

## COMPLIANCE POLICY

### Montreux Homeowner Association

#### Introduction

**The Covenants.** The Declaration of Covenants, Conditions and Restrictions, and Easements for Montreux was recorded on June 21, 1991 (“the Covenants”) in King County at Recording No. 199106210262. The Covenants have been amended several times. The Covenants, as they now exist and as they may be later amended, are a part of the legal title of every Lot within Montreux.

**The Importance of Voluntary Compliance.** The chief means for preserving the standards the Covenants set for each one of us to voluntarily fulfill those promises described in the Covenants. The qualities that attracted us to Montreux was largely a product of Owners voluntarily fulfilling those promises. Voluntary compliance with the Covenants will remain the principal means by which we preserve the character of our neighborhood. The decision not to comply may result in serious consequences, including incurring fines and having to pay for the Association’s legal expenses involved in obtaining compliance. Such expenses may be significant.

**The Board’s Authority.** The Board has authority to adopt reasonable rules and regulations to ensure compliance with or supplement the Covenants, to regulate the use, occupancy and maintenance of the Lots and Common Areas, and to promise the comfortable use and enjoyment of the Property and the welfare of the Owners and Residents. (Covenants, Section 8.3). These rules, to the extent they may exist, combine with the Covenants, Bylaws, Articles of Incorporation and Board-adopted policies to make up the Governing Documents.

The Covenants and state law combine to create various remedies for us in restoring compliance with the Governing Documents. The Association’s remedies include:

- Assessing an Owner for fines;
- Assessing an Owner for attorneys’ fees and other expenses incurred in the course of legal action undertaken to restore compliance;
- Charge Owners for the cost of replacing or repairing vegetation destroyed or injured by a violation of Native Growth Protection Easement pruning restrictions or Lot-clearing restrictions.
- Suspending a delinquent or non-compliant Owner’s voting rights;
- Placing a lien on the lot of the Owner who has been assessed;
- Filing a lawsuit that asks the court to (i) foreclose that lien, (ii) order the Owner to restore compliance, and (iii) enter judgment against that Owner for damages, attorneys’ fees and court costs;
- Obtaining a temporary restraining order and/or injunction to stop work that violates architectural requirements, and to require removal of anything that violates such requirements;
- Removing a non-operable vehicle parked on the street for more than two weeks; and
- Engaging in “self-help”—i.e., entering a Lot to restore compliance with Owner maintenance requirements at Owner expense.

## **The Policy**

The Association's Board of Directors ("the Board") hereby resolves that the following Compliance Policy ("the Policy") is adopted to guide actions taken to restore compliance.

**Section 1: Authority Reserved to Association and to Each Owner.** This Policy is a general approach. It exists to advance the purpose of restoring compliance with the Covenants. It is not meant to impair the Association's ability to pursue this purpose. The Board retains whatever authority it otherwise has to employ any available means or remedy in pursuit of this purpose. This Policy is also not meant to impair an Owner's ability to bring about compliance with the Covenants by another Owner.

**Section 2: Maintaining Awareness.** To reduce the chance that an Owner will violate a Covenant through ignorance or inadvertence, the Association may take actions to periodically remind us of the obligations the Covenants call upon each of us to fulfill.

**Section 3: Identifying a Possible Violation.** A possible violation of the Covenants may be identified by an Owner's written complaint, or by other reasonably reliable means. For example, the Association Manager, if there is one, or a Board member or members may periodically monitor compliance by walking or driving through the community, making a record of potential violations they see. Information gathered may be used in issuing a Compliance Request, described below.

**Section 4: Informal Dispute Resolution.** An informal request to comply may be made, either verbally or in writing, before any Initial Compliance Request will be sent out. This request may be made by any Board member or Association member, or any employee, manager or agent of the Association.

**Section 5: Compliance Request.** In its reasonable discretion, the Board may take enforcement action to restore compliance. This includes sending an written Initial Compliance Request to a) the Owner and b) any Tenant or other Resident believed to be responsible for the Violation (collectively, "Respondents").

The Compliance Request shall:

- Describe the non-compliance;
- State the Covenants section(s) it violates;
- State the Rule or Regulation(s) it violates;
- State what must be done to restore compliance;
- State the date by which compliance must be restored ("Restoration Date");
  - The Restoration Date is a reasonable amount of time after the Initial Compliance Request is received, determined in the discretion of the Board. It may vary based on the particular circumstances.
  - The Initial Compliance Request will be deemed received when deposited in the U.S. mail, first class postage prepaid, or upon personal delivery.
  - Copies of the Initial Compliance Request may also be sent by email in addition to rather than in lieu of mailing or personal delivery.

