

**RANCH OF THE SUN**  
**A 55+ COMMUNITY**  
**ADOPTED RULES AND REGULATIONS**

Because Ranch of the Sun is a condominium complex, we are governed by our Covenants, Conditions and Restrictions (CC&R's) and the By-Laws of the association. These CC&R's and By-Laws are administered and enforced by an elected volunteer group of Directors of the Homeowners Association. The following is a list of the rules which have been established for the safety and welfare of the residents and their guests, as well as for the assurance that the common area property is maintained for appearance and safety.

Article V of the CC&R's, which were adopted November 1981, elaborates on most of the following rules. For further clarification, you may wish to review the section listed by the rule. While this list is not complete as per the CC&R's, it does include some of the basic rules.

1. Each unit shall be occupied by at least one person not less than fifty-five (55) years of age. *Second amendment June 23, 1987.*  
  
As required by law, an Age Verification Form must be completed and submitted to the Management Company to be retained on file.
2. A qualified resident is permitted to have a visiting guest under the age of 45 for no more than sixty (60) days in any twelve (12) month period. Please complete a Temporary Residence Form by contacting S & L Association Management, Inc at (909) 698-4030. *Second amendment June 23, 1987.*
3. The Association limits the number of rentals to 20%. *CC&R Amendment dated 2/20/01.*
4. Only those cars that display a valid placard are to park in the designated handicapped areas.
5. Parking in fire zones and red curbs is not permitted.
6. Repairing of vehicles including oil changes may only be performed within the confines of the garage. Emergency work is permitted. *Section 5.1 (14).*
7. Inoperable vehicles and/or vehicles not being used may not be stored within the project, other than temporarily placed within an enclosed garage. All vehicles must be driven weekly. *Section 5.1 (11)*
8. Overnight parking permitted for residents and authorized guests only. Off site owners may not park within the association unless visiting their tenant or inspecting their unit. Off site owners may not store vehicles within the community. All violating vehicles are subject to towing at vehicle owners expense without prior notice.
9. Speed signs (10 MPH) and stop signs must be obeyed. No unsafe driving.

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10. All exterior modifications, additions, other than those below the fence level in your own backyard/patio, must be submitted to the board in writing and have prior approval before work is commenced. *Section 5.1 (12).*
11. Satellite dishes may not be installed without prior written permission from the Architectural Control Committee. Failure to obtain the proper permission may result in the resident having to relocate the satellite dish and restore the exterior of the structure at their expense.
12. Residents may not plant trees and shrubs in the common area without prior written permission from the Landscape Committee. Failure to obtain the proper permission may result in the resident being responsible for removal and damage caused by the planting. Maintenance of such plantings will be the unit owners and subsequent owners responsibility.
13. Trash must be deposited inside bins. White recycling bins are also available for recyclable items as detailed on the bins. All trash must be placed in the Dumpster, or disposed of in the proper manner. The association pays for normal trash pick up; however, the responsibility for disposal of bulk items such as mattresses, furniture, carpet etc. is the responsibility of the individual owner. Additional trash pick up will be charged to the responsible party at a minimum rate of \$53.00 per pick up. Rate may increase based upon the trash company's fees. *Section 5.1 (10).*
14. Do not cause excessive noise, dirt or clutter. *Section 5.1 (7).*
15. No trailer, camper, mobile home, commercial vehicle, truck (other than standard size pick up truck), inoperable automobile, boat, or similar equipment may remain on the property unless placed or maintained within an enclosed garage or carport for longer than ninety-six (96) hours  
  
Self-contained recreational vehicles VISITING members within the Association may remain on site within the Association for up to two weeks (14 days) provided the following are abided by:
  - A) No driveways or parking lots are blocked.
  - B) Written approval is received from the board.
  - C) A sign is installed in the right front corner of the windshield identifying the association member being visited.
16. Dogs must be on a leash when in the common area. Droppings must be picked up immediately. There should be no more than two (2) ordinary household pets per unit. *Section 5.1 (5).*
17. Only signs advertising real property for sale or rent shall be displayed in front yards. *Section 5.1 (4).*
18. Items may not be stored in the common area nor should there be any obstruction of the common area without prior board approval.
19. No bicycle/skateboard riding on walkways in the center section is permitted.
20. Garage doors may be kept open to within 18 inches of the ground for ventilation purposes. Otherwise, garage doors must be kept closed at all times unless resident is present in the garage.

