Home shall be displayed no earlier than forty five (45) days prior to the date of the holiday and must be removed no later than thirty (30) days following the date of the holiday. Towels, bathing suits, and other items of clothing must not be placed on decks or over railings so as to be in view. Owners are responsible for the cost of repairs to the exterior of the Home resulting from damage caused by the Owner, or their guests or invitees.

4. HOME MODIFICATION

a. Owners shall not make any changes in a Home which affect the structural integrity, building systems or sound transmission characteristics of the building without first obtaining written permission from the Association Board. To that end, Owners must inform the Board of any remodeling or other major construction work to be done in their Home. The Board should be provided with the name and phone number of the contractor/designer and/or sub-contractor and an emergency number.

b. The Board's approval is required for any modification of a Home which affects the Limited Common Area Garage or Common Areas of the community. Please be advised that depending upon the scope of work, the Board reserves the right to assess a refundable damage deposit and/or non-refundable fees to offset the cost of wear and tear to the Common Areas.

c. Owners are responsible for any messes, spills, leaks or debris left in any of the Common Areas.

d. The workers or Owners must properly dispose of all combustible petroleum or otherwise environmentally hazardous materials. **No waste products or liquids, including, but not limited to, paint or similar liquids, may be dumped or disposed in any sink, tub, shower or floor drain or exterior drains.**

e. All paint cans, wood or carpet scraps, or other leftover construction material must be removed from the property and properly disposed of by the Owner.

f. Personal items may not be placed or left in the Common Areas.

g. Exterior doors should not be left unattended.

h. Water shut off to any Home other than your own requires a 3-day notice to the management company (scope of work must be included with notice). Water work must be completed within 2 hours or less, if possible.

i. Except for work done by or for the Declarant or unless otherwise approved by the Board, work may be done only on Monday through Friday between 8 a.m. and 5 p.m.

j. To protect the sanitary septic system, no garbage disposal units shall be installed in the Home.

B. WINDOWS

1. GLASS REPLACEMENT

Replacement of damaged or broken glass is the responsibility of the Owner.

2. DRAPERIES

To preserve a uniform exterior appearance to the buildings, all draperies or window coverings visible from the exterior of the building must be white, off-white or earth-tone colors.

3. AWNINGS

No awnings, air conditioning units or other projections shall be placed on the exterior walls or windows of the building without prior written approval of the Board.

C. COMMON AREAS

1. COMMON AREAS – GENERAL

Any work performed on Common Areas must be approved by the Board and shall be contracted for by the Board. The Common Areas in the Community are for the enjoyment of residents and their guests. Residents and guests using any common facilities do so at their own risk. All residents are financially responsible for any loss of personal property or damage caused by the resident or the resident's guests.

No furniture, packages, plants, statuary objects or articles of any kind shall be placed in any Common Area. No water slides, blow up swimming pools, play stations or similar items shall be located upon the Common Area without the express prior written consent of the Board. Under no circumstances shall an Owner excavate or otherwise dig into the sod or landscaping area of the Common Area without the express prior written consent of the Board. No camping by an Owner or an Owner's guests is allowed on any of the Common Areas. No skateboarding or use of unlicensed motorcycles or motorized scooters is allowed on the premises. Climbing up

or playing on the slopes above Sunsera is not allowed due to the danger of falling rocks to the homes below. Fireworks are not allowed in Sunsera due to chance of fire.

2. COMMON AREAS – ALTERATIONS

Nothing shall be altered, constructed in or removed from any Common Area without the prior written consent of the Board.

3. COMMON AREAS – NO MODIFICATIONS

No Owner or resident may modify, paint or otherwise decorate, landscape, or in any way alter any portion of the exterior of the Home or any portion of any Common Area or Limited Common Area Garage without first obtaining written consent of the Board.

4. COMMON AREAS – BARBEQUES AND FIRE PITS

No cook-outs or picnics are allowed on the Common Area except for Board-authorized gatherings. Barbeques and similar devices may be used on Home decks, patios, and lanais provided that common sense is employed in protecting the Home from damage and the neighbors from smoke. Extreme care must be taken when utilizing a barbeque under an upper deck. Owners using a barbeque must have ready access to an approved UL rated fire extinguisher suitable for extinguishing fires that may emanate from an uncontrolled flame originating from the barbeque. Wood burning fire pits are not allowed due to the high risk of fire in the community and to protect neighbors from smoke.

