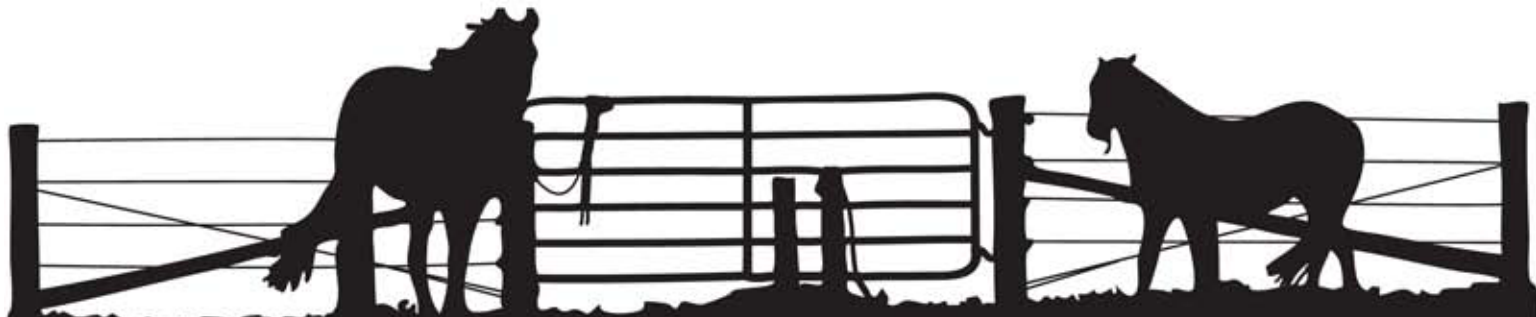


HR

Hollister Ranch

Ranch Rules

Amended March 21, 2015



THE HOLLISTER RANCH OWNERS' ASSOCIATION

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Hollister Ranch Rules

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The Hollister Ranch Owners' Association, through its Board of Directors, establishes the Hollister Ranch Rules to govern activities upon the Hollister Ranch.

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HOLLISTER RANCH OWNERS' ASSOCIATION Ranch Rules

The Hollister Ranch Rules have been devised to reflect the philosophy of the Ranch, protect the environment, preserve the natural beauty and character of this area, encourage safety, and minimize annoyance to others using the Ranch. They apply to all who own property, work, live on, or visit the Hollister Ranch.

Failure to abide by the following rules can result in fines and/or revocation of all privileges as provided for in the Declaration of Restrictions, Covenants and Conditions (CC&Rs) of the Hollister Ranch. Owners are strictly responsible for their employees and guests. Security personnel may evict employees and guests violating these rules or the CC&Rs.

Note: Unless otherwise indicated, "owner" refers to a designated owner, as defined in CC&Rs §6.02 (b).

RULE 1 - GUESTS

Guests of an owner shall be allowed on the Ranch only during such periods as that owner is actually present on the Ranch, except as expressly authorized in these Rules. Specific authorization shall be given for each guest who enters the Ranch for any purpose. A guest may not tender any payment to the owner in cash or kind for registration or entry as a guest (*Amended 5/28/08*).

A. Guest lists. Owners shall present the names of all guests over the age of 12. For 12 guests or fewer, owners need only present the guest list in person upon entering the Ranch; no advance notification is required. Guest lists may be accepted by phone, provided the owner is calling from within the Ranch.

B. Six-hour grace period. An owner may leave the Ranch for up to 6 hours while his or her guest(s) remains on the Ranch. The owner shall return, or the guest(s) shall leave, before the end of the six-hour period. Additional time may be approved by the Ranch Manager upon request. (*Rule 1 B amended 12/18/98*.)

C. Extended guest list. Extended guest lists are lists of guests in excess of the maximum number of 12, as permitted under Section 6.02(e) of the CC&Rs. Owners may request approval by the Ranch Manager of an extended guest list of 13-24 guests for family-oriented special events (e.g., wedding, memorial and anniversary) and the Ranch Manager will consider such requests and approve or deny those requests, based on Board-approved policies then in effect and good judgment. Extended guest lists of 25 or more guests shall be approved by the Board of Directors. There is a limit of three

extended guest lists per calendar year per parcel. No more than two extended guest lists are permitted in the common area on any day and only one cabaña may be used at any given time. Exceptions require Board approval. Requests for extended guest lists should be submitted in writing to the Ranch Office at least seven business days prior to the requested event date for lists that the Ranch Manager considers and at least 10 business days prior to a regular Board meeting for Board approval. Any event or occasion for 25 or more guests shall be scheduled to occur at least three business days after receiving approval at the Board meeting to allow adequate time to complete preparations. (*Rule 1 C amended 11/18/06, 5/24/08 and 3/21/15*)

D. Surfing

No unescorted surfing guests are permitted in the Beach Recreation Common Area. "Surfing Guests" shall mean all guests who wish to use any recreational hard board, including without limitation surfboards, standup paddle surfboard (SUP), kneeboards, belly boards, Paipo Boards, windsurf boards, kite boards, surf kayaks, wave skis, and other similar surf craft, but shall not include soft body boards, which are also commonly known as "boogie boards." Escorted surfing guests means that the owner shall be in the immediate vicinity with their surfing guests. For example, a host owner at one cabaña shall not have his surfing guests at another cabaña. Furthermore, a host owner at one surfing spot must accompany his surfing guests at the same surfing location. The Ranch Manager may make exceptions to this Rule upon prior written request. (*Rule 1 D adopted 2/26/2005; amended 11/18/06, 3/3/07, 11/19/11, and 3/22/14*)

E. Parcel Pass and Common Area Pass. Guests shall be issued a parcel pass or beach recreation common area pass upon their entry to the Ranch. If after entry, an owner decides to take a guest vehicle to the beach recreation common area, the owner shall notify Security.

F. Guest transfer. Owners may transfer guests to another owner of their parcel, provided that they notify the Gate and give the name of the owner taking responsibility. Owners may not transfer guests to an owner of another parcel until the accepting owner has notified the Gate in person or by phone from within the Ranch.

G. Use fees for guests. Guest and guest vehicle entries will be charged depending on their destination in accordance with the Schedule of Use Fees (attached). Guests may leave the Ranch, return on the same day, and not receive an additional debit for that day.

H. Denial of guest access. Security may deny entrance to persons they believe cannot safely negotiate our roads.

I. Guest use of Beach Recreation Common Areas. Guests shall use appropriately carded vehicles while in the Beach Recreation Common Area. Owners' rights and privileges do not apply to non-owners in owner sticker/carded vehicles when not accompanied by the owner. *(Rule 1 I added in its entirety 10/19/02; Rule 1 amended 9/19/09)*

RULE 2 - HOUSE GUESTS

A house guest is a person duly registered under the terms of this Ranch rule, as the guest of an owner who owns a completed residence for which an occupancy permit has been issued by Santa Barbara County and located on the owner's parcel, for access to the Ranch. House guests may be permitted under the following terms and conditions:

A. The owner shall complete a registration form provided by the Ranch Office and submit it to the Ranch Office at least two business days prior to the dates authorized for the house guest's visit(s), so that the Gate may be notified.

B. House guests may have the use of the Common Areas and may have guests themselves, if authorized by the owner, up to the maximum number permitted by the CC&Rs or by the owner in the registration form, whichever is lower. *(Rule 2 amended 9/19/09)*

RULE 3 - PARCEL EMPLOYEES

The Ranch has the following categories of parcel employees: Day Workers, Temporary Overnight Employees, Real Estate Brokers, Private Permanent Resident Employees (PPREs), and House Sitters. *(Amended 5/24/08)*

A. Day Workers. Employees who reside off the Ranch and work for an owner on the Ranch are Day Workers.

1. Access for employees. Day Workers have use of the common area roads for ingress and egress by the most direct route to and from the job site. Such access generally shall be limited to normal daytime working hours. Day Workers have no guest privileges and no right to use the Beach Recreation Common Area.

2. Employee registration. An owner or contractor may call the Gate and leave Day Workers' names for a maximum of five days. An extension over this period requires registration on a form provided by the Ranch Office. Employees and contractors shall be subject to the conditions set forth in the "Day Worker Registration Permit" or "Temporary Overnight Employee Registration Permit" as may be amended or modified from time to time by the Board of Directors, copies of which are available through the Ranch Office. Persons entering the Ranch under either of these categories shall be duly registered under the appropriate form prior to entry and, thereupon, subject to the respective rules applicable to their status.