## **Ranch of the Sun Rules & Regulations**

21. Legal fees or costs incurred by the association to enforce violations or collect fines will be the payment responsibility of the owner.
22. It is the owners responsibility to provide a copy of all the Rules & Regulation to their tenants and/or residents. Owners must provide the association with tenant information and age verification forms on each resident occupying the unit. Failure to comply may result in penalties.
20. Holiday decorations are not permitted on roofs. All decorations must be removed by January 15.

***Please be advised, that violations of the Rules & Regulations and governing documents of the association may be subject to fines pursuant to the Fining Policy.***

***Revised March 6, 2002***

## RANCH OF THE SUN HOMEOWNERS ASSOCIATION RULES RELATING TO RENTAL UNITS

Pursuant to the Association's Declaration of Covenants, Conditions and Restrictions (CC&R's), Recorded on November 4, 1981, and in particular 5.5 as amended by an Amendment recorded with the Riverside County Recorder on May 14, 2001, as Document No. 208414 the following rules will apply within the Association concerning the application of the provisions of Article 5.5 of the CC&R's as follows:

1. By Article 5.5(a) of the CC&R's, at no time shall more than twenty percent (20%) of the total number of Units in the Project be occupied or used for lease or rental purposes. As the Project has 98 Units in total, this means that at no time shall more than 19 Units (which qualify as Eligible Rental Units as defined hereunder) be occupied or used for lease or rental purposes, subject to the exception set out below. For the purpose of these rules and unless the context otherwise requires, the terms herein shall have the same meaning as are given to them in the CC&R's, and the relevant CC&R provisions are incorporated herein by reference.
2. A Unit shall be deemed to be a "Rental Unit" that is, a Unit which is occupied or used for lease or rental purposes, if one or more persons or entities are legally or contractually obligated to pay rent in money or monies worth for the use of such Unit in an amount which is not less than seventy-five percent (75%) of the current open market rent. The term "Rental Unit" includes a Unit which is vacant and available (i.e., being offered during vacancy) for rent at a figure which is not less than seventy-five percent (75%) of the current open market rent. "Current Market Rent" means that the rent payable is equal to the full annual value of the Unit when considered with other generally comparable Units in the Association and neighboring communities. The current open market rent shall be determined from time to time by the Board based upon such factors as the Board deems reasonable including, but not limited to, the advice of realtors and the Board's determination of the average rent paid for generally comparable Units in the Association and neighboring communities.
3. In order to enable the Board of Directors to determine if a Unit is a Rental Unit, all Owners (particularly Owners who do not occupy their Unit) must complete and sign a questionnaire providing all information specified in the questionnaire. Such questionnaire must be completed, signed, and delivered to the Association within fourteen (14) days after: (a) the date when the Owner acquired title to the Unit; (b) the date of any change in the identity of any tenant or adult resident of a Unit; or (c) the date when the Association sent a written request to the Unit Owner for such information. If an Owner of any Unit does not comply with this provision, the Association shall be entitled to conclusively presume that the Unit is a non-eligible Rental Unit and that such occupation or use commenced seven (7) days after the last date when this questionnaire should have been delivered to the Association in accordance with the provisions of this paragraph.

## **Ranch of the Sun Homeowners Association**

S & L Association Management, Inc.

P.O. Box 1107

Murrieta, CA 92564-1107

(951) 698-4030 fax (951) 698-4469

### **FINING POLICY**

1. Homeowner's will receive a friendly reminder (first notice) providing fifteen (15) days in which to cure infraction(s).
2. Homeowner's must either cure infraction(s) within specified time allotted OR respond in WRITING to the Board of Directors citing reason(s) for non-compliance.
3. Homeowner(s) may initiate request for extension in writing if circumstances do not reasonably offer sufficient time in which to cure the violation(s). The Board of Directors will duly consider all reasonable requests for extensions and respond in writing accordingly.
4. If requirements of the first notice are not met, a Notice of Fine and Hearing will be generated and mailed to the homeowner via Certified and First Class Mail.
5. If homeowner neglects to correct the violation(s) and fails to appear at the hearing, a fine of \$25.00 will be processed and /or suspension of common area and voting privileges will be imposed.
6. Reoccurrence of the same violation will result in a fine of \$50.00 per each additional notice mailed to the homeowner via Certified Mail.
7. Each subsequent violation reoccurrence will be fined at \$100.00 per occurrence and/or the continuation of suspension of common area and voting privileges pursuant to item number 6 above.

For absentee owners, we encourage you to provide association rules and regulations to your tenants in order to prevent the occurrence of violations. Owners are responsible for the actions of their residents. Owners can be fined for lack of compliance by tenants.