5. COMMON AREAS -- USE OF POOLS AND SPAS

The pools and spas are for the enjoyment of everyone. Please be courteous of your neighbors in attendance at the pools or spas. Rules and Regulations concerning use of pool and spa areas are posted at each facility and must be strictly complied with. Climbing over the pool gate or pool fences is not allowed. Glass containers are strictly prohibited in the pool and spa areas. **NO LIFE GUARD WILL BE ON DUTY AND EACH ADULT AND ALL CHILDREN, SUPERVISED OR UNSUPERVISED, USE THE POOLS AND SPAS AT THEIR OWN RISK.** No “Marco-Polo” or similar games are allowed in the pool or spa area. No diving is allowed at the pool. No running in or around the pool deck shall be permitted to avoid slip and falls on wet surfaces naturally occurring around the pool. Use of radios without the accompanying use of personal headphones is not allowed to ensure the enjoyment of all persons in attendance at the pool or spa. Smoking is not allowed in the pool or spa areas. Individuals under the influence of intoxicants shall not utilize either the pool or spa. Loud or obnoxious conduct, including the use of offensive profanity, is prohibited. The use of the pools and spas are subject to additional rules and regulations which may be amended or adopted from time to time by the Board and posted at each pool and spa site. A complete set of the Rules and Regulations posted at each pool and spa site are attached to these Rules and Regulations.

6. COMMON AREAS -- SOLICITATION

Sunsera at Crescent Bar prohibits door-to-door soliciting under any and all circumstances.

D. BUILDING SAFETY AND SECURITY

At all times, a current list of each person in residence should be on file with the Secretary of the Association. Changes in residency should be reported immediately to the Association. Persons in residence under a rental or lease agreement shall be registered with the management company within three (3) calendar days of taking occupancy. The Association manager has offices at the Club House. It is recommended that the Association manager have a duplicate of each key to your Home. These duplicates are kept under lock and key in a safe place. This is to enable the Association manager to take care of emergency situations. In the absence of an available key and under emergency conditions, the Home may be penetrated and the Owner will be subject to the cost of repair to the Home resulting from such penetration.

1. SECURITY - ALARMS AND LOCKS

Board approval is required prior to installation of burglar alarms. Only silent alarm systems will be approved. The maintenance of lock hardware on the Home entrance door and the terrace door is the responsibility of the Home Owner. If a lock malfunctions or requires replacement, all expenses for this activity are borne by the Owner. If the doorknob must be replaced, it should be replaced with similar hardware as the other entrance doors.

2. SMOKE ALARM WITHIN THE BUILDING

One or more smoke detectors are located in each Home. Smoke activates these detectors, and a loud bell will ring. Upon hearing the ring a resident should, if possible, determine the cause and take appropriate action. If the cause cannot be determined and smoke is evident, call 911 immediately. Periodic testing of the smoke alarm is the sole responsibility of the Owner as is the repair and maintenance of the Smoke Alarm. It is the Owner's responsibility to ensure that the smoke detectors within the Owner's Home are operable. The Owner shall not do anything that prohibits the proper functioning of the smoke detectors. If the smoke detectors have battery backup power, it is the Owner's responsibility to replace batteries.

E. PETS

Keeping of a pet is not an absolute right, but is a revocable accommodation extended to those Owners who are willing to control and take care of their pets.

Housing and feeding of domestic pets must be confined solely within the limits of the pet owner's home. Pets are not allowed to be fed in Common Areas or Limited Common Areas such as patios, decks and stairways, where unwelcome vermin, stray animals and insects may be attracted.

Pet owners are expected to control or, if necessary, temporarily remove any domestic pet which makes frequent, repetitive or continuous sounds which disturb or interfere with the peace, comfort and repose of residents.

Pets shall not be allowed in any Common Area **unless on a leash and under the control of the owner**. Pet owners may exercise their resident domestic pets in Common Areas, other than landscaped areas and the swimming pool area, provided their pets are on leashes and any excrement deposited by the pets is immediately removed by its owner so as not to constitute an annoyance or nuisance to residents.