3. Use fees. Day Worker entries will be debited in accordance with the Schedule of Use Fees.

4. Employees as guests. Employees who are to be guests after work shall have their names phoned to the Gate by the owner of the host parcel, or by a guest of that parcel so authorized, so that their status can be changed and use fees adjusted as appropriate.

B. Temporary Overnight Employees. Temporary

Overnight Employees are Day Workers who routinely reside off the Ranch, but have a job that requires the employees to reside temporarily on the parcel.

1. Access for employees. Temporary Overnight Employees have use of the common area roads for ingress and egress by the most direct route to and from the job site. Temporary Overnight Employees have no guest privileges and no right to use the Beach Recreation Common Area.

2. Employee registration. All Temporary Overnight Employees require registration on a form provided by the Ranch Office. Employees and contractors shall be subject to the conditions set forth in the "Temporary Overnight Employee Registration Permit" as may be amended or modified from time to time by the Board of Directors, copies of which are available through the Ranch Office.

3. Use fees. Temporary Overnight Employee entries will be debited in accordance with the Schedule of Use Fees.

4. Employees as guests. Employees who are to be guests after work shall have their name phoned to the Gate by the owner of the host parcel, or by a guest of that parcel so authorized, so that their status can be changed and use fees adjusted as appropriate.

C. Real Estate Brokers. Real estate brokers may be registered as Day Workers and, as such, shall have the right to show prospective purchasers the Common Areas of the Ranch, in addition to having access to the parcel that he/she has listed. The Ranch Office shall require proof of the listing, in order to register a real estate broker as a Day Worker. The real estate broker, under this registration, shall not make any recreational use of the Common Areas.

D. Private Permanent Resident Employees (PPRE). Private Permanent Resident Employees (and their immediate families) are bona fide, permanent, full-time employees of an owner having a completed residence with an occupancy permit issued by the Santa Barbara County on his or her parcel. Private Permanent Resident Employees shall be subject to the conditions set forth in the "Private Permanent Resident Employee (PPRE) Registration Permit" as may be amended or modified from time

to time, copies of which are available through the Ranch Office. (Private Permanent Resident Employees include the employee's immediate family members, and shall be listed on the PPRE registration form.) Such employees shall fulfill a bona fide need for a full-time resident employee residing on the Ranch on a full-time basis in connection with the owner's operation on his or her parcel, or elsewhere on the Ranch. Proof of employment and compensation will be required.

1. Access for employees. Private Permanent Resident Employees (and their immediate family) have access to the owner's parcel and to the Beach Recreation Common Areas of the Ranch, except that PPREs and their immediate family are subject to the requirements of the surfing guest rule found at Rule 1(D).

The number of Private Permanent Resident Employees and their immediate family members residing on the Ranch shall reduce the total maximum number of 12 guests allowed for access by any one parcel. If the cumulative number of PPREs and their immediate family members residing on the Ranch equals 12, there shall be no guests allowed for that parcel, except in accordance with Rule 1(c) - Extended Guest Lists.

2. Employee registration. Private Permanent Resident Employees shall be duly registered under the "Private Permanent Resident Employee (PPRE) Registration Permit" prior to entry and, thereupon, subject to the respective rules applicable to their status.

3. Use fees for employees. Private Permanent Resident Employee entries will be debited in accordance with the Schedule of Use Fees.

(a) Owners may purchase an annual sticker for their Private Permanent Resident Employees, in lieu of being debited in accordance with the Schedule of Use Fees.

(b) Private Permanent Resident Employees may not drive on the beach at any time.

4. Guests of employees. An owner may authorize the Private Permanent Resident Employee to have a stipulated number of guests at any one time.

E. House sitters. During periods when no adult family member of the sponsoring owner is present on

the Ranch, for up to 30 consecutive days. House Sitters may be registered for the period they are looking after an owner's residence, so long as the owner has a completed residence with an occupancy permit issued by the Santa Barbara County on his parcel and regardless of whether or not the owner compensates the house sitter beyond providing housing for the period the House Sitter is registered. House Sitters have the same access to the Beach Recreation Common Areas as do Private Permanent Resident Employees.

(Rule 3 replaced in its entirety 6/28/96; amended 7/1/97 and 9/19/09; Rule 3 E amended 12/18/98)

RULE 4 - APPLICABLE LAWS

All applicable State Laws and County ordinances will be obeyed.

A. Camping. No camping is authorized in the Common Areas.

B. Trespassing. No person shall trespass upon privately owned parcels within the Hollister Ranch.

C. Drones. Launch and removal of unmanned flying devices is prohibited within Ranch Common Areas. Launch and removal of unmanned flying devices on public land accessed via Ranch Common Areas is prohibited. *(Rule 4 C added in its entirety 1/25/15)*

RULE 5 - VEHICLES

The following are applicable to the use of vehicles on the Hollister Ranch:

A. Owners may purchase HROA window stickers to facilitate entry and exit at the Ranch gate and for the privilege of accessing the beach with a vehicle, depending upon the sticker type. Vehicle window stickers shall be permanently affixed to the windshield in such manner to be at all times clearly visible to security staff.

B. At the discretion of the Manager, a temporary permit in lieu of a vehicle sticker for up to 30 days, may be issued to an owner who has a valid up-to-date window sticker, but whose vehicle is

temporarily damaged or non-operational. Evidence of damage or non-operation may be required. The temporary permit must be registered to a single vehicle that would otherwise qualify for a window sticker. Unless otherwise authorized by the Board, only one such temporary permit may be issued per stickered vehicle in any calendar year. *(Rule 5 A. and B. added in its entirety 3/21/15)*

C. Vehicles shall use existing roads and authorized parking areas only. No off-road driving is permitted.

D. No parking is permitted on beach access roads, in front of horse and cattle gates, or wherever posted "no parking" in the Common Area.

E. Unless authorized by the Ranch Manager, vehicles shall not be driven on roads posted as "closed" or off roads, or on the railroad right-of-way, except at crossings. Charges will be made for assistance or towing.

F. Persons driving on Ranch Roads shall meet all California Vehicle Code requirements for driving a vehicle on public roads and shall possess a current driver license or permit. The driver shall also have the class of license appropriate for the type of vehicle being driven. All safety and traffic regulations shall be observed and will be strictly enforced as posted. *(Rule 5 D added 5/24/08)*

G. The maximum speed limit on all Ranch roads is 25 miles per hour unless otherwise posted or adverse conditions require a lower speed. The maximum speed on the beach is 15 miles per hour.

H. Use of motor cycles, motorbikes, and motor scooters is prohibited on the Ranch. Use of 3 or 4-wheeled, all terrain vehicles are limited to use on the owner's parcel for transportation or agricultural needs on permitted roads only. Recreational use of all-terrain vehicles is prohibited. All-terrain vehicles may also be used on common area roads with the Ranch Manager's approval when the condition of a road makes it unsafe to use conventional vehicles or creates a risk of damage to the road. All vehicles operated on the Ranch shall be appropriately muffled and shall also be subject to restrictions of CC&R

Section 2.01 (e). Use of all-terrain vehicles in the Beach Common Areas is prohibited. *(Rule 5 F amended 7/1/98)*

I. No jet skis, or similar watercraft, may be launched from the Common Area beaches. Upon launching, all watercraft shall head straight out from shore, perpendicular to the beach. The same vertical approach shall be taken when returning.

J. All vehicles used on the Ranch shall be operated at the owner's or operator's sole risk.

K. Entry of heavy equipment. Owners are required to contact the Ranch at least one business day before bringing heavy equipment or excessive loads on the Ranch. Unauthorized equipment will be denied entrance until notification is given. *(Rule 5 amended 9/19/09)*

RULE 6 - LIVESTOCK

Unauthorized use, riding, or herding, or any disturbing of livestock on the Ranch is prohibited.

RULE 7 - PETS

Owners shall control their pets to prevent disturbance to other owners, livestock, and wildlife.

RULE 8 - HUNTING

No hunting or shooting of any type is allowed on the Ranch except for authorized predator control.

RULE 9 - ENTRY TO RANCH

All vehicles entering or leaving the Ranch will do so only through the main Gate and shall register on arrival and check out on departure, except with written permission for other access and except in case of emergencies. Any trespassing upon neighboring ranches will constitute a violation of this rule.

