

**LYON GALLERY
COMMUNITY ASSOCIATION**

RULES AND REGULATIONS

Approved and Adopted on October 18, 2011

MANAGED BY SO CAL PROPERTY ENTERPRISES, INC.
1855 Sampson Avenue, Corona CA 92879

LYON GALLERY COMMUNITY ASSOCIATION

RULES AND REGULATIONS

TABLE OF CONTENTS

Membership Information	Page 1
Common Area Rules and Regulations	Pages 2-4
Tenant Rules	Page 4
Parking, Traffic, and Safety Rules	Pages 5-7
Pet Rules	Page 8
Sign Rules	Page 9
Pool/Spa Rules	Pages 9-11
Architectural Guidelines	Pages 11-12
Enforcement Policy	Page 13
Fine Schedule	Page 14
Delinquency Policy	Pages 15-17
Disclaimer	Page 18

**LYON GALLERY COMMUNITY ASSOCIATION
A PLANNED COMMUNITY**

MEMBERSHIP INFORMATION

The Lyon Gallery Community Association offers many advantages to the home buyer. In order to protect and preserve these benefits, however, certain limitations and restrictions are placed on members of the Association.

The Lyon Gallery Community Association is a California non-profit corporation consisting of those Owners of Units within the ultimate boundaries of Lyon Gallery.

The purpose of Lyon Gallery Community Association is to ensure that the Common Area and Common Facilities will be maintained in an attractive manner and will be available for the enjoyment of all members. Your automatic membership in the Association provides a membership base to share the future costs of maintaining the community.

The attached rules, regulations and policies have been developed with consideration given to providing each Member with the greatest enjoyment of the facilities without infringing on other Members and their rights to quiet enjoyment of their homes and community.

Although these Rules and Regulations support the CC&R's, they do not cover the entirety of the document. **Please be sure to read the CC&R's carefully.**

LYON GALLERY COMMUNITY ASSOCIATION

COMMON AREA RULES AND REGULATIONS

1. Owners are prohibited from destroying, removing or altering the landscaping in the Common Area, regardless of the condition of the plantings.
2. Littering the Common Area is not permitted.
3. No Owner may (a) permit or cause anything to be done or kept on the Property or on any public street abutting or visible from the Property which may (i) increase the rate of insurance in the Properties, (ii) result in cancellation of such insurance, or (iii) obstruct or interfere with the rights of other Owners, or (b) commit or permit any nuisance thereon or violate any law.
4. Each Owner shall comply with all requirements of the local and state health authorities and with all other applicable governmental ordinances regarding occupancy of a Residence.
5. Each Owner is accountable to the Association and other Owners for the conduct and behavior of persons residing in or visiting his/her unit. Any damage to the Common Property, personal property of the Association, or property of another Owner caused by such persons shall be repaired at the sole expense of the Owner of the Unit where such persons are residing or visiting.
6. Trash shall be disposed of by Residents of the Project only by depositing the same into trash containers designated for such use by the Board. Such containers may be exposed to the view of neighboring only when set out for a reasonable period of time (not to exceed twelve (12) hours before and after scheduled trash collections hours).
7. No clothing, household fabrics or other unsightly articles may be hung, dried or aired on any portion of the Property, including the interior of any Residence, so as to be visible from other Residences or the street.
8. Wheeled toys (i.e., skateboards, tricycles, big wheels, children's bicycles, etc.) are prohibited from Common Area landscaping.
9. No individual shall install any Improvement or alteration to the exterior of any Unit, without the prior approval by the Architectural Committee. Please see Lyon Gallery Community Association Architectural Guidelines.
10. No portion of the Property may be used for the storage of building materials, refuse or any other material.
11. No plants or seeds infected with noxious insects or plant diseases may be brought upon, grown or maintained upon the Property.
12. No Lot may be used for non-residential purpose such as a business or any commercial endeavor.

COMMON AREA RULES AND REGULATIONS (cont.)