Owners are responsible for cleaning up after their pet. Uncollected pet waste creates an environmental condition hazardous to the health of Home Owners and others. **A failure to promptly collect and to properly dispose of pet waste will result in the necessity of additional labor to address the health hazard and will result in a substantial increase in all Homeowners Association dues assessments.** Pet waste and soiled pet litter is to be placed securely in a plastic bag and deposited directly in the dumpster. Owners are responsible for any damage caused by their pet or by the pets of their tenants, guests, tenant's guests, etc.

The Board may at any time require the removal of any animal, or cause such animal to be removed at the expense of the owner of the animal, including reasonable attorney's fees, when, in the Board's determination, the animal is disturbing other Owners unreasonably or, in the reasonable determination of the Board, constitutes a danger to Owners or their guests and invitees. The Board may exercise this authority for specific animals even though other pets are permitted to remain.

F. ENVIRONMENTAL MATTERS AND GARBAGE/RECYCLING

In order to protect the environment of *Sunserra*, Owners shall keep the area in and around their Home free from trash and garbage and shall protect the environmental quality of the water and sanitary sewer systems. The following rules are designed to protect the environmental interests of all Owners:

1. Refuse disposal is located at specific locations within the community. It is the responsibility of each Owner to familiarize themselves with these locations. There is no curbside pick up.
2. Garbage disposal shall be paid by the Association as a common expense.
3. All "wet" garbage, food scraps, food cans or jars, bones or other food-related garbage must be placed in plastic trash bags and securely tied before being placed in the dumpster to avoid problems with rodents and odors.
4. Pet trash (sand, kitty litter, pet waste, etc.) and disposable diapers must be double wrapped and sealed in plastic bags.
5. Flammable material, such as paint, paint thinner, solvents, gasoline or any other combustible material shall not be put into the garbage dumpster nor emptied into any storm or sanitation sewers nor disposed of anywhere on the project grounds. **This is a very critical environmental issue related to water quality and sanitary septic field performance. Please contact the HOA manager for information on the proper disposal of these items.**
6. All boxes must be broken down flat before being put into the dumpster marked specifically for disposal of cardboard.
7. All garbage must be placed inside the dumpster. The disposal company will not remove garbage that is left outside of the containers.
8. No construction debris nor any Christmas trees or the like are to be placed in the dumpsters.

G. DISTURBANCES

No noxious or offensive activity shall be carried on in any Home, Limited Common Area Garage or Common Area nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners or to the public.

Everyone likes to have a good time while at *Sunserra* particularly in the summertime. However, Owners are encouraged to be sensitive to the expectation of peace and quiet for those neighbors not partaking in festivities. The volume of stereos, radios, televisions, musical instruments, voices, etc. must be such that it does not disturb anyone in any other Home or in any Common Area. As a guideline only, Owners must cease the production of particularly loud noises such as might emanate from the aforementioned sources after 11:00 PM. For the benefit of all concerned, Owners and their guests shall maintain quiet conversation in all activities during the period from 11:00pm to 7:30am, seven days a week. The use of loud and offensive profane language when within hearing distance of neighbors is prohibited at all times.

Speakers may not be installed in walls which have another adjacent Home or soffits in party walls.

H. MARKETING GUIDELINES

The Board is aware that marketing of property requires ease of access and cooperation of seller, real estate agent, and Association manager. With that in mind, the Board has established the following seller guidelines:

1. Notify the Association that the Home is for sale; and
2. Arrange for proper signage in areas specifically designated by the Association. The Association has also created a space on its website for notices to be posted.

No signage of any kind may be displayed in front of, across the street from, or around the Home other than signs endorsing a political candidate and then no earlier than forty-five (45) days prior to the election. Such signs must be removed no later than fifteen (15) days following the election. Such signs may not exceed thirty inches by eighteen inches and may not exceed forty-eight inches in height above ground level and must be located solely upon the Owner's lot within eight feet (8') of the Owner's front door. Caution must be taken to not damage underground utilities or sprinkler systems when placing signs. The Association manager can assist in the proper location to avoid such damage. Placement of "for sale", "for rent" or similar signs shall be in specifically designated areas established by the Association. Postcards to be placed on the Association's "for sale / for rent" bulletin board must be approved by the Association manager, shall be no larger than 3" by 5", and will have a posting period of no longer than 60 days. Agents wishing to attract potential buyers to a Home may do so, during an open house, by the placement of temporary sandwich board type signage outside the building prior to or during the open house.

