



FIRST WALNUT CREEK MUTUAL

MEMBER LETTER REGARDING PROPOSED POLICY

October 27, 2025

To: All Members – First Walnut Creek Mutual

Re: General Notice of Proposed Enforcement Policy and Schedule of Fines; Notice of Board Meeting to Consider Adoption of Enforcement Policy and Schedule of Fines

Dear Members:

The Mutual's Board of Directors ("Board") consulted with the Mutual's corporate counsel to prepare the enclosed Enforcement Policy and Schedule of Fines ("Enforcement Policy") for First Walnut Creek Mutual, to comply with changes in California law regarding fines that became effective on July 1, 2025. The Board intends to adopt the proposed Enforcement Policy at the open meeting on December 12, 2025 at 10:00 a.m., in the Donner Room at the Event Center located at 1021 Stanley Dollar Drive, Walnut Creek, CA as well as virtually. To join the meeting virtually use the information below:

<https://rossmoor.zoom.us/j/82889171499>

Meeting ID: 828 8917 1499

(305) 224-1968

The purpose and effect of the Enforcement Policy are to comply with Civil Code sections 5850 and 5855, to streamline the enforcement process, and to provide the Board with clearer and better options to levy fines or impose other discipline when there are violations of the Mutual's Governing Documents.

All members are encouraged to provide comments concerning the proposed Enforcement Policy. Comments regarding the proposed Enforcement Policy may also be submitted to the Mutual's Board Coordinator, Victoria Thomas, at vthomas@rossmoor.com by November 24, 2025, or at the Board meeting on November 21, 2025. The Board will consider all member comments before voting on adoption of the Enforcement Policy.

Best,

Board of Directors

Enclosure: Enforcement Policy and Schedule of Fines

ENFORCEMENT POLICY AND SCHEDULE OF FINES

This Enforcement Policy and Schedule of Fines ("Enforcement Policy") sets forth the policy of First Walnut Creek Mutual ("Mutual") for imposing monetary fines and/or penalties for violations of the Mutual's Governing Documents (defined below), pursuant to California Civil Code section 5850 et seq., and the Second Amended and Restated Bylaws ("Bylaws"), as may be amended from time to time.

When adopted by the Board of Directors ("Board"), this Enforcement Policy will become part of the Mutual's Policies. This Enforcement Policy shall replace and supersede any other enforcement and fine policy previously adopted by the Board. The capitalized terms in this Enforcement Policy shall have the meaning set forth in the Bylaws, unless otherwise clearly indicated.

1. Member Responsibility. Each Mutual Member is responsible for complying with the Bylaws, the Occupancy Agreement, and Policies adopted by the Board, and all amendments thereto (collectively, "Governing Documents"). Members are required to give their Designated Occupants and sublessees, if any, copies of the Governing Documents. Members are also responsible for compliance by their family members, Designated Occupants, sublessees, invitees, and guests with the Governing Documents. Any sublease or rental agreement entered into by a Member with any sublessee must be subject to the Governing Documents. In the case of violations by Designated Occupants, or sublessees, invitees, or guests, the Mutual will send notices regarding the violation to the Member. The Board may, in its sole discretion, send a copy of the notice to the Designated Occupants or sublessees as well. Any fines, penalties, or sanctions for noncompliance will be imposed against the Member and, as applicable, their Membership.

2. Courtesy Warning and Violation Letters. Members should direct concerns regarding alleged violations to Rossmoor Property Management who will forward the information to the Board for its investigation. The Board may issue a courtesy warning or violation letter to the Member alleged to have committed a violation of the Governing Documents, but is not obligated to do so.

3. Notice of Hearing. The Board shall provide the Member with written notice before the hearing to impose a fine, penalty, or other sanction in accordance with the Governing Documents and California law.

4. Hearing Requirements. Hearings shall be subject to the following requirements:

- i. The Member is entitled to attend the hearing, which shall take place in executive session, unless otherwise requested by the Member. If the Member does not attend the hearing, the Board may still impose sanctions.

- ii. The Board has the discretion to impose sanctions, including, but not limited to, a fine in accordance with the Schedule of Penalties below, suspension of Member privileges such as the right to use Common Area facilities, and other disciplinary action authorized by the Governing Documents. Additionally, Members found to create a consistent or regular nuisance at Board meetings or other meetings of the Mutual such that they are significantly interfering with Mutual business may be prohibited from attending meetings.