- State the fine (if applicable) that will result if compliance is not restored by the Restoration Date;
- State that fines are cumulative if a violation is repeated or continuing;
- State a reasonable amount of time, as determined by the Board, that will pass between additional fines, in the case of a continuing violation.
- In the case of a vehicle deemed by the Board to be in inoperable condition and located on any street for more than 14 days, notify the Owner that the vehicle may be removed by the Association after seven (7) days' notice. (Section 5.8).
- In the case of a violation for which self-help is an available remedy, state that, after a specified date after the hearing date (or the deadline for requesting a hearing date if no hearing is timely requested), the Association may enter the Lot to remedy or abate the non-compliance. State further that the costs incurred by the Association to restore compliance are a special assessment against the Owner. (Section 5.15).
- In the case of a violation of the NGPE pruning restrictions or lot-clearing restrictions, state that the Association may charge the Owner for the cost of replacing or repairing vegetation affected by the violation. (Sections 4.1.4 and 5.12).

The Compliance Request and all other notices will be sent by mail or personally delivered to the Respondents to the Lot address, or to any other address designated by the Owner to the Association in writing.

**Section 5: Hearing.** If a Respondent makes a timely request for an opportunity to be heard, he or she will be given written notice of the date, time and place of the meeting at which the person will be heard ("the Hearing"). The Hearing shall not occur fewer than seven days from the date the notice of the hearing is received, unless the Respondent agrees to an earlier date. The Board may in its reasonable discretion change the date, time and place of the meeting upon Respondent request.

The Board, or its designated agents, shall preside over the hearing.

Each party may be given up to 20 minutes to present relevant information with respect to any alleged violation. Each party may be represented by counsel, and may review the evidence supporting the alleged violation. Any person having information about whether a violation occurred may also present that information to the Board in person or in writing.

At the Hearing, the Respondent has the right, personally or by representative, to give testimony orally, in writing, or both, and to otherwise present evidence. The evidence received will be considered in making a decision.

The rules of procedure may be otherwise supplemented by the Board to promote a prompt, orderly, and fair resolution of the matter.

**Section 6: Decision.** Following the Hearing, if any, the Board shall make a decision. The decision may include any of the enforcement remedies set forth in the Governing Documents. The Respondent

shall be notified of the decision in the same manner in which the notice of the Hearing was given. The decision is final, unless the Board reconsiders it pursuant to Section 7 of this Policy.

**Section 7: Reconsideration.** The Board may, in its reasonable discretion, reconsider any decision upon Respondent request. Any decision following reconsideration is final.

**Section 8: Fines.** The Board may impose fines by following the Notice and Hearing steps described above. The amount of the fine will be based upon the Fine Schedule attached to this Policy as Exhibit A. Fines will not be placed on an account until after the Board makes a decision, either after a Hearing or, if no hearing is requested, after the period ends for timely requesting a Hearing.

**Section 9: Architectural Violation Special Procedures.** Disputes arising under Section 5.2 of the Covenants ("Architectural Violations") must proceed in accordance with the special procedures set forth in Section 14.1.1-14.1.4 of the Covenants. (See the Fourth Amendment to the Covenants.) Such special procedures include:

1. Notice and Resolution Meeting (Section 14.1.2):
  - The Owner receiving the Initial Compliance Request must respond in writing within five (5) days with a written explanation, including a response to the proposed solution.
  - Within five (5) days of receipt of the response, the parties shall meet without the presence of legal counsel and discuss alternatives for resolving the dispute ("Resolution Meeting"). The Board is responsible for scheduling the time and location of the Resolution Meeting, which must occur during regular business hours in Issaquah, Washington.
2. Mediation (Section 14.1.3):
  - If the dispute is not resolved, mediation shall be held within ten (10) days of an unsuccessful Resolution Meeting.
  - Mediation shall be held at the Seattle office of the Judicial Arbitration & Mediation Services, Inc., or another mediation service selected by the Board ("Mediation Service").
  - The Board shall schedule the mediation, which must occur during regular business hours.
  - The parties to the dispute must agree on a mediator from the Mediation Service's panel; if they cannot, the Mediation Service shall select a qualified mediator.
  - The parties shall split the cost of the Mediation Service.
  - The mediation decision is non-binding.
3. Other Remedies (Section 14.1.4):
  - After mediation as described in Section 14.1.3 is completed, the Association may take legal action.
  - The Association need not follow the special procedures set forth above if the Board reasonably believes that doing so is necessary due to a) emergency circumstances or b) because material irreparable harm may result if delay occurs in seeking legal relief.