I. RENTALS

All leases or rental agreements for a rental term of more than fourteen (14) days must be provided to the Association prior to the tenants moving in, together with name(s), phone numbers, and information regarding the tenant(s). This is important in case of emergency and to provide information regarding rule changes, meetings, etc. (The lease agreements will be kept with the Association records.)

All tenants must sign a rental/lease agreement under which they agree to comply with the provisions of the CC&R's, Bylaws, and Rules and Regulations of the Association and which contains a provision declaring that the tenant has received a copy of these Rules and has been given an opportunity to read the CC&R's. Rental / lease agreement must also contain a provision giving Sunterra management the right to evict a Renter or Guest that repeatedly violates the CC&Rs and/or Rules and Regulations of Sunterra.

Any failure of a tenant to comply with the terms of the CC&R's, Bylaws, or Rules and Regulations of the Association shall be an event of default under the lease or rental agreement. In the case of such a default, the Board may require the Owner or Sunterra Management to evict the tenant.

The Home Owner is held responsible for any damage to Common Areas or a Limited Common Area Garage caused by the tenant, whether or not the tenant was in violation of the rental agreement or any Rules or Regulations. Rental of a Home does not constitute a waiver or relinquishment of the Owner's responsibilities as specified in the CC&R's, Bylaws and Rules and Regulations.

J. SATELLITE DISHES

Satellite dishes may be installed only in accordance with installation techniques approved by the Board. An Owner desiring to install a satellite dish shall first contact the Association manager for further information.

K. MOTOR VEHICLES, GOLF CARTS, DRIVING SPEEDS AND PARKING MATTERS

Only currently licensed, operable motor vehicles may be parked in the Community. No trucks (other than pick-up trucks), trailers, boats, boat trailers, flat bed trailers of any kind, bike trailers, recreational vehicles (other than sport utility vehicles), camper shells, etc. are allowed in the vehicle parking areas, unless specifically approved by the Board. No vehicle repairs or oil changes may be done in the open parking spaces or carports. No motor vehicle shall be parked in the vehicle parking area and left unattended for more than five (5) consecutive days. Golf carts shall be parked either in a Home Owner's garage or in spaces specifically designated for the parking of golf carts. No parking is allowed in front of the Common Area detached garages. Except as is specifically provided in the CC&R's or these Rules, as amended from time to time, parking is unreserved. Parking of motor vehicles within the Community shall either be in (i) the garage attached to a Home, (ii) in a Garage assigned to a Lot Owner, or (iii) in unreserved parking areas as designated from time to time by the Board. Vehicles and other items specifically prohibited from parking pursuant to this Rule may, space allowing, be parked at the duly designated overflow parking area located at Crescent Bar Resort, subject to the payment by the owner of such

vehicle or item of the fees for such parking charged by Crescent Bar Resort and further subject to rules imposed by Crescent Bar Resort governing such parking.

Due to the location of a number of Homes located outside the entry gates to the Community, the Board shall assign specific reserved parking spaces for such Homes in order to ensure that the public at large visiting the Club House or other Owners in the Community do not deprive the Home Owners of available parking. Likewise, the Board may assign reserved golf cart parking spaces for those Homes located outside the entry gates. The Homes impacted include, but are not limited to, Homes with the following designations: A00, A01, A02, A03, C00, and C01. Additionally, the Board has identified certain areas in the Community which will operate under a limited reserve parking system to benefit those Homes without garages. Individuals parking in reserved spaces without the proper parking pass are subject to fines and the towing of their vehicle.

No vehicular traffic shall exceed fifteen (15) mph within the Community. **Only individuals possessing a lawfully issued driver's license shall operate any motor vehicle or golf cart in and upon the streets in the Community. It is the responsibility of each driver to at all times drive at a safe and cautious speed recognizing that there are many children within the Community and that during peak season traffic congestion may occur. At no time may a motor vehicle be driven within the Community in excess of fifteen (15) miles per hour recognizing that a slower speed may be appropriate. It is the sole responsibility of the driver to determine if a speed below fifteen miles per hour is required.**

No golf carts shall be operated upon the sidewalks of the Community. Garages are intended to be used for storage of vehicles, boats, jet skis and the like. No commercial operations may take place within a garage. By way of example only, small engine repair, boat motor repair, jet ski engine repair, motorcycle, golf cart and vehicle engine repair or maintenance of any of the foregoing is prohibited. Non-commercial repairs of a significant nature, such as vehicle "kit building", engine restoration, vehicle painting, fiberglass patching of boats or body and fender work is likewise prohibited. Welding of any nature, oxy-acetylene or wire welding or use of kerosene or gas torch implements is strictly prohibited.