13. No person shall conduct major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of any lot or upon the Association Common Area, except wholly within the resident's garage, and then only in such a manner that the garage door can be closed when work is not being performed.
14. Garages shall be used for garage purposes only and shall not be converted to other uses.
15. No person shall be allowed to play or loiter in the courtyards or upon any Common Area.
16. The climbing in or on trees is strictly prohibited. Should a tree be broken or killed by such activity, the homeowner responsible will be billed for the replacement cost. Each homeowner is responsible for the actions of his family and guests.
17. Skateboards, scooters, skates, small wagons, tricycle type toys, and bicycles are permitted on the sidewalks only, subject to pedestrian safety. The PEDESTRIAN has the RIGHT OF WAY at all times. Maximum bicycle speed is five (5) m.p.h. The forgoing are not permitted on the lawns, basketball courts or pool decking.
18. Personal property (such as benches, tables, tents, hammocks, etc.) is not permitted in the Common Area.
19. No Owner of a Lot shall park, store or keep any large commercial type vehicle, any recreational vehicle, boat or any vehicle other than a private passenger vehicle, upon any uncovered parking space.
20. No animals of any kind shall be kept or bred on any Lot or the Common Area except that dogs, cats and other household pets may be kept on Lots subject to Rules and Regulations adopted by the Association provided they are not kept, bred or maintained for commercial purposes.
21. Parents are responsible for seeing that their children leave the tot lot in a neat and orderly condition. The rights of neighbors to reasonable peace and quiet should be recognized at all times.
22. Tampering with or adjusting sprinkler heads or timing devices is prohibited. Sprinkler problems should be reported promptly to the management company.
23. Any vandalism or improper use of the facilities of common areas should be reported to the management company or a Board member.
24. Each Lot shall be used as a residence for a single family only.
25. No Lot may be used for a nonresidential purpose such as a business or any commercial endeavor.

COMMON AREA RULES AND REGULATIONS (cont.)

26. No activity shall be conducted on any Lot or Common Area which may or become an annoyance or nuisance to other Lot Owners.
27. Consideration for the interests of others with respect to unduly loud and disturbing noise or actions must be observed.

LYON GALLERY COMMUNITY ASSOCIATION

TENANT RULES

1. The Owner shall have the responsibility to acquaint their tenants and guests with the Rules and Regulations of the Association.
2. For the purpose of these Rules and Regulations, a tenant shall be defined as anyone in possession of an Owner's residence in exchange for any sort of consideration, or at the sufferance of the Owner.
3. The Owner will, at all times, be responsible for his or her tenant's or lessee's compliance with all of the provisions of the Project Documents. Violations will be assessed against the Owner even though the infraction was committed by a tenant or a guest.
4. No tenant will have voting rights in the Association.
5. The portion of the Unit comprising the "Residence" shall be used as a dwelling for a single family and for no other purpose.
6. An Owner may rent his/her Unit to a single family provided that the Unit is rented pursuant to a lease or rental agreement which is (a) in writing and (b) subject to all of the provisions of the CC&R's.

LYON GALLERY COMMUNITY ASSOCIATION

PARKING, TRAFFIC AND SAFETY RULES

1. Residents must park all vehicles in their garage or on their driveway at all times.
2. Vehicles parked in driveways must be completely off the street and not block the pedestrian sidewalk.
3. Garage doors must remain closed at all times, except as reasonably required for entry to and exit from the garage. In order to maintain a good overall appearance within the community, garage doors should not be left open and unattended for an extended period of time. For the purpose of ventilation, garage doors may remain open approximately one (1) foot.
4. All vehicles parked on the street must be parked parallel to the curb in the direction which follows the flow of traffic, and may not remain parked for a period in excess of 96 hours.
5. Prohibited vehicles (see paragraph 13 below) may only be parked within an Owner's fully enclosed garage with the garage door closed so long as their presence on the Property does not otherwise violate the provision of the CC&R's.
6. Prohibited vehicles (see paragraph 13 below) may not be parked, stored or kept on any public or private street within, adjacent to or visible from the Property or on any other Common Property for more than a 24 hour period.

