

TRAILWOOD MAINTENANCE ASSOCIATION RESIDENTIAL USE ENFORCEMENT POLICY

1. Basic Policy on Enforcement Regarding Preserving Residential Use of Dwellings.

An objective of this Enforcement Policy is to promote the establishment of Trailwood as a stable, rule-abiding community where people make their homes, and seek compliance by Members with the Association's governing documents and this goal. If any Member fails to comply with any of the terms of this Policy, the Association shall be entitled to pursue all available remedies at law and in equity to compel compliance and recover damages. The provisions and enforcement remedies set forth herein apply to the subject matter in this Policy, notwithstanding any other provisions and procedures set forth in the Association's Rules and Regulations. The Owner of any rented Lot is ultimately financially and legally responsible for the conduct of any lessees, renters, family members, guests, invitees, or other occupants of and visitors to the Owner's Lot.

2. No Short-Term Rental of Lots for Less Than Ninety (90) Days.

Any rental, lease, or other occupancy of a Lot for time-share, hotel, or transient purposes for occupancy of a term of less than a period of ninety (90) consecutive days is prohibited.

Therefore, each Owner is prohibited from entering into any oral or written agreement to rent, lease, or use a Lot for time-share, hotel, or transient purposes for occupancy of a term of less than ninety (90) consecutive days. Such prohibited conduct includes, without limitation, entering into an oral or written agreement to rent, lease, or use the Lot, which on its face or by its terms may provide for an occupancy term of at least ninety (90) consecutive days, but which the Owner knows, or reasonably should know, the renter, lessee, occupant, or user of the Lot actually intends to occupy the Lot for a term of less than ninety (90) consecutive days. Also, the Board may determine that any other occupancy of a Lot that is for less than a term of ninety (90) consecutive days (irrespective of the terms of any oral or written agreement) is a violation of this Policy (excluding instances where an Owner owns a Lot as second home and the Owner periodically occupies the Lot for a term of less than ninety (90) consecutive days).

3. No Rental of Lots for Transient or Hotel Purposes.

Any rental, lease, or other occupancy of a Lot pursuant to which services normally associated with a hotel, such as meal service, maid/housekeeping service or excursions, are provided constitutes an impermissible nonresidential use of the Lot for transient or hotel purposes.

Therefore, each Owner is prohibited from entering into any oral or written agreement to rent, lease or use a Lot for hotel or transient purposes. Such prohibited conduct includes, without limitation, entering into an oral or written agreement to rent, lease or use the Lot in connection with so-called "birth tourism" (*i.e.*, travel to the United States for the purpose of giving birth in the United States), if rental, lease or use of the Lot is associated with services normally associated with a hotel, as described above.

4. No Rental of Less than the Entire Lot.

No Owner may rent or lease less than such Owner's entire Lot, with the exception that the Owner may rent one room of the Lot so long as the Owner also occupies the residence. Therefore, arrangements such as the rental or leasing of multiple individual rooms or operating a Lot as a boarding house are prohibited.

5. Minimum Requirements for Lease/Rental Agreements.

Each Owner who leases his/her Lot shall do so by way of a written lease agreement. As noted above, each Owner is ultimately responsible for the conduct of the Owner's tenants; thus, it behooves each Owner who leases his/her Lot to comply with this Policy and include provisions in the Owner's lease agreement to minimize the Owner's exposure to liability arising from the conduct of tenants and to include in the lease agreement all available remedies for action against tenants who violate any of the Association's Declaration, Bylaws, Rules and Regulations, Policies, Design Guidelines, or any other governing documents (collectively, the "Restrictions").

Therefore, in an effort to assist Owners with being empowered to take action against and evict, if necessary, tenants who violate the any provisions of the Restrictions, the Association requires each Owner who leases his or her Lot to include provisions in the lease agreement substantially in the form of the following:

(a) Lessee shall not assign the lease or any interest therein or sublet the premises or any part thereof, or permit the use or occupancy of the premises by any person other than Lessee and any persons identified in the Lease Agreement as permissible occupants.

(b) Lessee agrees that Lessee and all occupants of the premises shall be bound by and shall comply with all provisions of the Trailwood Maintenance Association ("Association") Declaration of Restrictions ("Declaration"), Bylaws, Rules and Regulations, Policies, Design Guidelines, or any other governing documents (collectively, the "Restrictions"), concerning the use and occupancy of the premises and the Association common area property, and that Lessee shall control the conduct of all other occupants, guests and others visiting or residing at the leased premises in order to ensure compliance with the Restrictions. Lessee acknowledges receipt of a copy of the Restrictions. Any violation of the Restrictions or attempt to assign or sublet the premises shall be a default under the Lease Agreement and this Lease Addendum, and Lessor shall have the right to terminate the Lease Agreement without liability and to evict the Lessee and all other occupants in accordance with California law.

6. Notice To Association of Lease/Rental Agreements.

Within seven (7) days after executing, or otherwise entering into, a lease, rental, or other agreement for the lease, rental, occupancy, or use of a Lot, the Owner shall provide the Association's managing agent (a) the name of the lessee, renter, occupant, or user of the Lot and all other persons occupying the Lot, and a copy of the lease, rental, or other agreement evidencing the Owner's permission for such lessee, renter, occupant, family member, guest, or other person, to occupy or use the Lot, and (b) the name, mailing address, email address and telephone number of the Owner's authorized representative for purposes of receiving communications from the Association regarding the Owner's Lot (and the lessee, renter, occupant, or user of the Lot) who can respond to any contact from the Association within two (2) hours. **Management and the onsite gate staff will not be permitted to update the gate access profile in the Association's visitor management system for any tenant without being provided the required documentation listed above.**

7. Limitation on Number of Rented Lots.

All Owners who become the Owner of a Lot after the effective date of this Policy must occupy their Lot as either their primary residence or a second home for at least twelve (12) months following the date they become Owners before the Lot may be rented or leased.

8. Enforcement and Fine Schedule For Violations of This Policy.

Any violation of the foregoing restrictions is considered an egregious breach of this Policy and violation of the residential use limitations contemplated hereunder. The fine schedule set forth herein shall control for any violations of this Policy, notwithstanding any other provision of the Restrictions. In developing the fine schedule for violations of this Policy, the Board considered that an Owner may receive a significant sum of money for leasing of a Lot in violation of this Policy. Thus, in recognition of this fact, together with the strong policy of wishing to preserve the residential use of the Lots, and as a disincentive against violations, and to prevent an Owner from profiting from violating the Restrictions, the Board, in its discretion, may levy a fine (as a monetary penalty) against an Owner for violations of Paragraphs 2, 3 and 4 of this Policy in the amount of \$1,000.00 for the first offense, with the fine for each subsequent offense doubling thereafter (*i.e.*, \$2,000.00 for the second offense, \$4,000.00 for the third offense, \$8,000.00 for the fourth offense, etc.).

A fine in the amount of \$100.00 may be imposed for failure to timely register a tenant with the Association's managing agent as required above.

The foregoing fines shall be in addition to any other disciplinary action or remedies available to the Association (after providing the Owner notice and an opportunity for a hearing). The foregoing shall not be construed to limit or restrict the Association from immediately proceeding with filing legal action or pursuing other available enforcement action to remedy a violation. Failure to comply with any of the other provisions of this Policy (*e.g.*, the lease agreement requirements) shall subject the responsible Owner(s) to monetary fines in accordance with the Association's regular Fine Schedule contained in the Rules and Regulations and/or all other the remedies provided under the Restrictions or otherwise authorized in law or in equity.