L. ENTRY

The Board and its agents or employees may enter any Home or Limited Common Area Garage when necessary in connection with or in the event of emergencies. If the repairs or maintenance was necessitated by or for the Home entered or its Owner, or requested by the Owner, the cost thereof shall be charged to such Home.

M. MINOR CHILDREN

1. Residents with children, or who have minors as guests, shall exercise over them such supervision as may reasonably be required to protect the Common Area, Association personal property, the safety of the minors, and the safety and rights of others.

2. Building walkways, stairways, parking areas, **golf course, and golf course sand traps** are not play areas and are not to be used as such.

3. No climbing is permitted on trees, fences, gates or the buildings.

4. Operation of any wheeled vehicle, toys or playing in the parking area is not recommended and such activity is at the sole risk of the resident(s) responsible for the minor's welfare.

5. The cost of repair or replacement of property damaged by a minor resident or guest will be passed on to the Owner of the Home in which the minor resides (or is or was a guest) in the form of a special assessment. The special assessment shall be in addition to such other remedies as may be provided for in these Rules or in the Association CC&R's.

6. Minors under the age of twelve (12) shall not use the exercise facility located in the Club House.

N. EXERCISE AND FITNESS FACILITY

1. The exercise room should remain locked at all times. Access shall be through the use of a key purchased from the Association, and is for the use of Home Owners and their guests only.
2. Minors between the age of twelve (12) and seventeen (17) may only use the fitness facility when in the immediate company and direct supervision of an individual eighteen (18) years or older.
3. All rules regulating behavior in the pool and Common Areas are applicable for the exercise and fitness facility.
4. All persons entering the exercise and fitness facility are responsible for keeping the room as clean as possible.
5. Please report all broken equipment or other problems to the Association manager.
6. Use the equipment at your own risk. Be sure and read the directions and/or consult your physician if you have a history of health problems before using the equipment.
7. Be sure to turn off the lights when leaving.
8. Only the Association manager is allowed to adjust the thermostat.
9. No personal property is to be stored in the exercise and fitness facility.

O. MOVING DAY

1. The Association manager should be advised of the date a resident is to take possession or moving out at least twenty-four (24) hours in advance.
2. When a resident's moving van arrives, the Association manager will do whatever can be done to find a convenient parking position for the movers, without seriously disrupting normal traffic and parking.
3. When the resident is ready to dispose of packing materials, the Association manager will be available to offer advice on the subject.
4. The Association manager will also offer assistance in interpreting any of these Rules.

P. ENFORCEMENT

The Association has employed an Association manager to handle the day-to-day enforcement of these Rules and Regulations (the "Rules"), as well as the CC&R's and the Association Bylaws. The Association manager is authorized to take those actions necessary to ensure the compliance of all residents with the standards of the Community.

It is the responsibility of each Owner to know the terms and provisions of the CC&R's, Bylaws and Rules and Regulations of the Association and compliance therewith. Each Owner is responsible for advising tenants or guests of the Owner of any provision of the CC&R's, Bylaws or Rules and Regulations which apply to them. These Rules and Regulations are provided as a supplement to the CC&R's and Bylaws and are not meant to relieve any Owner from the obligation to know the provisions of the CC&R's and Bylaws. Owners shall also comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force or which may hereafter be in force pertaining to the use of the Home or Common Areas.

Each Owner, tenant, or occupant of a Home shall comply with the provisions of the CC&R's, Bylaws, and Rules and Regulations of the Association, as they may be amended from time to time, and with all decisions made by the Board or the Association pursuant thereto. Failure to comply shall be grounds for an action to recover sums due, damages, or injunctive relief, or any or all of them, maintainable by the Board, the Association's managing agent on its behalf, or by the aggrieved Owner. To enforce the Rules and Regulations, the Board may also levy monetary fines.