Although parking of prohibited vehicles is not allowed under the CC&R's, time will be allowed to prepare these vehicles for use (i.e., loading, unloading, making deliveries, emergency repairs, washing, etc.). The maximum time frame allowed for these activities will be 24 hours.

7. Parking within fifteen (15) feet of any fire hydrant within the Property shall at all times be prohibited.
8. In the interest of safety and emergencies (fire, police, ambulance), streets must never be blocked or congested by a vehicle of any type (including delivery vehicles).
9. The maximum speed limit permitted on any Association street is twenty (20) miles per hour. If this rule is not observed, other means of enforcement will be implemented.
10. Mopeds and motor bikes are subject to vehicle code restrictions (i.e., both driver and motor bike must be licensed).
11. No off-road unlicensed motor vehicles may be operated upon the Project.
12. The following are Authorized Vehicles:
 - a. Standard passenger vehicles, including without limitation to automobiles, passenger vans designed to accommodate ten (10) or fewer people.

PARKING, TRAFFIC AND SAFETY RULES (cont.)

- b. Licensed street vehicles having a manufacturer's rating or payload capacity of one (1) ton or less.

All authorized vehicles shall be further defined as currently registered and in drivable condition.

13. The following vehicles are Prohibited Vehicles:

- a. Recreational vehicles (e.g., motorhomes, travel trailers, camper vans, boats, etc.) and aircraft.
- b. Commercial-type vehicles (e.g., stakebed trucks, tank trucks, dump trucks, step vans, concrete trucks, etc.)
- c. Buses or vans designed to accommodate more than ten (10) people.
- d. Vehicles having more than two (2) axles.
- e. Trailers, inoperable vehicles or part of vehicles.
- f. Non-motorized vehicles, trailers or motorized vehicles that exceed seven feet (7') in height, seven feet (7') in width, and nineteen feet (19') in length, other similar vehicles or any vehicle or vehicular equipment deemed a nuisance by the Board.

- 14. No repair, maintenance or restoration of any vehicle may be conducted on the Properties except within an enclosed garage when the garage door is closed, provided such activity is not undertaken as a business, and provided that such activity may be prohibited entirely by the Board if the Board determines that it constitutes a nuisance.

- 15. There is a minimum of street parking spaces available. Although not marked, these spaces are intended for guest parking. Every effort should be made to always have parking spaces available for friends and relatives of residents. For the purpose of these regulations, a person staying with a resident in excess of 96 hours, or on a regular and frequent basis, is to be considered a resident and must comply with the same parking rules placed on all residents. (Residents must park all vehicles in their garage or on their driveway at all times).

Any resident with more than four vehicles (who has a driveway - #1, #4 and applicable #3 homes) and any resident with more than two vehicles (who does not have a driveway - #2 homes) may obtain special permission from the Board of Directors to park the additional vehicle(s) on the street or in guest parking.

- 16. Subject to the restrictions on Prohibited Vehicles, all vehicles owned or operated by or within the control of an Owner or a Resident of an Owner's Lot or Condominium and kept within the Properties must be parked in the assigned garage of that Owner to the extent of the space available, provided that each Owner shall ensure that any such garage accommodates at least the number of Authorized Vehicles for which it was originally constructed.

PARKING, TRAFFIC AND SAFETY RULES (cont.)

17. Utilization of garages for other than vehicle storage does not constitute an excuse of illegal parking. Garages are primarily for vehicle storage, so please use them for this purpose.
18. Vehicles which do not have a valid State registration are not permitted to be operated in the Association area. Persons who do not possess a valid Drivers' License are not authorized to operate vehicles in the Association area. This restriction applies to power-driven vehicles and does not apply to bicycles and other vehicles propelled by persons.
19. Noise from vehicles which emit loud and disturbing noises, such as motorcycles and dirt bikes, should be kept to a minimum.
20. **All cars parked on *Creekside* or in the guest parking area near the tot lot must have a parking permit decal or a 3x5 guest note on their car.**

