

Eastern Gardens

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September 23, 2010

To: All Members/Residents of Eastern Gardens Cooperative, Inc.

Subject: Proposed Amendment, Rules and Regulations "ENFORCEMENT of Governing Documents"

Dear Members/Shareholders:

The social success of Eastern Gardens Cooperative depends in large part on its rules and regulations that govern how residents are expected to conduct themselves. Typically, the Occupancy Agreement (O.A.) subjects all Members/Shareholders to general covenants, while the Bylaws and Rules and Regulations provide specific guides for day-to-day living and the function and purpose of the Corporation. Without these restrictions and a means to enforce them, the community living experience could become chaotic indeed. Currently, when members fail to comply or ignore warning notices from management or the board the only recourse that the Board of Directors is able to take to enforce its governing documents is through the expulsion and eviction process; therefore, in an effort to reduce legal expenses and provide a friendlier resolution, the Board is considering other options before it reaches this stage. The proposed schedule of notices and fines would only apply to minor infractions of the rules and policies and not criminal acts, negligence or gross negligence of the bylaws or occupancy agreement.

The Board is asking for your support and suggestions before its rules on any decision. Please fill out the comment slip and drop it into the suggestion box located at the business office no later than October 8, 2010.

Sincerely,
EASTERN GARDENS COOPERATIVE, INC.

Frank Lenhart

James Patrick

Donna Schmelz

Ed Healy

Kathy Stotterback

Rick Caughey

Eastern Gardens Board of Directors

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COMMENTS

PROPOSED DRAFT RULES AND REGULATIONS

ENFORCEMENT OF Governing Documents: In order to enforce the Occupancy Agreement, Bylaws, Articles of Incorporation and Rules and Regulations, the Board of Directors may levy, assess, and collect reasonable fines and costs as established by the Board of Directors pursuant to California Civil Code Section 1357 and Articles V and XI of Eastern Gardens Bylaws and Articles 14, 15, 19 & 20 of the Occupancy Agreement. The fines will be assessed against the Member/Shareholder for violations by the Member/Shareholder, members of his or her family, invitees, guests or occupants of such Members/Shareholders. (Whenever the word “Member” is used in this document, the word “Occupant” shall also apply.)

THE STANDARD FINES TO BE LEVIED IN THE CASE OF VIOLATIONS ARE AS FOLLOWS:

A. SCHEDULE OF NOTICES

- A. First offense – Warning letter to member and/or fine as determined by the board of directors.
- B. Second offence – Hearing letter to member and/ or fine as determined by the board of directors.
- C. Third offence – Hearing to assess fine.
- D. Reoccurring offenses – Enforcement in accordance with the determination at the hearing.

B. SCHEDULE OF FINES

- A. Courtesy/Warning Notice.....N/C
- B. First Notice..... \$25.00
- C. Second Notice..... \$50.00
- D. Third Notice..... \$150.00
- E. Fourth Notice..... \$200.00 and a Hearing
- F. Subsequent Violations by Offenders.....As determined by Board of Directors

NOTE:

1. The list above is not intended to be all-inclusive. Additions may be made as required. Fines etc. may vary and may increase depending upon the circumstances. Fines etc. may be at the discretion of the Board of Directors; the amounts shall be predicated upon the severity of the violation and may include legal action.
2. All legal fees or costs incurred by the Corporation to enforce violations or collect fines will be the responsibility of the Member/Shareholder.
3. It is each Member’s sole responsibility to inform their occupants/guests of all Rules and Regulations.
4. Anyone wishing to report an alleged violation of the governing documents may do so by contacting management. Violations should be reported in writing. The identity of the person reporting the violation will not be disclosed to the Member/Shareholder involved.
5. Failure to pay the fines in the time as set forth herein may result in the filing of appropriate legal action and potential expulsion from the corporation. In addition, voting rights shall be suspended.
6. Time allotted for payment of fines is seven (7) calendar days and can be mailed or personally delivered to the business office.
7. Title Six of the California Civil Code also known as the “Davis-Stirling Common Interests Development Act” and all sections therein and all sections subsequently added are deemed incorporated into the Rules and Regulations of Eastern Gardens Cooperative, Incorporated and made a part hereof.

The following procedure shall be employed in the case of all reported violations:

1. MEMBER/SHAREHOLDER violating the By-Laws or Rules and Regulations will be notified in writing by Eastern Garden's management to correct or cease and desist the violation to the satisfaction of the Corporation.
2. The MEMBER/SHAREHOLDER who has received notification of violation may request and receive a hearing of refutation or denial of the reported violation within 7 days from of date of notice. Management shall delay further punitive action until such time as the requested hearing by the Board of Directors has been held. The decision of the Board of Directors in such matters shall be made in writing and a copy of such decision shall be delivered by mail to both the Member/Shareholder and the person(s) instituting the initial report of violation.
3. When a violation is not refuted or brought into compliance to the satisfaction of the corporation within 7 days, a second and final notice will be delivered to the MEMBER inviting them to attend a fine hearing at the next Board meeting or Executive meeting. Failure to attend said hearing will result in an automatic \$50.00 fine.
4. A third notice will be delivered to the Member if still not corrected to the satisfaction of the Corporation. Said notice shall state that an additional \$100.00 fine, plus the amount of the incurred administrative costs, have been assessed to the Member and shall be billed accordingly. The Member will be informed that as long as the violations continue to occur, the fines will continue to be assessed. The amount of the subsequent fines will be determined by the Board predicated upon the severity and frequency of the violations which will be reviewed by the Board if further actions warranted, (e.g. expulsion and eviction).
5. In the event additional violations occurs by the same Member, subsequent notices shall state the amount of the fine(s), plus the amount of incurred administrative cost assessed to the Member and billed accordingly. The amount of the subsequent fines will be determined by the Board predicated upon the severity and frequency of the violations which will be reviewed by the Board if further actions warranted, (e.g. expulsion and eviction).