In order to implement a recommended profile for noise abatement and safety in the ingress and egress of helicopters, helicopter entry to the Ranch shall be permitted only in accordance with the following rules and procedures:

A. Only owners who have registered their helicopter with the Ranch office may have access to

the Ranch by helicopter, except as may be expressly authorized, otherwise, by the Ranch Manager.

B. Helicopters approaching the Ranch shall notify the Gate of their arrival and register the number of owners and guests on board the helicopter. This radio notice is important, so that the helicopter pilot can be warned of any emergencies that may be ongoing at the time of entry. Pilots may make telephone contact with the Gate prior to or upon landing, in lieu of radio contact.

C. Helicopters shall fly at the maximum height permissible under applicable FAA safety procedures and observe all noise abatement measures to minimize the noise and annoyance to persons on the Ranch. Ultra-lights are not considered helicopters within the meaning of this Rule and are not permitted on the Ranch. Failure to comply with the foregoing procedures may result in the revocation of an owner's right to enter the Ranch by helicopter upon review and action by the Board. *(Rule 9 amended 9/19/09)*

RULE 10 - NUDITY

Nudity in the Common Area is prohibited.

RULE 11 - FIRES

A. As addressed by CC&R §2.01(n), no exterior fires are permitted on the Ranch, unless there is a water source and an area that is considered safe, approved by the Ranch Manager to be sufficient to provide adequate fire protection. Fires shall then be permitted only in containers deemed appropriate by the Ranch Manager (e.g., fireplaces, BBQ pits, fire pits). *(Rule 11 amended in its entirety 12/18/98)*

1. Exterior fire for permitted habitable dwellings and cabanas. There should be no flammable material for a minimum of 10 feet in all directions from any fire. This will include vertical height as well as horizontally around the fireplace, BBQ pits, fire pits, etc. A responsible owner shall be in attendance at all times. Before departing the area, the owner shall extinguish any fire with water, using the "drown, stir, and feel" method. Windy days may preclude having any exterior fires.

2. For all locations not covered in Rule

11.A.1. Exterior fires including all devices with flames or heat source are prohibited. Use of flashlights or battery operated lanterns is encouraged.

B. All generators shall be inspected and approved by the Ranch Manager, prior to use and periodically thereafter, to ensure the placement and operation of appropriate safety features, adequate maintenance, and proper clearance from flammable materials. All generators shall have 30 feet of clearance (i.e. grass, brush) as well as 10 feet of height clearance, or as determined by Ranch Manager. All generators shall have a noncombustible pad/foundation that extends 18” beyond the generator on all sides. If generators are not self-contained, fire protection and noise attenuation is to be reviewed and signed off by the Ranch Manager. All generators shall have a rated and mounted 2A 10BC fire extinguisher available that is from 25 to 75 feet from the generator. *(Section A.1 & B. amended 11/19/14)*

C. All owners and their guests shall exercise extreme caution and due care so as not to create fire or a risk of fire. Owners will be responsible for any and all damage to property and life, caused by fires they or their guests start or initiate and will agree to indemnify and hold harmless the Ranch for any and all resulting damages, claims, costs, and expenses it may incur, if any. *(Sections B and C added 8/25/07; Section C amended 9/19/09)*

D. All owners, employees, and guests shall not park or drive in areas with grass, brush or flammable materials.

E. All owners, employees, and their guests shall not smoke or discard smoking materials in exterior high fire hazard areas containing grass or brush. *(Rule 11 amended in its entirety 10/15/11)*

F. The County Fire Department may require vegetation and other fuel be removed from the vicinity of all structures. Clearing vegetation and landscaping to reduce fire hazard can give an added margin of protection. During clearing a rated 2A 10BC fire extinguisher or 2 ½ gallons

pressurized water extinguisher must be present at the clearing site ready for use. Clearing above and beyond Fire Department requirements must receive approval by the HRDC. *(Rule 11 F. added in its entirety 11/19/14)*

RULE 12 - FIREWORKS

Fireworks are not permitted under any circumstances at any time.

RULE 13 - BEACH DRIVING

The vehicle registration form that an owner signs in order to obtain an HROA windshield sticker will indicate that the owner agrees to abide by the following rules and procedures while driving on the beach, and that beach driving privileges may be suspended or revoked for failure to follow these guidelines:

A. In the Beach Recreation Common Area, owners’ vehicles are to be driven only in a corridor between the intertidal zone and the vegetation at the toe of the bluff. All estuaries, sand dunes, vegetation, living reefs and Alegria Preserve are to be avoided. The beach frontage on the Surfin’ Cowboy Ranch and Gaviota State Park are off limits to Hollister Ranch owner vehicles. *(Amended 4/20/13)*

B. All vehicles driven on the beach should be in safe operating condition, adequately maintained, and without excessive smoke or noise.

C. The only permitted use of vehicles on the beach is for ingress and egress to and from locations on the beach. The use of vehicles for “dune-buggy” activities or for other similar recreational activities is strictly prohibited.

D. People, wildlife, and pet animals should always have the right-of-way on the beach.

E. Vehicles should slow to five miles per hour when people or animals are in the immediate vicinity. The maximum speed limit on the beach is fifteen miles per hour. The penalty for the first offense of speeding or reckless driving on the Beach shall be a fine of up to \$250; a second offense shall result in additional penalties, up to and including the suspension of beach driving privileges for up to one

year or more.(Amended 5/24/08 and 4/20/13)

F. Beach driving shall be limited to owners in owner-registered vehicles with a valid beach driving sticker. Beach driving shall only be permitted for HROA/HR Co-Op and Water Company employees, provided such beach driving is in direct relation to performing their ordinary job-related duties as described in the employee's HR Job Description; or, in the opinion of and at the direction of the Ranch Manager, in the event an actual emergency exists and the HROA/HR Co-Op and Water Company employee or a third party service provider is called upon to address the emergency.(Amended 5/24/08 and 6/09/12)

G. At vehicle access points to the beach, vehicle entrances or exits to or from the beach should be accomplished at the slowest possible speed, keeping the safety of pedestrians foremost in mind, and without damaging the ramp areas.

H. Vehicle access points to the beach should not also be used as pedestrian access ways, unless necessary. Separate access ways for vehicles and pedestrians have been developed and will be maintained to the extent reasonable to all cabaña areas.

RULE 14 - HOLLISTER HOUSE AND CABAÑAS - GROUP USE

The Board may adopt, from time to time, policies with respect to use by individuals or groups of the Hollister House, the Cabañas, common area roads, and the Beach Recreation Common Areas.

A. Conduct at Board meetings. The Board of Directors shall conduct official meetings adopted from time to time in an orderly manner according to appropriate procedures. The Board may enact and implement a "Meeting Code of Conduct" to govern the conduct of owners and their guests at meetings. If there are disruptions of such meetings, or other violations of the Meeting Code of Conduct, the offending parties shall be warned and asked to cease the disruption. If they fail to comply, the Board by majority vote may take one or more of the following actions, after any required due process, including notice and a hearing:

1. Levy a fine as provided in the Schedule of Monetary Fines and Penalties per separate occurrence on each of the offending parties;

2. Expel the offending parties from the meeting;

3. If the expelled parties refuse to leave, recess the meeting and impose a charge as provided in the Schedule of Monetary Fines and Penalties per recessed hour rounded upward and levied on each of the expelled individuals who refuse to leave. The purpose of such charge will be to cover the expenses incurred by the Association in recessing the meeting. (Rule #14 A 1-3 added in its entirety 11/9/02; Section A amended 5/24/08 and 9/19/09)

B. Conduct at Committee Meetings and Other HROA-Sponsored Events. The Board may enact and implement a similar code of conduct for committee meetings and other HROA-sponsored events. If there are disruptions of such meetings and events, the Board may, after an appropriate investigation, take one or more such actions as indicated above.

RULE 15 - ELECTION OF DIRECTORS

A. Meeting at which secret ballots shall be tabulated. The inspector(s) of election shall tabulate the ballots for the election of directors at the annual meeting of the owners or, if no quorum is present, at a special meeting of the Board duly noticed for the same date, time, and place, as the annual meeting called for the purpose of counting ballots. The Board shall determine the date, time, and place of said annual meeting of the Voting Members and the concurrent special meeting of the Board in accordance with the Association's Bylaws.