PATROL MASTERS GUEST PARKING RULES

- a. Day guests do not require a parking permit. If you have a guest who will be parked in a designated Guest space overnight, that guest's vehicle must be placed on the safelist, effective between the hours of 12:00 a.m. and 6:00 a.m.
- b. Guests are allowed a maximum of 10 overnight stays in a 180-day rolling window, per license plate.
- c. An overnight is considered anytime a vehicle is parked in a designated guest space any time after midnight.
- d. To safelist a guest's vehicle(s), Lyon Gallery residents can visit Patrol Masters' website www.patrolmasters.com and use the online safelist procedures, or call (877) 209-6370.
- e. If you have a guest who will be staying more than 10 days, please contact the management company and/or the association, in advance, to request an extension to the safelist.
- f. Homeowner's vehicles may not be placed on the safelist. The safelist is designed for guest vehicles only.

The Board may establish additional regulations regarding any parking areas not assigned to individual Lots or Condominiums, including without limitations to designated "parking", "guest parking", and "no parking" areas thereon; and may enforce all parking and vehicle use registrations applicable to the Properties, including removing violating vehicles from the Properties pursuant to California Vehicle Code Section 22658.2 or other applicable ordinances or statutes. If the Board fails to enforce any of the parking or vehicle regulations, the City may enforce such regulations in accordance with applicable laws and ordinances.

NOTE: Vehicles in violation of the above rules are subject to immediate removal at the Owner's expense.

LYON GALLERY COMMUNITY ASSOCIATION

PET RULES

1. No animals may be raised, bred or kept in any Residence, except dogs, cats, fish, and birds inside bird cages may be kept as household pets within any Residence provided they are not kept, bred or maintained for commercial purposes, in unreasonable quantities or in violation of the Restrictions. "Unreasonable quantities" ordinarily means more than two (2) pets per residence; provided however, that the Board may determine that a reasonable number in any instance may be more or less.
2. The Board may limit the size of pets and may prohibit maintenance of any animal which, in the Board's opinion, constitutes a nuisance to any other Owner.
3. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Property must be either kept within an enclosure or on a leash held by a person capable of controlling the animal.
4. Any owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Project by such Owner or such Owner's family, tenants or guests.
5. Pet owners shall be responsible for cleaning up any messes left by their pets on the common area property, **AS WELL AS UPON THEIR OWN PERSONAL PROPERTY ON A DAILY BASIS.**
6. The Association, upon the approval of a majority of its Board of Directors, may prohibit maintenance of any animal with the Project, which, in the opinion of the Board of Directors of the Association, constitutes a private nuisance to any other person.
7. Excessive dog barking or other animal noise will be deemed a nuisance.

LYON GALLERY COMMUNITY ASSOCIATION

SIGN RULES

1. No sign, poster, display, billboard or other advertising device may be displayed on any portion of the property or on any public street abutting or visible from the Property, or shown or displayed from any Unit, without the Architectural Review Committee's prior written consent, except one (1) sign or notice of customary and reasonable dimension which state that the Residence is for rent or for sale, so long as it is consistent with the standards promulgated by the Architectural Committee in accordance with Article VIII, Section 8.4 of the CC&R's.
2. Such sign or notice may be placed within a Unit, and may also be placed upon the Common Property within an area specifically established by the Committee for such purpose with the Architectural Committee's prior written approval.
3. All signs must conform with all applicable governmental ordinances.
4. The Architectural Committee shall designate certain approved sizes, shapes, colors, designs and locations of "For Sale" and "For Rent" signs.
5. No signs are permitted except one (1) sign for each building site of not more than 18" x 24" advertising the property for sale or for rent.

LYON GALLERY COMMUNITY ASSOCIATION

POOL AND SPA RULES

1. The Pool/Spa area is for the exclusive use of resident members and tenants, their families and invited guests.
2. Residents 18 years of age and over shall be considered adults.
3. All guests, regardless of age, must be accompanied by an adult resident at all times within the Pool/Spa area.
4. No more than four (4) guests per unit are allowed at one time and must be accompanied at all times by an adult resident.
5. Infants and young children are not allowed in the pool if they are not potty-trained, unless they are wearing plastic pants with snug fit leg openings. Absolutely no disposable diapers.
6. No bicycles, skateboards, scooters, etc. are allowed to be used in the pool area at any time.