4. An Owner whose Unit is or is intended to be a Rental Unit may submit an application to the Board for inclusion in the list of Units which may be occupied or used for lease or rental purposes and which do not exceed the twenty percent (20%) limitation (the "Eligible Rental Units"). Subject to the exception below, applications will be dealt with on a first come, first served basis. Priority will be given in the following order:
- (a) First priority shall be given to Owners whose Units have continuously been a Rental Unit since February 20, 2001, until there is a change of ownership of such Unit.
  - (b) Second priority shall be given to Owners whose Units have continuously been a Rental Unit starting after February 20, 2001, with those Owners whose Units have been Rental Units longest having priority over those Owners whose Units have been Rental Units for a shorter period of time, until there is a change of ownership of such Unit.
  - (c) Once the twenty percent (20%) maximum to qualify as an Eligible Rental Unit has been reached, priority for any available vacancy in the list of Eligible Rental Units will be determined by the order in which applications are received from Owners who wish their Unit to be an Eligible Rental Unit.
  - (d) Upon any change of ownership, any Rental Unit on the list of Eligible Rental Units will lose all priority and automatically cease to be an Eligible Rental Unit unless and until the new Owner has made application to be on the list when the Unit may again join the list of Eligible Rental Units by filling the first available vacancy after all other Units with priority have been accommodated.
  - (e) Pursuant to Section 5.5(c) of the CC&R's, the Board of Directors may, in its sole exclusive discretion, and upon such limitations, terms, and conditions as it may choose to impose or direct, grant relief (a "Variance") from the limitation set forth in Article 5.5(a) of the CC&R's in any case where the enforcement of such limitation would create or impose an extreme hardship on any Owner. In determining extreme hardship, the Board shall take into account circumstances where an Owner's Unit was not previously a Rental Unit but an Owner or Owners agent wishes for the Unit to now be a Rental Unit due to circumstances beyond the Owner's control, e.g., an Owner having to move from the Unit for health reasons. In such circumstances, the Board may, on request, allow that Unit to be used as a Rental Unit indefinitely or for a limited period of time (which the Board may extend) in the Board's absolute and sole discretion, notwithstanding that this will result in more than twenty percent (20%) of the total Units in the Project being used or occupied for rental purposes. Should such situation occur, the Unit which is subject to the Variance shall have first priority to the list of Eligible Rental Units upon the

occurrence of a vacancy therein and shall remain an Eligible Rental Unit for the duration of the Variance period.

5. In order to determine and/or verify to the Board's satisfaction whether a Unit is Rental Unit and/or qualifies to be on the list of Eligible Rental Units, and if so, what priority the Unit should have on such list, the Board in its sole discretion may require any Owner to produce to the Association correct copies of any current or past rental agreements relating to the Unit or any other reasonable documentation, evidence, or information which the Board in its discretion necessary or appropriate.
6. All Owners are required to provide a copy of the Association Rules relating to Rental Units (as amended from time to time) and the latest version of the Questionnaire to a Purchaser or prospective Purchaser of the Unit prior to the close of escrow or transfer of title.

Adopted by the Board of Directors on the \_\_\_ day of \_\_\_\_\_, 2006.

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For and on behalf of the Board of Directors  
Secretary of the Ranch of the Sun Homeowners  
Association

## RANCH OF THE SUN HOMEOWNERS ASSOCIATION, INC. ASSESSMENT COLLECTION POLICY

Ranch of the Sun Homeowners Association, Inc., (the "Association") has the right and duty under the Association's governing documents and California law to impose and collect assessments so that the Association can, among other things, manage, maintain and operate your development.

Timely payment of assessments is of critical importance to the Association. Although most Owners consistently pay their assessments on time, the failure of any Owner to pay assessments when due creates a cash-flow problem for the Association and causes those Owners who make timely payments of their assessments to bear a disproportionate share of the Association's financial obligations. Therefore, to encourage the prompt payment of assessments, to better ensure that assessments may be properly and fairly collected, and to ensure compliance with the law and/or the Association's governing documents, the Board of Directors has enacted the following policies and procedures (this "Collection Policy") concerning the collection of delinquent assessment accounts.

1. **DUE DATES.** All regular assessments shall be due and payable, in advance, in equal monthly installments, on the first day of each month. Special assessments or emergency assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a special assessment be due and payable earlier than thirty (30) days after it is imposed.