B. Nomination of candidates

1. At least 60 days before the date of the meeting at which the ballots for the election of Directors are to be counted, the Association shall mail to each Voting Member a Candidate Nomination Form.

2. According to the Association's Bylaws, "The Board shall consist of five Directors until changed by appropriate amendment. A Director shall be an owner of an equitable or legal interest in a parcel or the spouse or adult child of an owner of an equitable or legal interest in a parcel." (Article V,

Section 2.)

3. "Any Voting Member may nominate a candidate (including himself/herself) for election to the Board by submitting said nomination in writing to the Association no later than 4:00 p.m. on the 21st day of October. Additional candidates may be nominated not later than November 14; however, such nominations shall be signed by not fewer than ten members from different parcels. Each candidate may submit a statement of qualifications to the Association, which, if received by November 14, shall be mailed by the Association to all Voting Members no later than 15 days prior to the day of the Annual Meeting." (Article 5, Section 2.) All candidates shall meet the qualifications set forth in Sections 2.2 and 2.3, herein.

4. Any candidate nominated by a Voting Member will be contacted to confirm that such candidate consents to having his or her name placed in nomination for election to the Board. Candidates may be nominated from the floor at the annual meeting provided that at least 20 Voting Members move to admit such nomination, and such candidate shall be present to accept such nomination.

5. All candidates who meet the qualifications to serve on the Board, if any and, if appropriate, who have confirmed their willingness to run for election to the Board, shall be listed on the secret ballot.

6. The Candidate Nomination Form shall be returned to the Association at the address provided on, and by the deadline stated on, such form, which deadline shall be at least 45 days before the date the ballots for the election of directors are scheduled to be counted.

C. Inspector(s) of election

1. The Board shall appoint one or three independent third party(ies) as inspector(s) of election before the secret ballots are mailed to every Voting Member. An independent third party includes, but is not limited to:

- (a) A volunteer poll worker with the county registrar of voters;
- (b) A licensee of the California Board of Accountancy;
- (c) A notary public;
- (d) A member of the Association, provided such member is not: a member of the

Board, a candidate for the Board, or related to either a member of the Board or a candidate for the Board; and,

(e) A person who is currently employed or under contract to the Association for any compensable services.

2. Prior to the secret ballots being mailed to all Voting Members, the inspector(s) of the election shall meet to determine to whom the secret ballots shall be returned (the "ballot collector"), which may be the Association's General Manager, if any.

3. The inspector(s) of election shall also do all of the following:

(a) Determine the number of memberships entitled to vote and the voting power of each.

(b) Determine the authenticity, validity, and effect of ballots, proxies, etc. if any;

(c) Receive ballots;

(d) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;

(e) Count and tabulate all votes;

(f) Determine when the polls shall close;

(g) Determine the result of the election;

(h) Perform any acts as may be proper to conduct the election with fairness to all members in accordance with this section and all applicable rules of the Association regarding the conduct of the election that are not in conflict with this section.

4. The inspector(s) of election may appoint and oversee additional persons to count and tabulate the votes as the inspector(s) deem(s) appropriate.

5. An inspector of election shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical. The decision or act of a majority shall be effective in all respects as the decision or act of all.

6. Any report made by the inspector(s) of election is prima facie evidence of the facts stated in the report.

7. The Board may remove and replace any inspector of election prior to the tabulation of ballots if an inspector of election resigns or if the Board reasonably determines that an inspector of election will not be able to perform his or her duties impartially and in good faith. (*Rule 15 C amended 5/19/07*)

D. Secret ballot procedure

1. Ballots and two pre-addressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the Association to every Voting Member not fewer than 30 days prior to the deadline for voting.

2. Ballots shall ensure the confidentiality of the voters.

(a) A Voting Member may not be identified by name, address, or parcel number on the ballot;

(b) The ballot may not require the signature of the Voting Member;

(c) The ballot itself is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter prints and signs his or her name, address, and lot, or parcel, or unit number that entitles him or her to vote. The second envelope is addressed to the inspector(s) of election of the Association, who will be tallying the votes. Failure to do so will invalidate the ballot.

3. Voting Members may return their secret ballot by mail, hand deliver it to the meeting, or complete the ballot at the meeting; provided that only those ballots delivered to the inspector(s) of election prior to the polls closing shall be counted.

4. A Voting Member may submit a written request to the Association for a receipt for delivery of the election materials.

5. Once cast, secret ballots cannot be revoked; they are irrevocable. (*Rule 15 D amended 5/19/07*)

E. Campaigning

1. All candidates or other Members advocating a point of view during a campaign, including those not endorsed by the Board, shall be provided equal access to Association media, newsletters, or Internet Web sites (if any) for purposes that are reasonably related to the election. The Association may not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the Association, is responsible for that content.

2. All candidates, including those who are

not incumbents, and all Members advocating a point of view, including those not endorsed by the Board, for purposes reasonably relate to the election, shall be provided equal access to any common area meeting space, if any exists, during a campaign, at no cost.

F. Handling of ballots

1. As secret ballots are returned to the ballot collector, the ballot collector shall check off on a sign-in sheet that a ballot has been received for such a parcel. The first secret ballot received for any parcel shall be the ballot that is counted. The outer envelope of any subsequent ballots for the same parcel that are received shall be dated and marked as "invalid." The inspector(s) shall retain all such invalidated secret ballots.

2. The sealed ballots at all times shall be in the custody of the inspector(s) of election, ballot collector, or at a location designed by the inspector(s) until delivered to the inspector(s) at the meeting for the opening of the ballots and the tabulation of the vote. The ballots shall remain in the custody of the inspector(s) or at a location designated by the inspector(s) until 9 months after the tabulation of votes, at which time custody of the election records shall be transferred to the Association.

3. No person, including a Member of the Association or an employee of the Association, shall open or otherwise review any ballot prior to the time an place at which the ballots are counted and tabulated.

4. After tabulation, election ballots shall be stored by the Association in a secure place for no less than one year after the date of the election. In the event of a recount or other challenge to the election process, the Association shall, upon written request, make the ballots available for inspection and review by Members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

G. Tabulation of votes; quorum requirement

1. All votes shall be counted and tabulated by the inspector(s) of election in public at a properly noticed open meeting of the Voting Members or of the Board, at which a quorum of Voting Members or

a quorum of the Board, as the case may be, shall be present.

2. The inspector(s) of election shall confirm that no more than one ballot was returned for each parcel.

3. Any candidate or other Member of the Association may witness the counting and tabulation of the votes.

4. The inspector(s) of election may establish a physical boundary or buffer zone around them during the tabulation of ballots.

5. In order for the vote for the election of directors to be valid, ballots must be returned by at least a quorum of the Voting Members.

H. Announcement of results

1. The tabulated results of the election shall be promptly reported to the Board and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by Members of the Association.

2. Upon certification of the election results by the inspector(s) of election, the newly elected Board shall be deemed to have taken office.

3. Within 15 days of the election, the Board shall publicize the tabulated results of the election in a communication directed to all Members.

I. Other voting/campaign issues

1. As specified in the Bylaws, the total number of Voting Memberships equals the total number of parcels, exclusive of those parcels owned by the Association. However, parcels whose voting rights have been suspended in accordance with the Association's governing documents after notice and hearing shall not be entitled to vote.

2. Cumulative voting is permitted.

3. Association funds may not be used for "campaign purposes" in connection with any Board election. The term "campaign purposes" is defined to include, without limitation, (1) "expressly advocating the election or defeat" of any candidate that is on the ballot; or (2) "including the photograph or prominently featuring the name of a candidate on a communication" from the Association (except the ballot and voting materials and equal access communications sent pursuant to the Section, above, entitled "Campaigning").

4. The Board may enact and implement a "Meeting Code of Conduct" to govern the conduct of Members at meetings.

(Rule 15 adopted in its entirety 11/18/06; amended 5/24/08 and 9/19/09).