POOL AND SPA RULES (cont.)

7. All use of the Pool/Spa area shall be during the hours of 6:00am to 10:00pm Sunday through Saturday.
8. No Lifeguard is on duty, and the resident member or tenant assumes full responsibility for himself, his family and guest(s) while in or around the swimming pool and spa, and shall ensure that each person complies with all Pool/Spa rules. For safety reasons, no person should swim alone.
9. Children under the age of 14 must be accompanied and supervised by an adult resident member or adult tenant **18 YEARS OR OLDER** in attendance at all times.
10. No person having apparent skin disease, sore, inflamed eyes, cough, cold, nasal or ear discharge or any communicable disease shall be permitted to use the swimming pool or spa.
11. Styrofoam objects and inner tubes are not allowed in the pool or spa.
12. No boisterous or rough play shall be permitted in the pool/spa area, including jumping from furniture or fixtures into the pool the pool or spa. No diving is permitted.
13. No person shall bring glass or alcoholic beverages into the pool/spa area.
14. Animals are not allowed in the pool/spa area.
15. Only pedestrian traffic shall be permitted in the pool/spa area.
16. Only persons wearing swimming suits shall be permitted to enter the swimming pool or spa, and no cut-offs shall be worn in the pool or spa at any time.
17. All trash or litter shall be put into the trash receptacles located within the pool/spa area.
18. Upon entering or leaving the restrooms and pool/spa area, all persons shall securely lock the exterior door or gate thereof.
19. All persons, whether residents or guests, in the pool/spa area, shall properly identify themselves upon the request of any Board Member or persons designated by the Board.
20. No person is to enter the water after application of any tanning preparation or greasy hair oil without first taking a hot shower to remove such materials from skin and hair.
21. Playing with, destroying, or placing in the pool of any of the pool furniture will not be tolerated. This also applies to **LIFE PRESERVERS, LIFE SAVING HOOKS, ETC.**, which are for safety and not pleasure. Any damaged equipment will be paid for by the offending homeowner.
22. Radio/stereo units must be kept at low levels so as not to annoy other persons using the pool/spa facility or living in surrounding Units.

POOL AND SPA RULES (cont.)

23. Showers must be turned off after use.
24. Nude bathing is prohibited in the pool and spa. Violators are subject to an immediate \$500.00 fine.
25. After use, spa jets must be turned off via the timer. Do not turn off the emergency switch except in case of an emergency.
26. If an Owner elects to rent or lease his/her Unit, and gives the right to access to his/her lessee, then the Owner relinquishes his/her access rights.

LYON GALLERY COMMUNITY ASSOCIATION

ARCHITECTURAL GUIDELINES

1. No radio station or shortwave operators of any kind may operate from any Unit or any other portions of the Property unless approved by the Architectural Committee.
2. No exterior radio antenna, "C.B." antenna, television antenna, earth receiving station, satellite dish or other antenna or any type may be erected or maintained anywhere in the Property unless approved by the Architectural Committee.
3. No homeowner shall permit any growth to extend beyond the level of the patio walls and to infringe unreasonably upon his neighbor's patio space. If such situation occurs, the homeowner who is bothered has the right to cut that portion of the infringing patio growth which encroaches into his patio from his neighbor's patio to the level of the patio division without consulting either the offending neighbor or the Board of Directors. It is not the responsibility of the Association or management company to contact the owner of the growth. Additionally, no vegetation or other obstruction may be planted or maintained in such location or of such height as to unreasonably obstruct the view from any other residence in the vicinity thereof.
4. No personal property, to include plotted plants, are allowed, at any time, within or on the sidewalk, common area or front door entries that would be deemed by the Board of Directors to hinder the unobstructed access to any Unit. Such personal property will be removed and disposed of by the Board of Directors or their representative.
5. Approval of the Architectural Committee is required for, but not limited to the following (see CC&R's for complete Architectural Guidelines):

ARCHITECTURAL GUIDELINES (cont.)