**Section 10: Voluntary Compliance and Association Remediation.** In the case of a Maintenance Violation (i.e., a Violation of Section 5.15, or any other Owner failure to maintain as described elsewhere in the Governing Documents), the Board may order the Respondents in the Compliance Request to take such action as is necessary to abate the violation. If the Respondents fail to take such action by the date provided (Restoration Date), the Association or its agents may enter upon the Lot to restore compliance. All costs incurred by the Association shall be a special assessment against the owner and a lien against the Lot.

**Section 11: NGPE Pruning and Lot-Clearing Restrictions.** In the event of a violation of any pruning restrictions in the Native Growth Protection Easements, the Board may impose fines of up to \$1,000 per tree against an Owner or anyone associated with the Owner or the violation. The amount of each fine will be determined in the Board's reasonable discretion. The Board may also charge the Owner for the cost of replacing or repairing vegetation affected by the violation. Such fines and charges also apply to violations of Lot-clearing restrictions. (Sections 4.1.4 and 5.12).

**Section 12: Attorneys' Fees and Costs.** In the event of legal action to enforce the governing documents, the Board may decide to require reimbursement to the Association or any other prevailing party for its costs, including reasonable attorneys' fees, incurred in connection with the violation. (Section 14.1).

**Section 13: Issuing a Stop Work Order.** The Board may issue a Stop Work Order to any person engaged in an Unauthorized Activity. An Unauthorized Activity is any activity that requires the prior written approval of the Board, or a Committee, but no prior approval has been given. An Unauthorized Activity may also result in the issuance of a Compliance Request, which may request that complete plans for the work be submitted for review, as provided in the Covenants. It may also result in the issuance of a temporary restraining order and/or injunction requiring an Owner to stop any work on a Lot or elsewhere and remove anything or part of anything that constitutes an Architectural Violation.

**Section 14: Voluntary Compliance Agreement.** The Board may reach a Voluntary Compliance Agreement with an Owner in which the Owner admits a violation exists, agrees to take specific actions to cure the violation within a specific time frame acceptable to the Board, and agrees that failure to perform the specified actions within the specified time frame will result in enforcement consequences.

**Section 15: Board's Discretion to Waive Fines.** A fine imposed under this Policy may be partly or entirely waived by the Board upon its determination that circumstances exist in the particular instance to warrant the granting of a waiver. This right to waive fines includes a right to suspend collection of a fine pending an Owner's fulfillment of promises the Owner made in a Voluntary Compliance Agreement.

**Section 16: Protection of Those Acting on Behalf of the Association.** Except to the extent covered by the Association's insurance policy, persons exercising the authority of the Board, Committee or management are not liable for action or inaction done in good faith, and without willful or intentional misconduct. Association action under this Policy shall not create any liability of the Board, Association, management or any Committee, or any employee or member thereof.

**Section 17: Collection of Fines and Other Enforcement-Related Charges.** Fines and other enforcement-related charges are Assessments. Like other Assessments, they are placed on a Lot Owner's account and are both a personal responsibility of the Owner and a continuing lien on the Lot that may be foreclosed. Delinquent fines and other enforcement charges are subject to late charges, interest, and collection costs including attorneys' fees.

**Section 18: Conflicting Provisions.** The provisions of the Covenants and Bylaws supersede any conflicting provisions of this Compliance Policy, to the extent that any such provisions may exist.

**Effective Date.** The Enforcement Policy set forth in this Resolution shall take effect on the 7<sup>th</sup> day of May, 2014.

Approved by the Montreux Homeowner Association on the 7<sup>th</sup> day of May, 2014.

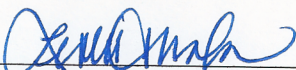
MONTREUX HOMEOWNER ASSOCIATION

By:

  
\_\_\_\_\_  
Its President

ATTEST: The above Resolution was properly adopted.

By:

  
\_\_\_\_\_  
Its Secretary

## Exhibit A

### FINE SCHEDULE

Imposing a fine is a means to an end—restoring compliance. Some violations are more significant than others. The Association has established fine amounts for each type of violation.

**Fine Amounts:** The initial fine levied for a specific violation will be based on the Fine Amount listed in the table below associated with the type of violation that occurred.

**Repeated or Continuous Violations:** If a violation is repeated or continuing, the Board may issue additional, Incremental Fines. Incremental Fines may but need not be accompanied by a Subsequent Compliance Request.