RULE 16 - VOTING BY SECRET BALLOT TO APPROVE ASSESSMENTS, AMENDMENTS TO GOVERNING DOCUMENTS, AND/OR GRANTING THE EXCLUSIVE USE OF COMMON AREA TO A MEMBER

Pursuant to Civil Code Section 1363.03(e), when Voting Members are to vote to approve assessments, amendments to governing documents, and/or granting the exclusive use of common area to a Member, the following shall occur:

A. Meeting at which secret ballots shall be tabulated

Unless the vote is being taken in connection with an annual meeting of the owners, the inspector(s) of election shall tabulate the ballots for the vote to approve assessments, amendments to governing documents, and/or granting the exclusive use of common area to a Member at a duly noticed (regular or special) meeting of the Board of Directors (the "Board"). The Board shall determine the date, time, and place of said Board meeting.

B. Inspector(s) of election

1. The Board shall appoint one or three independent third party(ies) as inspector(s) of election before the secret ballots are mailed to every Voting Member. An independent third party includes, but is not limited to:

(a) A volunteer poll worker with the county registrar of voters;

(b) A licensee of the California Board of Accountancy;

(c) A notary public;

(d) A member of the Association provided such member is not: a member of the Board, a candidate for the Board, or related to either a member of the Board or a candidate for the Board; and,

(e) A person who is currently employed or under contract to the Association for any compensable services.

2. Prior to the secret ballots being mailed to all Voting Members, the inspector(s) of the election shall meet to determine to whom the secret ballots shall be returned (the "ballot collector"), which may be the Association's General Manager, if any.

3. The inspector(s) of election shall also do all of the following:

(a) Determine the number of memberships entitled to vote and the voting power of each.

(b) Determine the authenticity, validity, and effect of ballots, proxies, etc. if any;

(c) Receive ballots;

(d) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;

(e) Count and tabulate all votes;

(f) Determine when the polls shall close;

(g) Determine the result of the vote;

(h) Perform any acts as may be proper to conduct the vote with fairness to all members in accordance with this section and all applicable rules of the Association regarding the conduct of the vote that are not in conflict with this section.

4. The inspector(s) of election may appoint and oversee additional persons to count and tabulate the votes as the inspector(s) deem(s) appropriate.

5. An inspector of election shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical. The decision or act of a majority shall be effective in all respects as the decision or act of all.

6. Any report made by the inspector(s) of election is prima facie evidence of the facts stated in the report.

7. The Board may remove and replace any inspector of election prior to the tabulation of ballots if an inspector of election resigns or if the Board reasonably determines that an inspector of election will not be able to perform his or her duties impartially and in good faith. *(Rule 16 B amended 5/19/07)*

C. Secret ballot procedure

1. Ballots and two pre-addressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the Association to every Voting Member not fewer than

30 days prior to the deadline for voting.

2. Ballots shall ensure the confidentiality of the voters.

(a) A Voting Member may not be identified by name, address, or parcel number on the ballot;

(b) The ballot may not require the signature of the Voting Member;

(c) The ballot itself is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter prints and signs his or her name, address, and lot, or parcel, or unit number that entitles him or her to vote. The second envelope is addressed to the inspector(s) of election of the Association, who will be tallying the votes. Failure to do so will invalidate the ballot and vote.

3. Voting Members may return their secret ballot by mail, hand deliver it to the meeting, or complete the ballot at the meeting; provided that only those ballots delivered to the inspector(s) of election prior to the polls closing shall be counted.

4. A Voting Member may submit a written request to the Association for a receipt for delivery of the election materials.

5. Once cast, secret ballots cannot be revoked; they are irrevocable. *(Rule 16 C amended 5/19/07)*

D. Campaigning

1. All Members advocating a point of view during a campaign, including those not endorsed by the Board, shall be provided equal access to Association media, newsletters, or Internet Web sites (if any) for purposes that are reasonably related to the vote. The Association may not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the Association, is responsible for that content.

2. All Members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the vote, shall be provided equal access to any common area meeting space, if any exists, during a campaign, at no cost.

E. Handling of ballots

1. As secret ballots are returned to the ballot

collector, the ballot collector shall check off on a sign-in sheet that a ballot has been received for such a parcel. The first secret ballot received for any parcel shall be the ballot that is counted. The outer envelope of any subsequent ballots for the same parcel that are received shall be dated and marked as "invalid." The inspector(s) shall retain all such invalidated secret ballots.

2. The sealed ballots at all times shall be in the custody of the inspector(s) of election, ballot collector, or at a location designed by the inspector(s) until delivered to the inspector(s) at the meeting for the opening of the ballots and the tabulation of the vote. The ballots shall remain in the custody of the inspector(s) or at a location designated by the inspector(s) until 9 months after the tabulation of votes, at which time custody of the election records shall be transferred to the Association.

3. No person, including a Member of the Association or an employee of the Association, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.

4. After tabulation, election ballots shall be stored by the Association in a secure place for no less than one year after the date of the vote. In the event of a recount or other challenge to the election process, the Association shall, upon written request, make the ballots available for inspection and review by Members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

F. Tabulation of votes; quorum requirement

1. All votes shall be counted and tabulated by the inspector(s) of election in public at a properly noticed open meeting of the Board, at which quorum of the Board shall be present.

2. The inspector(s) of election shall confirm that no more than one ballot was returned for each parcel.

3. Voting Members who have not previously submitted a ballot may complete one at the meeting and return it to the inspector(s) of election prior to the polls closing.

4. Any Member of the Association may witness the counting and tabulation of the votes.

5. The inspector(s) of election may establish

a physical boundary or buffer zone around them during the tabulation of ballots.

6. In order for the vote on the proposal to be valid, ballots must be returned by at least a quorum of the Voting Members and the requisite percentage of Voting Members must vote to approve the proposal.

G. Announcement of results

1. The tabulated results of the vote shall be promptly reported to the Board and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by Members of the Association.

2. Within 15 days of the vote on the proposal, the Board shall publicize the tabulated results of the vote in a communication directed to all Members.

H. Other voting/campaign issues

1. As specified in the Bylaws, the total number of Voting Memberships equals the total number of parcels in the Association, exclusive of those owned by the Association. However, parcels whose voting rights have been suspended in accordance with the Association's governing documents after notice and hearing shall not be entitled to vote.

2. Proxies will be accepted so long as they meet the requirements of all applicable laws and the Association's governing documents, and they are consistent with the secret ballot election process. *(Rule 16 adopted in its entirety 11/18/06; amended 5/24/08 and 9/19/09; Rule 16 H amended 5/19/07)*

RULE 17 –USAGE AND SERVICE FEES

The Association may charge Owners usage and/or service fees for the use of Ranch assets or receipt of Ranch services. The Board shall adopt a schedule of use fees from time to time, which shall be incorporated into this Rule (see Attachment A). The fees shall be reasonable and may not exceed the amount necessary to defray the costs for which the charges are levied. *(Rule 17 adopted in its entirety 5/19/07; amended 5/24/08 and 9/19/09)*

RULE 18 – ROAD SAFETY AND DAMAGE PREVENTION

A. Damage to Ranch roads shall be prevented by

the following means:

1. Owners and their employees cannot work (or use equipment) on common area roads without written authorization from the Ranch Manager and supervision by the HROA Maintenance Staff.

2. Regardless of HROA authorization, parcels that can be shown to be responsible for common area road damage are responsible for the cost of remediation for such damage, as determined by the Board, after any required due process, including notice and a hearing.

3. Owners/agents shall contact the Front Gate at least one full business day in advance to receive clearance for all Heavy Vehicles (defined as those vehicles with a carrying capacity over 1 ton) coming through the gate.

4. Before starting construction projects, owners and their agents/contractors shall be forewarned of the possible restrictions to access at certain times of the year due to wet weather. (This is to be coordinated with the Design Committee Permit.) (*Section A 2 amended 9/19/09*)

B. Access to and use of Ranch roads shall be restricted during times in the year when rains have weakened the structure of the roads and their sub-grade:

1. Rancho Real, beach access roads, and improved back roads will be closed to Heavy Vehicles any time when rains are believed, within the sole discretion of the Ranch Manager, to have weakened the roads' structural integrity. As a general guideline, the roads will be regarded as having been weakened whenever there has been in excess of 2 inches of rainfall in any 14-day period. In such cases, Rancho Real, beach access roads, and improved back roads will be closed to Heavy Vehicles for a period of at least one day for each 1/5 inch of rainfall in excess of 2 inches of rainfall in any 14-day period. For example, if 2.6 inches of rain fell within a 14-day period, then such roads would normally be closed to Heavy Vehicles for 3 days; one day for each 0.2 inch over 2.0 inches. (2.6 inches - 2.0 inches = 0.6 inches; 0.6 inches ÷ 0.2 in. per day of closure = 3 days closure to Heavy Vehicles). Rancho Real will not be closed to Heavy Vehicles more than 28 days after the last rainfall over 0.5 inch.