- a. Exterior additions or alterations to dwelling or property.
- b. Patios, patio covers, and patio enclosures.
- c. Drainage.
- d. Changes in coloring of walls or trims of buildings or fences. (Exterior color schemes in this community were planned by a professional color coordinator, and color harmony is to be maintained).
- e. Awnings are considered as exterior additions and are therefore subject to architectural approval. Awnings, as a general rule, detract from the aesthetic qualities of the community and are therefore prohibited.
- f. Obtaining a city permit does not waive the need for committee approval.

LYON GALLERY COMMUNITY ASSOCIATION

ENFORCEMENT POLICY

Discovery of Violation

- A. Any violation that is an alleged violation of the CC&R's, Rules and Regulations, or Architectural Guidelines will be processed to the procedure outlined herein.
- B. In the event one or more Members of the Association or Board of Directors files a complaint, the Board would act as follows:
 1. Send a letter to the Owner stating the alleged violation and date needed to cure said violation.
 2. Upon expiration of the cure date, if the violation still exists, a second letter will be sent stating that the failure to abide by Association Rules and Regulations has imposed a hardship on the Association and the Owner will be asked to attend a hearing with the Board of Directors.
 3. The Owner will be notified as to the decision rendered by the Board as a result of the hearing. If the Owner is found to be in violation of the Association's documents, the Board will either (a) seek remedy by use of alternative dispute resolution such as mediation or arbitration, (b) levy a special assessment, (c) suspend or condition the Owner's rights to use any recreational facilities the Association owns, operates or maintains, (d) suspend the respondent's voting privileges as a Member, (e) enter upon the Residence to make the necessary repairs, or perform maintenance which is the responsibility of the respondent, (f) record a notice of noncompliance encumbering the respondent's Condominium, or (g) a combination thereof.
 4. If the decision is to pursue a monetary fine system, the Lyon Gallery Fine schedule will apply.

NOTE: A violation is defined as an act in conflict with the CC&R's, Bylaws, Rules and Regulations and Architectural Guidelines of the Association. Please be sure to read the CC&R's carefully.

LYON GALLERY COMMUNITY ASSOCIATION

FINE SCHEDULE

1. A letter will be sent to the Owner stating the alleged violation.
2. A second letter will be sent to the Owner stating the alleged violation continues and this letter will request the Owner to appear before the Board.
3. If the result of the hearing is a monetary fine, a fine will be applied to the Owner's account, per the schedule below:

Minor Violations:

Fine

First Violation	Warning
Second Violation (same infraction)	\$50.00
Third Violation (same infraction)	\$100.00
Fourth Violation (same infraction)	\$150.00

Major Violations:

\$250.00 per occurrence

i.e. failure to obtain architectural (ARC) approval prior to making an exterior modification, negligent damage to Association property, life threatening or safety violations, etc.

4. If the violation continues past the hearing and first fine stage, additional hearings will be scheduled with the Owner. Any fine not paid may result in legal action in accordance with the California law.
5. The Board may determine to use alternative dispute resolutions or cause correction of the violation to effect a cure and the Owner may be responsible for legal fees and/or reimbursement of costs to the Association.

NOTE: Should a violation occur which imposed a financial obligation on the Association, the party responsible for said violation shall reimburse, by way of Special Assessment, the Association for this financial obligation. If, for example, a party damages a fence, tree or any other Common Property, repair and replacement costs will be charged to that party.

LYON GALLERY COMMUNITY ASSOCIATION

ASSESSMENT AND BILLING COLLECTION POLICY

Prompt payment of Assessments by all owners is critical to the financial health of the Association, and to the enhancement of the property values of your homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Lyon Gallery Community Association (CC&Rs) and the California Civil Code to enforce the members' obligation to pay assessments. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. Therefore, pursuant to the CC&Rs and Civil Code §5310(a)(7) and §5660, the following are the Association's assessment collection practices and policies, which So Cal Property Enterprises, Inc. has been directed to strictly enforce without exception. Owners are advised that you do not have a legal right to withhold assessments, or any portion thereof, on the grounds that the owner is entitled to recover money or damages from the Association or for any alleged failure of the Association to maintain the common area (*Park Places Estates HOA v. Nabor* (1994) 20 Cal App. 4th 427).