The Board may, at its discretion, informally review and investigate the basis of the complaint. If the complaint has merit, the Board may act on the complaint by contacting the offending party and requesting that remedial action be taken. If the problem is resolved by such informal contact, an attending Board member shall communicate such contact and the action taken to the complaining Owner or tenant. Such communication may be by telephone, in writing, or in person.

The Board may elect to give written notice of the violation, and state a reasonable period of time for correcting the violation. If the violation is not corrected within the time stated, the Board may itself make the correction, and any costs incurred in connection therewith, including attorneys fees reasonably incurred, shall be imposed on the Home Owner and added to the monthly maintenance fee for the first month following the correction. Payment of such costs shall be enforced in the same manner as is provided for the enforcement of the Association Home Owner's Dues.

NOTE: NOTWITHSTANDING THE FINE SCHEDULE AND NOTICE PROVISIONS OF THESE RULES SET FORTH BELOW, HOME OWNERS WHO PARK IN A RESTRICTED FIRE LANE OR IN ANOTHER HOME OWNER'S PRIVATE PARKING SPOT OR PRIVATE DRIVEWAY SHALL NOT BE ENTITLED TO A WARNING, BUT WILL BE SUBJECT TO A FINE OF NOT LESS THAN \$250, NOR MORE THAN \$500 PER VIOLATION.

Prior to taking any enforcement action (other than the notice of violation), the Board will advise the Owner, in writing, of the nature of the rule or covenant which the Owner is being accused of violating and provide the Owner involved notice and an opportunity to be heard as follows:

1. The Board will give the offending Owner written notice of an opportunity to be heard before the Board or a specially appointed committee or representative acting on behalf of the Board (hereinafter collectively the "Hearing Officials") regarding the proposed action or fine. The Hearing Officials shall include one non-board representative who shall be chosen by the Board. The notice shall include (a) a statement of the offense, (b) the proposed action and/or fine, (c) the date, time and place of the hearing, and (d) whether testimony of the Owner must be oral, written, or both. The date of the hearing shall be at least ten (10) calendar days after notice is delivered. The Hearing Officials may, in their sole and exclusive discretion, continue the initial hearing date to a date in the future, which date shall not be more than twenty five (25) calendar days from the initially proposed date of hearing. The hearing is in the nature of a civil proceeding and the Hearing Officials shall base their decision on a preponderance or greater weight of the evidence.

2. At the hearing, the presiding member of the Hearing Officials shall govern the hearing process and the affected Owner shall have the right to give or otherwise present testimony as outlined in the notice, subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issue at hand.

3. The Hearing Officials shall consider any written materials and oral testimony submitted by the affected Owner or by others giving written or oral testimony. No cross examination shall be allowed, but the Hearing Officials may question any witness providing oral testimony.

4. The affected Owner shall be notified of the decision in the same manner in which notice of the meeting was given.

5. If the Owner fails to provide oral or written testimony prior to or during the hearing, the Owner shall be considered to have waived the right to appear further either in person or through written testimony. In such event, upon the presentation of a Prima Facie case in support of the violation, the Hearing Officials may enter their decision by default and the proposed action or fine shall be imposed. The affected Owner shall be notified of the decision in the same manner in which notice of the meeting was given.

6. The decision of the Hearing Officials shall be final and non-appealable.

In addition, the Board can take any other legal action or remedy appropriate or penalize a violation of these Rules, the Bylaws or the CC&R's. In enforcing these rules, the Board may delegate its function(s), including the determination of whether a violation has occurred, and the remedy therefore, to an agent, including but not limited to a single, or group of, director(s) or officer(s), or the Association manager or to law enforcement officials, particularly when violations of personal conduct prohibited by the CC&R's or these rules are involved.

Owners shall be financially responsible for all damages caused by their tenants or guests, and for any fines imposed as the result of conduct on the part of their tenants, guests or invitees. Any charge for damages or fines shall be imposed against the Home itself in which the party responsible rented or was visiting, and shall be enforceable in the same manner as is provided for the enforcement of Assessments.

If it is necessary to employ an attorney to enforce the terms of the Bylaws, CC&R's, or Rules and Regulations, the offender will be liable for the attorney's fees and the costs of litigation.