2. Unimproved back roads may be closed to all traffic by persons other than owners and residents after problematic rainfall and will be reopened at the discretion of the Ranch Manager. Notwithstanding this restriction, on days where parcel employee vehicles are allowed access to the Ranch, parcel employees in light vehicles will be allowed to access parcels engaged in active agricultural operations producing perishable products, subject to the approval of the Ranch Manager (*Amended 5/24/08 and 9/19/09*).

C. During the Wet Weather Road Restriction period:

1. Heavy Vehicles shall be allowed to enter during the restricted period under the following conditions:

(a) For emergencies such as fire, landslides, accidents, etc.

(b) For critical operations approved by the Ranch Manager, where there are no alternatives to the use of a Heavy Vehicle and operations cannot be deferred. The Wet Weather Heavy Vehicle Use Fee shall apply if access is approved.

2. Heavy Vehicles are required to reduce wheel loads to 1/2 of their usual carrying capacity, or to less than 3,000 lbs. per wheel. The normal Heavy Vehicle Use Fee shall apply if access is approved for such vehicles during the Wet Weather Restriction period. (*Amended 5/24/08*)

3. Heavy Vehicle speed shall not exceed 15 mph, to reduce braking forces on the road surface.

D. The Ranch Manager may close improved and unimproved back roads to some or all types of vehicular traffic in response to extraordinary circumstances or concerns for safety (e.g., extreme wet conditions, landslides).

E. Implementation of these provisions is subject to the discretion of the Ranch Manager.

(*Rule 18 adopted in its entirety 5/19/07*)

RULE 19 - ASSESSMENT PAYMENT AND RECOVERY

A. Purposes: To encourage the timely payment of assessments and to avoid placing a financial burden on the owners of other parcels as a result of defaults on assessments and usage fees, HROA will follow a

vigorous assessment recovery program, fully consistent with State law and the Hollister Ranch CC&Rs.

B. Assessments

1. Due dates. The monthly assessment payment of as determined by the Association and as provided for in CC&Rs §5-01-5.06 shall be due on the 1st day of each month. Assessments or other charges not paid to the Association by the close of business on the 15th day of the month in which they become due shall be considered past due and delinquent. Unless otherwise stated in the Notice of Special Assessment, special assessments shall also be due on the 1st day of each month and shall be past due and delinquent if not paid by the close of business on the 15th day of the month. Only one check per invoice per parcel will be accepted for the payment of assessments and use fees each month.

2. Coupon books or invoices. The Association may, but shall not be required to, supply a parcel with an invoice or coupon book for the owners' payment of assessments or other charges of the Association. Non-receipt of an invoice or coupon book in no way relieves the owner(s) of the obligation to pay the amount due by the due date.

3. Returned check charge. In addition to any and all other charges, a \$25 fee shall be charged to the owner(s) in the event any check or other instrument attributable to or payable for the benefit of such owner(s) is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to, insufficient funds. This returned check charge shall be considered a common expense or collection charge for that owner's parcel. Such return check charge shall be due and payable immediately. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law.

If two or more of a parcel's checks are returned by the bank within any fiscal year, the Association may require that all of the parcel's future payments, for a period of up to one year, be made by certified check or money order.

C. Delinquencies. If a parcel's account becomes

delinquent, the following actions shall be taken:

1. Reminder notice. The Association may—but shall not be required to—send a reminder notice to the financial representative of any parcel that is delinquent in payment.

2. Late charges. The Association shall impose a late charge of 10% of the delinquent assessment or \$10.00, whichever is greater on the outstanding or past due assessment due the Association. The late charge shall be considered a common expense or collection charge and shall be the personal obligation of the owner(s) of the parcel for which the assessment, or any portion, is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided in CC&Rs §5-01-5.06 (and as set forth above) for payment of assessments.

3. Interest. The Association shall impose interest on all sums, including the delinquent assessments, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed 12% interest, commencing 30 days after the assessment becomes due.

D. Delinquent Accounts Not Brought Current. If a parcel's account is not cleared by the 1st day of the following month, the following actions shall be taken:

1. Collection letter. The Association may, but shall not be required to, send a "Notice of Intention to Refer Account to Legal Counsel" to the parcel's financial representative.

2. Assessment recovery. The account will be automatically referred to legal counsel for collection actions, because of limited HROA staff resources and time, as well as the complexity of the relevant laws. The cost of these outside collections efforts is recoverable by the Association from the delinquent owner(s). Legal counsel will be responsible for the coordination of all activity. HROA staff will fully cooperate to coordinate with them, providing timely financial information as necessary. All calls and payments concerning collection accounts after the referral will be directed to legal counsel; no appreciable staff time will be expended on these activities.

3. Attorney's fees on delinquent accounts. As permitted by the CC&Rs, the Association shall be entitled to recover its attorney's fees and collection

costs incurred in the collection of assessments or other charges due the Association from a delinquent owner(s). The attorney's fees incurred by the Association shall be due and payable immediately when incurred.

4. Application for payments made to the association. Payments received from a parcel will be credited first to the assessments owed, and then to any fees, charges, or interest, pursuant to the CC&Rs and Civil Code.

5. Legal counsel actions. The collection of accounts referred to legal counsel will be aggressively pursued, utilizing the most efficient, timely method to achieve recovery, including, without limitation: liens; lien enforcement; lien foreclosures; small claims court actions; and municipal/superior court procedures.

Legal Counsel will work to recover the assessments and all costs of collection, including legal fees.

6. Collection procedures and time frame. The following period is a typical, but not required, timeline for the Association's collection of monthly assessments and other charges, prior to formal, legal collections:

Due Date (date payment is due)—1st day of each month

Past due date (date payment is late)—15 days after due date

Late charge imposed—15 days after due date

Notice of intention to refer Account to Legal Counsel—25 days after due date

Account referred to Legal Counsel for legal action—30 days after due date

Interest commences to accrue at a rate not to exceed 12% APR—30 days after due date

7. Payment plans. The General Manager is authorized to negotiate a payment plan for a delinquent general or special assessment, not to exceed 12 months.

8. Waiver and relief. The Association may grant a waiver of any provision herein that the Board is legally entitled to so waive, upon petition in writing by the owner(s) showing a personal hardship. Such hardship shall be made known on or before the due date of the Assessment. Any waiver or relief granted a parcel shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and

the conditions of the relief. In addition, the Association is hereby authorized to extend the time for recording of a lien and/or filing of lawsuits, or otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances. (*Rule 19 D amended 9/19/09*)

E. Other Assessment Matters

1. Ongoing evaluation. Nothing in this Rule shall require the Association to take specific actions other than to notify owners of the adoption of these operating rules. The Association has the option and right to continue to evaluate each delinquency on a case-by-case basis.

2. General Manager. The General Manager will monitor all collection actions of Legal Counsel, always having the authority to direct their efforts. Legal Counsel is to consult with the Manager at all times.

3. Notices. All notices set forth herein and made through the imposition and collection of assessments will be sent to each parcel's financial representative at the address reflected in the Association's records. The Association shall not be responsible for any and all costs, expense, or damages cause by owner(s) not receiving such notices when sent to the addresses so reflected in its records.

(*Rule 19 adopted in its entirety 5/24/08*)

RULE 20 - ENFORCEMENT PROCEDURES

One of the functions of the Ranch is to enforce the governing documents, through the Board of Directors, pursuant to this rule and any policy resolutions adopted by the Board. By doing so, the Ranch can promote harmonious living, establish and preserve a harmonious design for the community, protect the value of property, and minimize the negative impact of one person's behavior on another.

The following procedures provide for a fair assessment of the alleged violation, notification of the responsible owners, and an opportunity for the responsible owners to be heard, when applicable, prior to the imposition of any sanctions.

A. Incident report. If a violation of the CC&Rs, Bylaws, Ranch Rules, or Design Rules is believed to have occurred, an account of the incident is to be

submitted in writing to the Ranch office. If the violation is in the common area and can be observed by Ranch staff, an owner may request to remain anonymous and ask staff to investigate the violation and complete an independent incident report. The report shall include the following:

1. The statement of one or more eyewitnesses to the event or condition. If the eyewitness is not an owner, the Manager will need the sponsoring owner's consent prior to taking enforcement action.