2. **PAYMENT / RECEIPTS / OVERNIGHT PAYMENT LOCATION.** The Association will be the collector of the assessments (current and delinquent), late fees and interest. When an Owner makes a payment, the Owner may request a receipt and the Association will provide such receipt, which will indicate the date of payment and person who received such payment. (Civil Code Section 1367.1(b).) Any Owner is entitled to inspect the Association's accounting books and records. (Corporations Code Section 8333 and Civil Code Section 1367.1.) Any request for a receipt of payment must be submitted directly to the Association's business address (separately from any actual payment). Overnight payment of assessments may be mailed/delivered to the following address:

S & L Association Management  
P.O. Box 1107  
Murrieta, CA 92564-1107

3. **APPLICATION OF PAYMENTS.** Payments received on delinquent assessments shall be applied to the Owner's account in the following order of priority: first, the principal on the assessments owed; then to accrued interest and late charges; then to attorneys' fees; then the title company and foreclosure service company charges and other reasonable costs of collection. Payments on account of principal shall be applied in reverse order so that the oldest arrearages are retired first.

4. **LATE CHARGES AND INTEREST.** The following provisions will apply to the payment of assessments: (a) all assessments shall be delinquent if not paid within fifteen (15) days after they become due, (b) assessments which are delinquent will result in the imposition of a late charge of ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater, and (c) an assessment payment not paid within thirty (30) days of its original due date will result in interest being imposed on all sums due, including the delinquent assessment, attorneys' fees, collection costs, and late charges commencing thirty (30) days after the due date at an annual percentage rate of twelve percent (12%). Furthermore, the Association shall be entitled to recover any reasonable collection costs, including attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

5. **LATE LETTER.** If an assessment payment is not paid before it becomes delinquent, a late letter may be sent to the Owner reminding the Owner of his or her obligation to pay assessments in a timely manner. A collection charge for sending such letter may be added to the Owner's account.

6. **SECONDARY ADDRESS.** Upon receipt of a written request by an Owner identifying a secondary address for the purposes of assessment collection notices, the Association shall send additional copies of any collection notices required by this Collection Policy to the secondary address provided. The Owner's notice of a secondary address must be in writing and mailed or sent to the Association in a manner that shall indicate the Association has received it. The Association shall only send notices to the indicated secondary address at the point in time the Association receives the written request.

7. **PAY OR LIEN LETTER.** If an assessment payment from the Owner is not paid within thirty-five (35) days after its original due date (for example, if an Owner fails to pay an assessment which was due on June 1 and the failure to pay continues through July 5th, then the June assessment would not have been paid within thirty-five (35) days after its original due date), a notice of delinquency (Pay or Lien Letter) may be sent to the Owner by regular first-class mail and certified mail, return receipt requested. The Pay or Lien Letter shall provide at least thirty (30) days' written notice to a delinquent Owner prior to recording an Assessment Lien and further provide an itemized statement of the charges owed, including a breakdown of the following items: (a) the principal amount owed; (b) any late charges with the method of calculation used to determine such charges; (c) any attorneys' fees incurred; and (d) a description of collection practices, including the right of the Association to reasonable costs of collection. A copy of the Association's collection policy shall be attached to the Pay or Lien Letter.

#### 8. **DISPUTE RESOLUTION PROCESS.**

a. Assessment Lien. Prior to recording a lien, the Association shall offer the Owner, and if requested by the Owner, participate in dispute resolution to the meet and confer provisions of Civil Code Section 1363.810, et seq. The Association deems the obligation to meet and confer promptly to mean that such meeting shall take place within not more than thirty (30) days of the request.

b. **Foreclosure.** Prior to initiating foreclosure proceedings against an Owner's separate interest, the Association shall make an offer ("Dispute Resolution Offer") to the delinquent owner, and if so requested by the Owner, participate in IDR with a delinquent Owner (Civil Code Section 1363.810, et seq.) OR alternative dispute resolution ("ADR") (Civil Code Section 1369.510, et seq.) to resolve any dispute related to the total amount of delinquencies owed by the delinquent Owner to the Association and/or the Association's Collection Policy. The Association's Dispute Resolution Offer shall either be sent with the Association's Notice of Recordation of a Lien or in a separate written communication to the delinquent Owner. An Owner who wishes to accept the Dispute Resolution Offer for dispute resolution by IDR must comply with the provisions for IDR as set out in paragraph 8(a) above. An Owner who wishes to accept the Dispute Resolution Offer by ADR must do so by submitting his or her written acceptance indicating the type of ADR chosen, which written acceptance must be sent to the Association within thirty (30) days from the day the Dispute Resolution Offer is served on the delinquent Owner. If the request is not accepted within this period, it will be deemed to have been rejected. ADR must be completed within ninety (90) days after the party initiating the request receives the acceptance, unless this period is extended by written agreement signed by both parties. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