As soon as any action for foreclosure is commenced, the Owner is required to pay a reasonable rental value of the Home each month to the Association (or to a Receiver if appointed). This is to be applied to offset any related costs, legal fees and ultimately the amount owing.

Q. FEE AND FINES SCHEDULE

In an effort to protect the Owners, residents, and Common Areas in *Sunserra*, the Board has adopted this schedule of fees and fines which may be amended, increased or decreased by the Board from time to time. It is included here as a quick reference tool for Owners and residents.

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| FEES | Monthly Assessment Late Fee | \$ 50 |
| | Returned Check Fee | \$ 50 |
| | Transfer Fee | \$ 25 |

FINE SCHEDULE The following fine schedule has been adopted for all recurring covenant violations:

| Violation Type | First Violation | Second Violation* | Third and Subsequent Violations* |
|---|------------------------|--------------------------|---|
| Non-environmental and Non-parking | \$50 fine | \$100 fine | \$300 fine |
| Parking: non-fire restricted parking | \$50 fine | \$100 fine | \$300 fine |
| Parking: in a fire restricted area or blocking of a fire restricted lane | \$250 fine | \$500 fine | \$500 fine |
| Environmental | \$100 fine | \$250 fine | \$500 fine |

* of the same covenant or rule. Covenant violations may be turned over to the Association's attorney to take appropriate legal action.

NOTES REGARDING FEES

Assessments become payable on the first day of each quarter, and are delinquent on the second. However, to allow for mail and other unforeseen delays, the Association allows a ten (10) day grace period for the payment of assessments. Only those owners signed up for automatic withdrawal are allowed to pay on a monthly basis; all other owners must pay their dues quarterly in full. Owners whose assessments are not received by the management company by 5:00 PM on the 10th of the month will be charged an administrative fee of \$50 per month together with interest on all unpaid assessments at the rate of twelve percent (12%) per annum. Payments will be applied first to outstanding fines and costs, then to administrative fees, then to interest, then to the principal amount of the assessment. A copy of the Association's Collection Policy outlining the protocols the Board will take to collect unpaid assessments is attached to these Rules and Regulations.

A transfer fee of \$25 shall be charged to each new Owner's account upon each conveyance of a Home after the initial conveyance by the Declarant. The transfer fee is paid to the Association.

NOTES REGARDING FINES

The Board, to enforce the Regulations, may levy monetary fines as provided in these Rules. Subsequent violations will be subject to fines or other appropriate action at the discretion of the Board. Such fines shall be added to the monthly Assessment for the first month following the violation, and shall be enforceable in the same manner as is provided for the enforcement of Association Owners dues. Assessments and fines are personal debts of the Owners. An action to recover unpaid Assessments or fines can be brought against you personally without necessarily resulting in a waiver of any lien rights.

Any dispute between an Owner or the Association and the Declarant, an Owner and the Association, or between Owners regarding **the power and authority** of the Board of Directors of the Association to enforce these Rules or any covenant contained in the CC&R's and **to levy and collect fines and record liens as provided in these Rules or the CC&R's** must be decided by arbitration in King County, Washington, under the Arbitration Rules of the American Arbitration Association (AAA) in effect on the date thereof, as modified by this Section, or under such other rules or tribunal as the parties may agree. There shall be one arbitrator selected by the parties within seven (7) days of the arbitration demand or if not, then pursuant to the AAA Rules, who shall be an attorney with at least five years' construction or community association law experience. Any issue about whether a dispute or claim must be arbitrated pursuant to the CC&R's shall be determined by the arbitrator. At the request of either party made not later than seventy-five (75) days after the arbitration demand, the parties shall submit the dispute or unresolved claim to nonbinding mediation, which shall not delay the arbitration hearing date. There shall be no substantive motions or discovery, except the arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing, which shall be held within one hundred twenty (120) days of the demand and concluded within two (2) days. These time limits are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge including attorney fees and costs to the prevailing party, but the arbitrator shall not have the power to award punitive damages. The decision rendered by the arbitrator shall be final and binding without appeal or review and may be enforced in any court of competent jurisdiction.

THESE RULES AND REGULATIONS WERE ADOPTED BY THE BOARD OF DIRECTORS ON THE 19TH DAY OF JUNE, 2009.