5. Curing Violations. The Board shall not impose discipline if the Member cures the violation before the hearing or provides a financial commitment to cure the violation. Members are required to notify the Board of correction of any alleged violation so that the correction can be verified. This section shall not apply to violations which, by their nature, cannot be cured (for example, but not limited to, single-instance violations, such as loud parties, short-term rentals, and parking violations); both curable and incurable violations are subject to enforcement action, including the imposition of fines pursuant to the Schedule of Monetary Penalties, below.

If the Board and the Member are not in agreement after the hearing, a Member shall have the opportunity to request internal dispute resolution pursuant to Civil Code section 5910. If the Board and the Member are in agreement after the hearing, the Board shall draft a written resolution to be signed by the Board and the Member. The resolution shall be judicially enforceable.

6. Notice of Decision. If the Board imposes discipline, the Board shall provide the Member with a written notification of the decision, by either personal delivery or individual delivery, within fourteen (14) days following the date on which the Board makes its decision.

7. Payment of Fines. Fines are due and payable when levied and are delinquent if not paid within fifteen (15) days of the due date, unless a later due date is established by the Board. Fines shall not be subject to late charges or interest.

8. Schedule of Penalties (Fines). The Board has adopted the following Schedule of Monetary Penalties, which will be in effect until changed by the Board:

The Board may impose a fine up to \$100 per violation, subject to applicable exceptions for health and safety violations.

9. "Violation" Defined. Each day that a Member or their Unit is not in compliance with the Governing Documents constitutes a separate and distinct violation subject to fine or other disciplinary action. Such repeated violations shall be subject to a separate fine for each violation without additional hearings. By way of example, but not limitation, the Board may impose fines of up to \$100 per day for each day that a Member:

- i. Allows an unapproved alteration/modification to remain uncured; or
- ii. Subleases their Unit in violation of the Governing Documents.

10. Violations that Impact Health or Safety. If the violation may result in an adverse health or safety impact on persons or property, the Board may impose a fine of up to \$1,000 per day. The Board may, in its discretion, adopt a written resolution at a Board meeting open to the Members issuing its finding that various specific violations may have an adverse health or safety impact. If such a resolution is in place, the Board may impose fines up to \$1,000 per day for violations covered by the resolution without making additional findings for each case. In the absence of such a resolution, or for violations not addressed in any existing resolution, the Board shall either: (a) make a written finding specifying the adverse health or safety impact in a Board meeting open to the Members; or (b) amend the general resolution to include the new violation. Examples of health and safety violations include, without limitation:

- i. Smoking;
- ii. Publishing the availability of a Unit for rent/sublease for fewer than three months if the Unit is *not* owner-occupied, or fewer than thirty-one (31) days if the Unit *is* owner-occupied;
- iii. Publishing, sharing, or distributing any information or materials that may compromise the safety and security of residents including, but not limited to, details related to entry systems, access procedures, or security measures;
- iv. Actual or threatened violence to persons; and/or
- v. Behavior that threatens the health, safety, or security of Members, Designated Occupants, residents, family, sublessees, renters, invitees, guests, or agents of the Mutual.

11. Disciplinary Action in Addition to Corrective Measures. The imposition of fines and other disciplinary measures are not alternatives to compliance with the Governing Documents. Compliance may include, but is not limited to, correcting, repairing, or replacing noncompliant conditions, all at the Member's expense.

12. Emergency Actions. Nothing in this Enforcement Policy shall be construed to prevent the Board from making emergency corrections, repairs, or replacements, or taking emergency action it deems necessary. In such instances, the Board may provide notice and hold a hearing after taking emergency action.

13. Violation of Law. The Mutual may treat any violation of state, municipal, or local law by a Member or their Designated Occupant, family, sublessee, invitee, or guest in the same manner as a violation of the Governing Documents.

14. Other Remedies. The Mutual reserves the right to avail itself of any other remedy permitted by law and the Governing Documents, and to enforce the provisions of the Governing Documents. These remedies include, but are not limited to, bringing an action in Small Claims or Superior Court or requesting that the matter be submitted to a form of dispute resolution. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Mutual from electing at a later date to pursue another remedy. In a court action, the Mutual may seek either, or both, injunctive relief and/or recovery of fines, if any. In addition, the Mutual shall be entitled to recover the full amount of all costs, including attorneys' fees and experts' fees, incurred by the Mutual in responding to a violation and/or in enforcing any provision of the Governing Documents.

15. No Waiver. The failure to enforce a provision of the Governing Documents does not constitute a waiver of the Mutual's or Board's authority to enforce such provisions or other provisions of the Governing Documents.

This Enforcement Policy was adopted by the Board of Directors of First Walnut Creek Mutual at an open meeting of the Board held on _____, 2025.

Date: _____

By: _____
Secretary

Print Name: _____