1. **Due Dates:** Regular monthly assessments are due and payable on the first (1st) day of each month and are due **whether or not a billing statement is received.** If a statement is not received, mail your check payable to LYON GALLERY COMMUNITY ASSOCIATION, PO BOX 513920, LOS ANGELES, CA 90051-3920. Overnight payments are accepted Monday through Friday at 1855 Sampson Avenue, Corona, CA 92879. Payments shall be applied to the oldest outstanding assessment. All other assessments, including Special Assessments, are due and payable on the date specified by the Board in notice of the assessment.
2. **Application of Payments:** Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, fees, interest, or collection costs. Payments will be applied to assessments so that the oldest assessment arrearages are retired first, unless the payment indicates that it shall be otherwise applied. A late charge may accrue if payment is not sufficient to satisfy all delinquent assessments, and the current month's assessment.
3. **Obligation to Pay:** Assessments, late charges, interest and collection costs, including attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied. (Civil Code §5650(a).)
4. **Delinquent Assessments:** Unpaid assessments are delinquent fifteen (15) days after they are due (Civil Code §5650(b)). A late charge of 10% of the delinquent assessment or \$10.00, whichever is greater, will be charged for any assessment which is not paid in full within 30 days of the due date. (Civil Code §5650(b)(2).) Any installment of annual assessments and special assessments not received within thirty (30) days after the due date, plus all reasonable costs of collection (including attorney's fees) and late charges shall bear interest commencing **thirty (30) days** from the due date until paid at the rate of **twelve percent (12%)** per annum. (Civil Code §5650(b)(3).)
5. **Right to Submit Secondary Address:** Owners may submit a written request to the Association to use a secondary address. (Civil Code §5260(b)). Any such request must be delivered to the Association in a manner that complies with Civil Code §4035. The Association will send notices to the indicated secondary address only from and after the point that the Association receives any such request. Nothing herein shall require the Association to re-send or duplicate any notice sent to the owner prior to the date that a request for a secondary address is received.

LYON GALLERY COMMUNITY ASSOCIATION

PROCEDURES FOR COLLECTION OF PAST DUE ASSESSMENTS

1. **30 DAYS PAST DUE:** The Association will send a notice regarding the delinquency, and demanding payment thereof, to the owner at his/her address or addresses on file with the Association. **A LATE CHARGE OF \$10.00 will be assessed to the owner's account for any assessment that is not received on or before the last day of the month** (Civil Code §5650(b)(2).) Additionally, an owner's membership rights, including, but not limited to voting rights, or rights of use and enjoyment of the recreational common areas and common facilities may be suspended after notice and a hearing pursuant to Civil Code §5855. The Association will not deny an owner or occupant physical access to his or her separate interest by way of any such suspension of privileges. (Civil Code §4510.)
2. **45 DAYS PAST DUE: DELINQUENT PROCESSING FEE OF \$75.00** will be assessed to the owner's account. Notice of Intent to Record Assessment Lien letter is mailed to the owner as required by Civil Code §5660 via certified and first class mail to the owners of record at the address of record with the Association stating the intent to either lien the property or file a small claims action (at the Association's discretion) if payment in full is not received in fifteen (15) days. If the small claims action is taken, the letter may be titled Notice of Intent to Commence Collection Action.
3. **Opportunity to Meet and Confer and/or Request ADR:** An owner may dispute the debt noticed in the pre-lien letter by submitting to the board a written request to meet and confer with a designated director of the Association pursuant to the Association's Internal Dispute Resolution Policy established in accordance with Article 2 of Chapter 10 of the Act ("IDR") and/or a written request for alternative dispute resolution with a neutral third party pursuant to Article 3 of Chapter 10 of the Act ("ADR"). (Civil Code §5660.)
4. **60 DAYS PAST DUE:** If an owner fails to pay the amounts set forth in the pre-lien letter within fifteen (15) days of the date of that letter, the matter will be turned over to an attorney for the preparation and filing of a lien. The owner will be charged one hundred dollars (\$100.00) for preparing the matter to be sent to legal counsel.
5. **Right to Request a Payment Plan:** Owners may submit a written request to meet with the board to discuss a payment plan. If such request is mailed within fifteen (15) days of the postmark of the pre-lien notice, the board will meet with the owner, in executive session, within forty-five (45) days of the postmark of such request, unless there is no regularly-scheduled meeting of the board within that period of time, in which case the board may designate a committee of one or more directors to meet with the owner. (Civil Code §5665.) In addition to the foregoing procedure for requesting a payment plan, an owner may negotiate a payment plan with the Association's managing agent, attorney or authorized collection agent. Any payment plan must comply with any standards for payment plans adopted by the Association.
6. **Lien:** After the issuing of the Notice of Intent to Record Assessment Lien letter, the Board of Directors may decide in an open meeting of the Board to file a lien against the property. (Civil Code §5673.) A lien for the amount of any delinquent assessments, late charges, interest