Signed by:

Its: _____

SUNSERRA AT CRESCENT BAR HOMEOWNERS ASSOCIATION

SWIMMING POOL RULES AND REGULATIONS

Pool Hours are from 9AM to 11PM

NOTE: THE TELEPHONE AND EMERGENCY FIRST-AID KIT MAY BE FOUND AT THIS POOL FACILITY AT A DESIGNATED PLACE. PLEASE LOCATE EACH BEFORE USING THE POOL.

*** By order of Grant County Health District and Washington State Department of Health**

- 1.* Anyone refusing to obey these rules and regulations is subject to removal from the premises.
- 2.* There shall be no running or horseplay in or around the pool.
- 3.* No one with a communicable disease, or who has been ill with vomiting or diarrhea within the previous two weeks, may use the pool.
- 4.* No one under the influence of alcohol or drugs may use the pool.
- 5.* Everyone must take a cleansing shower before using the pool.
- 6.* Anyone in diapers must wear protective covering to prevent contamination.
- 7.* If children in diapers are otherwise allowed in the pool (see item 12 below) all diapers to be changed must take place at the designated diaper changing area in the rest room facility.
- 8.* No food or drinks are allowed in the pool water. No glass objects or coolers are allowed in the pool and spa areas.
- 9.* Children 12 years of age or under must be accompanied at all times by a responsible adult (18 or over). The adult must be at the pool or pool deck and in close proximity to the child.

- 10.* Persons suffering from heart disease, seizure, diabetes, high blood pressure, or circulatory problems should swim with a "buddy".
- 11.* When persons 13 to 17 years of age are using the pool, pool deck, spa or spa deck, there must be at least one other person present at all times.
12. Babies in diapers and children who are not toilet trained are not allowed in the pool. Please use the children's wading pool.
13. Large flotation devices (those greater than 30"x30") are not allowed in the pool.
14. No footballs, soccer balls, frisbees, etc., are allowed in the pool.
15. No games such as "Marco Polo" are allowed. Excessive splashing is not allowed.
16. The pool may be closed during the middle of the day to allow the heaters and filters to catch up.
17. Climbing over the pool gate or pool fences is not allowed.
18. No smoking is allowed in the pool or spa areas.

SUNSERRA AT CRESCENT BAR HOMEOWNERS ASSOCIATION

SPA RULES AND REGULATIONS

Spa Hours are from 9AM to 11PM

NOTE: THE TELEPHONE AND EMERGENCY FIRST-AID KIT MAY BE FOUND AT EACH SPA FACILITY AT DESIGNATED PLACES. PLEASE LOCATE EACH BEFORE USING THE SPA.

*** By order of Grant County Health District and Washington State Department of Health**

- 1.* Anyone refusing to obey these rules and regulations is subject to removal from the premises.
- 2.* There shall be no running or horseplay in or around the spa.
- 3.* No one with a communicable disease, or who has been ill with vomiting or diarrhea within the previous two weeks, may use the spa.
- 4.* No one under the influence of alcohol or drugs may use the spa.
- 5.* Everyone must take a cleansing shower before using the spa.
- 6.* Anyone in diapers must wear protective covering to prevent contamination.
- 7.* No food or drink is allowed in the spa water. No glass objects or coolers are allowed in the spa areas.
8. Children under the age of six (6) are not allowed to enter the spa water.
- 9.* Children 12 years of age or under must be accompanied at all times by a responsible adult (18 or over). The adult must be at the spa and in close proximity to the child at all times.
- 10.* Persons suffering from heart disease, seizure, diabetes, high blood pressure, or circulatory problems should consult a physician BEFORE using the spa.

- 11.* When persons 13 to 17 years of age are using the spa there must be at least two people present at all times.
12. Flotation devices of any size are not allowed in the spa.
- 13.* Maximum capacity of the spa is ten (10). Users must not exceed the posted capacity for each spa.
- 14.* **CAUTION:** The maximum stay in the spa at any one session should be limited to 15 minutes.
15. No games such as "Marco Polo" are allowed. Excessive splashing is not allowed.
- 16.* Women who are or may be pregnant should talk to their doctors before using the spa. It is recommended that pregnant women not use the spa.
17. Spa hours are from 9AM to 11PM. The spa may be closed during the middle of the day to allow the heaters and filters to catch up.
18. Climbing over the spa gate or spa fences is not allowed.
19. No smoking is allowed in the spa areas.