2. Time, date, location, name(s) of other eyewitnesses, name(s) of who committed the violation, and the details of the incident.

3. The section(s) of the CC&Rs or other governing document that are believed to have been violated.

B. Investigation. The Manager shall conduct an investigation, the manner of which will be in his discretion and at the direction of the Board of Directors. While collecting the facts, he may issue a "cease and desist" letter or a "stop work" order in those cases where the alleged violation is ongoing.

C. Determination. The Manager will complete his investigation in no more than 30 days from the initial reporting of the alleged violation and notice the parcel's owners with one of the following determinations within 10 days of completing the investigation:

1. Dismiss the allegation. The Manager may dismiss the alleged violation if the facts, in the discretion of the Manager, do not substantiate a violation of the governing documents, informing any affected or reporting owners, in writing, of their right to appeal the dismissal to the Board.

2. Minor violations. If the Manager determines that a violation has occurred but is minor in nature and has no impact on the interests of other owners, he shall mail a Warning Notice or, if it is a development issue, a Notice of Non-Compliance to the parcel's record owner(s).

3. Violations. If the Manager determines that a violation has occurred and that it is subject to specific penalties, he shall notify the owner(s) in writing by completing and mailing a Notice of Violation or a Notice of Development Violation, by

certified mail, regular U.S. mail, or hand delivery to the current addresses of all of the parcel's record owners listed with the Association. The notice shall include the following:

(a) The details of the alleged violation including the section(s) of the CC&Rs or other governing document(s) violated.

(b) The sanctions being imposed. Any fines shall be consistent with CC&R §5.02 (j) and the then current Schedule of Fines and Non-Monetary Penalties.

(c) Any actions necessary to end the alleged violation.

(d) A notice, if appropriate, of the possible additional sanctions if the alleged violation does not end within a certain time.

(e) A procedure that all of the parcel's record owners may use, within 15 days of the date that the notice of the violation is mailed by the Manager, if they wish to contest the matter, by requesting a Board hearing.

(f) The statement that if one or more of the record owners do not contest the penalty (via a timely submitted request for Board hearing) it will stand.

4. Referral to Board. The Manager may, at any time, elect to refer the matter to the Board for its action without making any of the foregoing determinations. In addition, for any penalty involving restrictions on common area privileges, Board action is required.

D. Request for Board hearing. If a timely request for a Board hearing is received by the Ranch Office, a Notice of Board Hearing shall be mailed to all record owners of the parcel within 5 days of receiving the request. The Notice of Hearing shall provide for a minimum of 10 days notice and state the following:

1. The details of the alleged violation, including the section(s) of the governing documents that were violated.

2. Date, time, and location of the hearing.

3. The penalty imposed by the Manager.

4. Prior to the hearing, the record owner(s) have the right to:

(a) Review and copy (at their expense) all documents and materials provided to the Association in support of the alleged violation,

including any written complaints.

(b) Review and copy (at their expense) any statements, writings, and investigative reports relating to the alleged violation, including any written complaints.

(c) Obtain the names and addresses of witnesses who are scheduled to testify on this matter.

(d) Submit any statements, documentation, or other evidence that may clarify the matter—for distribution to the Board—if presented to the Association.

(e) Conduct other discovery, as approved by the Manager and/or Board of Directors.

(f) Request that the hearing be during executive session of the Board.

5. At the hearing, the owner(s) have the right to:

(a) Present their case.

(b) Have an attorney represent them.

(c) Assert an oral or written challenge to individual Board members who they believe have a conflict of interest or demonstrable bias.

E. Hearing. The Board, with such assistance and advice as it deems appropriate, shall decide all questions regarding the hearing process not otherwise set forth herein, including the scope and propriety of examination, evidence, and argument, and may set reasonable time limits on each portion of the hearing.

1. At the hearing, the General Manager may present the Association's case, with witnesses, documents, etc. The owner(s) responsible for the alleged violation shall then have the opportunity to present their defense, including the right to present evidence, question witnesses, and argue the case.

2. The Board may call and question witnesses. It shall have the ability to request additional information from the parties and others, take the matter under submission, adjourn to executive session, with or without the parties present, and continue the hearing for a reasonable time.

3. After all testimony and argument have been presented, the Board shall consider the case. Upon completion of its deliberations, it shall announce its findings and determinations in open or,

if requested by the member being disciplined, executive session. These shall include:

(a) Whether a violation of the CC&Rs or other Ranch governing documents occurred.

(b) Whether the proposed penalty(ies) shall be implemented, revised, or withdrawn.

F. Notice of Board decision. The Board shall cause all record owners of the parcel to be sent a Notice of Board Decision, within 15 days of the hearing, stating the Board's findings and determinations. (*Amended 9/19/09*)

G. Alternative and internal dispute resolution. The Board's decision is final. If the owner(s) wish to dispute further the decision, an alternative dispute resolution process (mediation or arbitration) shall be utilized prior to the filing any civil action by a member of the Association in accordance with CC&R §4.09 and as may be required by California Civil Code §1369.510, et al. Furthermore, and as an alternative, members may seek to resolve any disputes with the Association via internal dispute resolution, pursuant to Civil Code Section 1363.810, et al., as detailed in Rule 21. (*Rule 20 adopted in its entirety 5/24/08; Section G amended 9/19/09*).

RULE 21. INTERNAL DISPUTE RESOLUTION

A. Disputes between the Association and one or more owners may arise from time to time. It generally benefits all parties to such disputes to address all issues through a fair, reasonable, and expeditious procedure, as a substitute for, or in advance of, litigation.

B. Pursuant to *California Civil Code* Section 1363.830, the following shall constitute the Association's fair, reasonable, and expeditious procedure for resolving disputes that either an owner or the Association may invoke when involved in the dispute.

C. A request to participate in an internal dispute resolution shall be in writing. The written request shall be served by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

The date of receipt of service for first-class mail shall be the first business day after the postmark date. If the Association is being requested by an owner to participate, the request shall be directed to the General Manager.

D. An Association member on whom a request for resolution under this procedure is served has 30 days following service to accept or reject the request. If the member does not accept the request within that period in writing, directed to the General Manager, the request shall be deemed rejected by the member. The Association, if served by a member, shall respond in writing with an acceptance within 30 days following service.

E. If the procedure is invoked by an individual owner, the Association shall participate in the procedure. If the Association elects the procedure, an individual owner should, but is not legally compelled to, participate. If the owner participates and a resolution is reached other than by agreement of the owner, the owner shall have a right of appeal to the Association's Board of Directors.

F. The Association's Board of Directors shall designate one or more members of the Board of Directors, and any representatives, to meet and confer with individual owners in regards to the internal dispute resolution procedure.

G. The parties shall meet promptly at a mutually convenient time and place, no more than 60 days from the date of service of the request under this procedure, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

H. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.

I. An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

1. The agreement is not in conflict with applicable law or the governing documents of the association.

2. The agreement is either consistent with the authority granted by the Board of Directors to its designee or the agreement is ratified by the Board of Directors.

J. A member of the Association may not be charged a fee to participate in this process.

K. The dispute resolution procedures outlined herein shall terminate upon their successful completion or the passage of 60 days following the initial request, whichever comes first. If the dispute is not resolved within 60 days following the initial request, all duties and obligations terminate equally in connection with the initial request.