**Daily Fines:** Subsequent to the Restoration Date, each day of a repeated or continuous violation shall be considered a separate violation and may, in the Board's reasonable discretion, be subject to daily fines. Daily fines will begin at no more than \$10.00 per day. These daily fines are cumulative. Daily Fines may increase by \$10.00 per day after each week of continued non-compliance (to a maximum of \$30.00 per day). The Board may choose to issue Daily Fines or Incremental Fines, depending on the particular circumstances, except Daily and Incremental Fines may not be issued concurrently.

**Incremental Fines:** The Board may increase the Fine Amount for each violation if a violation is repeated or continuing. A Fine Amount may be increased more than once. Each Incremental Fine may be no more than double the amount of the previous fine. With respect to continuing violations, Incremental Fines must be separated by a reasonable period of time as determined in the Board's reasonable discretion and as described in the Compliance Request. A Fine Amount (other than a Daily Fine) may be increased for a particular violation only notice of the increase is received. Notice will be deemed received upon mailing, first-class postage prepaid, or upon personal delivery.

**Discretion:** The Board's decision not to impose or collect a fine in one instance does not waive or otherwise undermine the Board's later or concurrent right to impose or collect a fine for other or similar violations. If there are multiple concurrent violations, the Board may, in its reasonable discretion, issue one fine for each violation type or fine for each violation type separately.

**Delinquent Fines:** Fines are delinquent if not paid within 10 days of receipt of notice that a fine is due, or any later deadline as stated by the Board in the notice. Delinquent fines will be collected in the same manner as other delinquent Assessments.

**Important Notes:** The numbers in parentheses in the chart below refer to important Notes listed under the chart.

<b>Violation</b>	<b>Refer to Section of Covenants</b>	<b>Fine Amount</b>
NGPE Pruning Restrictions (1)	4.1.2, 4.1.4	Up to \$1,000 per tree
Permitted Use/Subdivision of Lot	5.1, 5.7	\$100
Single-Family Residence Restriction	5.1	\$100
Tent, Trailer, Modular/Mobile Home On Site	5.1	\$100
Contractor and Architect Requirements	5.2.1	\$100
Failure to Apply for or Obtain ACC Approval (2)	5.2.2, 5.2.8, 8.6.1	\$250 generally; Up to \$1,000 per tree
Exterior Colors and Materials	5.2.3	\$250
Size/Height Restrictions	5.2.4, 5.2.8	\$100
Roof Restrictions	5.2.5	\$250
Setbacks/Driveway Width	5.2.6	\$100
Completion of Improvements	5.2.7	\$100
Construction Requirements	5.2.7.1, 5.2.8	\$100
Underground Utilities	5.4	\$100
Garbage and Debris	5.5	\$50
Animal Restrictions	5.6	\$25
Vehicles and Equipment Storage (3)	5.8	\$100
Vehicle Maintenance	5.8	\$100
Motorcycles and ATVs	5.9	\$50
Signs (4)	5.10	\$50
Lot Contour Changes	5.11	\$100
Lot Clearing Limits	4.1.4, 5.12	Up to \$1,000 per tree
Vegetation Management Zones (1)	4.1.2-4, 5.12.1	Up to \$1,000 per tree
Antennae/Satellite Dishes (5)	5.13	\$50
Weapons	5.14	\$100
Maintenance/Repair (6)	5.15, 6.5	\$100
Nuisance (Incl. Noise)	5.17	\$100
Illegal Activity (7)	5.18, 8.6.1	\$250 generally; Up to \$1,000 per tree (for violations of IMC 18.12)
Fires and Woodstoves Restriction	5.19	\$50
Mailboxes	5.20	\$50
Landscaping	5.21	\$100
Fences/Hedges	5.21	\$50
Yard Lamps	5.22	\$50
Lakes/Boats	6.2.2-6	\$50
Drainage	7.3, 7.4	\$50
Unlisted Violations	Various	\$250

(1) Includes clearing, limbing, trimming, pruning, topping, and removal of trees/vegetation on Lots or elsewhere.

(2) Includes tree removal without prior ACC approval.

(3) RVs, boats, jet skis, etc., may be parked in a driveway or stored in street view for no longer than 24 hours.

(4) Section of Covenants to be applied in a manner consistent with protection the law affords to political signs. See RCW 64.38.034.

(5) Section of Covenants to be applied in manner consistent with protection the law affords to certain over-the-air reception devices.

(6) Includes Landscape, Paint, Fencing, etc.

(7) Includes tree modification or removal in violation of City Tree Preservation Code, IMC 18.12.(8) Fine Amounts for unlisted violations shall be determined in the Board's reasonable discretion.

**Effective Date:** This Fine Schedule shall take effect on the same day that the Compliance Policy to which it is attached takes effect.