## 9. ASSESSMENT LIEN.

a. If the delinquent owner does not bring his or her account current within the deadline set forth in the Pay or Lien Letter, the Association may proceed with recording an assessment lien ("Notice of Delinquent Assessment") against that Owner's separate interest, upon compliance with the statutory requirements set out above and hereinafter.

b. The decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. Prior to causing an assessment lien to be recorded, the Board of Directors must approve the recordation of an assessment lien against the delinquent Owner's separate interest. The Board of Directors for the Association shall approve the decision to record an assessment lien by a majority vote in an open meeting; the Board shall record the vote in the minutes of that meeting. The Board's action shall refer to the parcel, lot or unit number of the property that is delinquent, rather than the name of the Owner.

c. The assessment lien shall be recorded in the County Recorder's Office with the itemized statement of charges owed by the Owner, including the delinquent assessment(s), interest, late charges, collection costs and reasonable attorneys' fees and, if the Association chooses, the then-current monthly assessment amount which will also accrue and be part of the lien. Recording this Notice of Delinquent Assessment creates a lien, which may be foreclosed upon by the Association.

d. A copy of the recorded Notice of Delinquent Assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the separate

interest in the Association's records, and the Notice of Delinquent Assessment shall be mailed no later than ten (10) days after recordation.

e. Any action to judicially foreclose such lien shall be commenced not later than one year nor less than ten days after recordation of the Notice of Delinquent Assessment.

## 10. FORECLOSURE.

If the delinquent Owner does not bring his or her account current within thirty (30) days after recordation of the lien, the Association may proceed to institute foreclosure proceedings against that Owner's separate interest upon compliance with the statutory requirements set out above and hereinafter.

a. Board Approval. Prior to initiating foreclosure proceedings, the Board of Directors must, in executive session, approve the decision to proceed with foreclosure by a majority vote. The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall record the Board's executive session decision in the minutes of the next meeting of the Board open to the members by referencing the parcel, lot or unit number of the property that is delinquent, not the name of the delinquent Owner. A Board vote to approve foreclosure of a lien will also take place at least thirty (30) days prior to any public sale. The Board of Directors shall provide notice by personal service to an Owner of a separate interest who occupies the separate interest or to the Owner's legal representative if the Board votes to foreclosure upon the separate interest. If the Owner does not occupy the subject lot/unit, the Board shall provide written notice via first-class mail to the most current address shown on the books of the Association.

b. Threshold. The Board of Directors shall not proceed with any form of foreclosure unless and until the amount of delinquent assessments (exclusive of any accelerated assessments, late charges, fees, costs of collection, attorney's fees or interest) equals or exceeds One Thousand Eight Hundred Dollars (\$1,800.00), or the assessments have been delinquent for more than twelve (12) months ("Threshold"), provided that this provision shall not apply to Owners of timeshare units or to developers. Once the Threshold has been met and all other requirements identified above have been completed, the Board may proceed with foreclosure of the assessment lien pursuant to the Association's governing documents and Civil Code Sections 1367, 1367.1, 1367.4, 1367.5. Unless otherwise provided herein, the procedure used shall be private foreclosure pursuant to Civil Code Section 2924, et seq., and Civil Code Sections 1367 and 1367.1. The foreclosure action shall include, but is not necessarily limited to, the following procedures:

i. Notice of Default (NOD). A NOD will be recorded at the County Recorder's Office. The cost of all attorneys' fees and/or trustee's fees will be added to the debt.

- ii. Notice of Trustee's Sale (NOS). If the delinquency is not paid within ninety (90) days after the NOD is recorded (and a lawsuit has not been filed), the Association will proceed with the recording and publishing of an NOS. The Owner is responsible for all publication, recording, posting and mailing costs, as well as attorneys' and/or trustee's fees.
- iii. Sale of Property by Public Auction. If the trustee's sale proceeds, it is conducted as a public auction in the county in which the separate interest is located, during normal business hours on any business day. ANY OWNER WHOSE SEPARATE INTEREST IS IN FORECLOSURE IS URGED TO CONSULT WITH COMPETENT LEGAL COUNSEL OF THE OWNER'S SELECTION IN ORDER TO BE PROPERLY ADVISED OF THE OWNER'S RIGHTS AND OPTIONS AND THE TECHNICAL REQUIREMENTS OF THE FORECLOSURE PROCESS.
- iv. Right of Redemption. The Trustee's Sale shall be subject to a statutory right of redemption, which shall terminate ninety (90) days after the trustee's sale is completed