L. This process can be invoked only one time every 12 consecutive months to address the same, or substantially same, issue(s) with respect to the same owner(s). *(Rule 21 added in its entirety 9/19/09)*

Hollister Ranch Owners' Association
SCHEDULE OF USE FEES

(CC&Rs, Section 5.02(h) and Ranch Rule 17)

Effective March 21, 2015

| DESCRIPTION | RATE |
|--|--------------------------------|
| VEHICLE AND GUEST FEES PER ENTRY* | |
| Owner Vehicle (without sticker) <i>Guest(s) in vehicle (per person)</i> | \$3.50 \$3.50* |
| Employee Pass (0-1 ton; if over 1 ton see Heavy Vehicle below) | \$3.50 |
| Guest Vehicle (0-1 ton; if over 1 ton see Heavy Vehicle below) Parcel Pass (includes driver) Common Area Pass (includes driver) <i>Guest(s) in vehicle (per person)</i> | \$3.50* \$23.50* \$3.50* |
| Service Vehicles (going to multiple parcels e.g. USPS, Petrolane, Arrowhead, Utility Companies) | \$0.00 |
| Heavy Vehicle [over 1 ton (2000 lbs. payload); incl. motor homes] | \$50.00 |
| Heavy Vehicle w/½ load or less*** - Wet weather | \$50.00 |
| Heavy Vehicle w/more than ½ load*** - Wet weather | \$500.00 |
| Gross Vehicle Weight of 50 Tons and Over | \$240.00 |
| Gross Vehicle Weight of 50 Tons and Over – Wet weather | \$500.00 |
| STICKERED OWNER VEHICLE(S)**** | |
| Owner's Vehicle****(0-1 ton, per fiscal year) Non-Beach Driving Beach Driving | \$100.00 \$400.00 |
| Owner Heavy Vehicle****(over 1 ton, per quarter) (in wet weather season \$500/qtr, Oct-Dec & Jan-Mar) | \$300.00 |
| Permanent Resident Employee Vehicle (0-1 ton, per fiscal year) | \$250.00 |
| Day Worker Vehicle (0-1 ton, per fiscal year) | \$350.00 |
| EMPLOYEE/GUEST REGISTRATION (<i>per application, valid up to one-year, per fiscal year</i>) | |
| Day Worker Registration (Annually) | \$100.00 |
| Day Worker Registration w/Property Manager/General Contractor (Annually) | \$250.00 |
| Temporary Overnight Employee Registration | \$50.00 |
| Unescorted Surfing Guest Registration | \$50.00 |
| Real Estate Broker Employee Registration (Quarterly) | \$100.00 |
| Private Permanent Resident Employee Registration | |
| Without Beach Recreation Common Area Use (\$250 + \$100 per additional person over age 12) | \$250.00 + |
| With Beach Recreation Common Area Use (\$1,200+\$250 per additional person over age 12) | \$1,200 + |
| House Guest Registration | \$50.00 |
| House Sitter Registration | \$50.00 |

Hollister Ranch Owners' Association
SCHEDULE OF USE FEES

(CC&Rs, Section 5.02(h) and Ranch Rule 17)
 Effective March 21, 2015

| EXTENDED GUEST LISTS (per application) | |
|---|--|
| Application Fee: 13-24 Guests (Ranch Manager approval required) | \$25.00 |
| Refundable Common Area Security Deposit: Group of 13-24 | \$250.00 |
| Application Fee: 25-74 Guests (Board approval required) | \$50.00 |
| Refundable Common Area Security Deposit: Group of 25-74 | \$1,000.00 |
| Application Fee: 75 or more Guests | \$50.00 |
| Refundable Common Area Security Deposit: Group of 75 or more | \$5,000.00 |
| Over 10 vehicles Fee (non-refundable) | \$40.00 |
| Cabaña use per day fee (non-refundable) | \$250.00 |
| DESIGNATION OF ACCESS REGISTRATION (per application; limited per CC&Rs 6.02) | |
| Designation of Access Registration | \$100.00 ⁱ |
| Designation of Access Registration (with ownership transfer) | \$750.00 ⁱⁱ |
| STAFF ASSISTANCE , LABOR & MAINTENANCE EQUIPMENT | |
| Contact Ranch Manager for assistance | |
| USE OF OFFICE EQUIPMENT | |
| Copy Machine Fax Machine | \$.25 per page \$2.00 to send (first page only), \$3.00 to receive (first page only), Plus \$.50 for each additional page |
| GENERAL PARCEL MAPS, SLOPES/ACCESS MAPS, AND BASE MAP FEES | |
| Ranch wide general color map (10x14) | \$10.00 |
| Laminated(10x14) | \$22.00 |
| Ranch wide general color map (16x32) | \$20.00 |
| Laminated(16x32) | \$44.00 |
| Large Parcel Map | Varies (see staff) |
| Initial base map | \$200/min start + HR/RRM hourly rate |
| Slopes/Access Road Maps | \$800+additional fee varying project |

Notes:

- * Per entry; Guest Vehicle includes the driver; Guest Fee is per person; excludes guests 12 years and under.
- ** Each parcel will be given a monthly allowance for Vehicle & Guest Fees of \$20/mo./per parcel.
- *** Heavy vehicle half loads are up to one half of the heavy vehicle's load limit.
- ****Owner vehicle stickers are valid from July 1st through June 30 of each fiscal year. After January 1, owner vehicle stickers may be purchased for 60% of original cost. Transfer and replacement stickers are \$10.00, with old sticker. Any transfer or replacement sticker without the old sticker will be charged at full value. Owners must be driving the owner-stickered vehicle in order to not receive a debit upon gate entry.

ⁱ & ⁱⁱ Additional hours and costs to be charged according to attached schedule, based on parcel transaction.



HOLLISTER RANCH OWNERS' ASSOCIATION
SCHEDULE OF FINES AND NON-MONETARY PENALTIES (CC&R SECTION 5.02(j))

| CC&Rs or Rule | Violation | Fine* |
|------------------|---|-----------------|
| Ranch Rule 1,d,4 | No unescorted surfing guests are permitted in the beach recreation common area | up to \$250 |
| Ranch Rule 1g | Use fees for guests (e.g., vehicles found in the Beach Recreation Common Area that were issued a parcel pass) | up to \$250 |
| Ranch Rule 3,a,1 | Day worker employees have no right to use beach recreational area | up to \$250 |
| Ranch Rule 3a3 | Use fees for employees (e.g., vehicles found in the Common Area that were issued an employee pass) | up to \$250 |
| Ranch Rule 4a | No camping is authorized in the Beach Recreation Common Area | up to \$250 |
| Ranch Rule 5e | The maximum speed limit on the beach is 15 miles per hour | up to \$250 |
| Ranch Rule 5f | Use of motorcycles, motorbikes, motor-scooters is prohibited on the Ranch | up to \$250 |
| Ranch Rule 5g | No jet skis or similar watercraft may be launched from the Common Area beaches | up to \$250 |
| Ranch Rule 7 | Owners shall control their pets to prevent disturbance to other owners, livestock, and wildlife in the Beach Recreation Common Area | up to \$250 |
| Ranch Rule 11 | No fires are permitted on the Ranch unless approved by the General Manager and in containers deemed appropriate by the General Manager | up to \$1,000** |
| Ranch Rule 12 | Fireworks are not permitted under any circumstances at any time in the Beach Recreation Common Area. | up to \$250 |
| Ranch Rule 13a | All estuaries, sand dunes, vegetation, living reefs and Alegria Preserve are to be avoided. The beach frontage on the Surfin' Cowboy Ranch and Gaviota State Park are off limits to Hollister Ranch owner vehicles. | up to \$250 |
| Ranch Rule 13c | The use of vehicles for "dune-buggy" activities or for other similar recreational activities is strictly prohibited | up to \$250 |
| Ranch Rule 13d | People, wildlife, and pet animals should always have right-of-way on the beach | up to \$250 |
| Ranch Rule 13e | Vehicles should slow to five miles per hour when people or animals are in the immediate vicinity. The maximum speed limit on the beach is fifteen miles per hour. | up to \$250 |
| Ranch Rule 13f | Only owners in owner-registered and owner-stickered vehicles may operate a vehicle on the beach | up to \$250 |
| Trash Policy | Association dumpsters are for Ranch household garbage only; construction debris of any kind shall not be deposited in Association dumpsters | up to \$250 |
| Section 5.06 | Default in payment of assessments (whichever of the two amounts is greater) | \$10 or 10% |
| Any Ranch Rule | Ranch Rule or CC&R provision, except as noted above | up to \$250 |
| Any Design Rule | Design Rule or CC&R provision regarding development | double fees |

*For any one act or incident, and up to \$100 per day for any continuous violation; and/or suspension of the right of any owner to use the Beach Recreation Common Area or any recreational facilities for a period not to exceed 30 days. In general, the first violation per parcel within the relevant time period should lead to a warning; the second violation a \$100 fine; and the third violation a \$250 fine. The General Manager may, due to specific circumstance, adjust these, at his/her discretion.

**Up to \$1,000 per day for continuous unauthorized violation of Ranch Rule 11 – FIRES.