and/or costs of collection, including attorneys' fees may be recorded against the owner's property. (Civil Code §5675.) If a lien is recorded, a copy of the lien will be sent to every person whose name is shown as an owner of the Property in the Association's records, via certified mail, within ten (10) calendar days of recordation of the lien. (Civil Code §5675(e).) Any lien recorded by the Association will remain as an encumbrance against the property until the debt secured thereby is satisfied.

7. **Foreclosure of Lien:** If the balance due is not paid within thirty (30) days of recordation of the lien, legal action to foreclose the assessment lien and/or money judgment may commence against the owner. The Association will not seek to foreclose any lien through judicial or non-judicial foreclosure unless and until the amount of delinquent assessments secured thereby reaches one thousand eight hundred dollars \$1,800.00, or until the assessments are at least twelve (12) months delinquent. (Civil Code §5720(b)(2).) The decision to initiate foreclosure of any lien shall be made by a majority vote of the board members, in executive session. Prior to initiating foreclosure of any lien, the association shall offer to the owner of the property, and if so requested by the owner, shall participate in IDR and/or ADR pursuant to Civil Code §5705. The decision to pursue IDR or a particular type of ADR shall be the choice of the owner, except that binding arbitration shall not be available if the Association intends to pursue judicial foreclosure.

8. **Notice to Owner of Decision to Foreclose:** If the board of directors decides to initiate foreclosure of a lien, it shall provide notice of such decision to the owner pursuant to Civil Code §5705(d). Such notice will be by personal service to an owner who occupies the property or to the owner's legal representative. The board shall provide written notice to an owner of property who does not occupy the property by first-class mail, to the most current address shown on the books of the Association. In the absence of written notification by the owner to the Association, the address of the owner's property shall be treated as the owner's mailing address. (Civil Code §5705(d).)

9. **Release of Lien Upon Satisfaction of Debt:** Within 21 days of full payment to satisfy a lien, and after confirmation that such payment has cleared, the Association will record a release of lien, and provide a copy thereof to the owner. (Civil Code §5685(a).)

10. Owners have the right to inspect certain Association records pursuant to Civil Code §5205.

11. Nothing herein limits or otherwise affects the Association's rights to proceed in any lawful manner to collect any delinquent sums owed to the Association.

12. Prior to release of any lien, or suspension of any legal action, all assessments, late charges, interest, and legal fees must be paid in full to the Association.

13. The delinquent owner will be responsible for all costs of collection, including attorney's fees, incurred by the Association to collect and delinquent sums (Civil Code §5650).

14. All charges listed above herein are subject to change without notice.

DISCLAIMER

**THE MATERIAL CONTAINED WITHIN THIS PACKET IS NOT
INTENDED TO BE SUBSTITUTED FOR THE SERVICES OF AN
ATTORNEY. THE LAW AND ITS INTERPRETATION ARE
CONSTANTLY CHANGING.**

**PLEASE CONSULT YOUR PROFESSIONAL ADVISOR REGARDING
YOUR INVOLVEMENT IN A COMMUNITY ASSOCIATION.**