11. **MONEY JUDGMENT OPTION.** If the Association determines that the property is over-encumbered, or otherwise makes a determination that a lawsuit is appropriate, the Association may file a personal lawsuit against the delinquent Owner to recover all delinquent assessments owing to the Association and, in addition, unpaid accruing assessments and reasonable late charges, fees, and costs of collection, attorneys' fees and interest as permitted by law. If a lawsuit is pursued to collect the delinquent assessments from the Owner, all expenses, costs and attorneys' fees in connection with said lawsuit, including but not limited to, pre- and post-judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees shall be recovered from the Owner defendant.

12. **RELEASE OF LIEN.** When a delinquent Owner has paid in full all delinquent assessments and charges, the attorney shall prepare a Release of Lien which shall be recorded in the County Recorder's Office within twenty-one (21) days of receipt of the sums necessary to satisfy the delinquent amount, and shall mail a copy of the lien release to the Owner of the residential parcel, lot or unit.

13. **PAYMENT PLANS.** An Owner of a separate interest which is not a timeshare or who is not a developer may, if mailed to the Association within fifteen (15) days of the postmark date of the pay or lien notice, submit a written request to meet with the Board to discuss a payment plan for the payment of any delinquency. The Association shall provide the Owner with the Association's standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request, unless there is no regularly scheduled Board meeting within that period, in which case the Board shall designate a committee of one or more members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to record a lien on the Owner's separate interest to

secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect delinquent assessments from the time prior to entering into the payment plan.

**14. PERSONAL OBLIGATION TO PAY ASSESSMENTS AND CHARGES.**

Assessments, together with late charges, reasonable fees and costs of collection, reasonable attorneys' fees, and interest are a debt of the Owner of a separate interest at the time that the assessment or other charges are levied or fall due. Whether or not the Association records a Notice of Delinquent Assessment (lien) on your property, the Association has a right to look to the Owner, personally, to pay the debt and pursue collection of that debt in a court action. The Association is also entitled, upon compliance with the requirements of California law, and provided certain criteria and procedures as specified by law are satisfied, to record a lien against your property and to take enforcement action to sell your property without court action by non-judicial foreclosure. The recording of a lien against your property does not limit the right of the Association to pursue any Owner personally for payment of all monies due.

**15. COURTESY STATEMENTS AND TIMELY PAYMENTS.** It is the Owner's responsibility to allow ample time to deliver or mail all monies due before the delinquency date. As a courtesy only, invoices or statements for regular assessments will generally be sent to an Owner by first class mail addressed to the Owner at his or her address as shown on the books and records of the Association. However, it is the Owner's responsibility to be aware of the regular assessment payment due dates and to pay any and all regular assessments when due, whether or not an invoice or statement has been sent or received. An Owner should promptly advise the Association of any changes in the Owner's mailing address.

**16. RIGHT TO REQUEST VALIDATION OF DEBT.** An Owner has the right to request validation of the debt by notifying the Association in writing of such request within thirty (30) days of the Association's initial collection communication to the Owner. Upon such request being made, an account history or other document reflecting the delinquent balance will be forwarded to the Owner. Any information obtained in the collection process or obtained from an Owner will be used for the purpose of collecting any monies owed.

**17. COMPLIANCE WITH CIVIL CODE SECTION 1365.1.** The following notice is set forth to comply with Civil Code Sections 1365.1(a) and (b):

**NOTICE ASSESSMENTS AND FORECLOSURE**

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

## ASSESSMENTS AND FORECLOSURE

Assessments become delinquent fifteen (15) days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Section 1367.4 of the civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 1366, 1367.1, and 1367.4 of the Civil Code.)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code.)

The association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 1367.1 of the Civil Code.)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 1367.1 of the Civil Code.)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 1367.1 of the Civil Code.)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

### **PAYMENTS**

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 1367.1 of the Civil Code.)

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 1363.810) of chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code.)

### **MEETINGS AND PAYMENT PLANS**

An owner of a separate interest that is not a timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code.)

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist.

**18. EFFECTIVE DATE OF THIS POLICY.** This policy was duly adopted by resolution of the Board of Directors and shall be effective as and from January 1, 2006.