

Operating Rules (Required Civil Code Sec. 4525)
Hillcrest Community Association

Order: GB6MJBSHD
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Attachment B

**AMENDED RULES & REGULATIONS
w/ REVISIONS TO VEHICLES & PARKING SECTION
PROPOSED SEPTEMBER 5, 2007**

PREAMBLE

These Rules & Regulations have been adopted by the Board of Directors on behalf of all residents, in an effort to maintain the high standards within the Hillcrest Community. Please keep this packet with your CC&R's, By-Laws, Articles of Incorporation and other Important Association Information.

Order: 06010551-15
Address: 16775 Von Karman Suite 100
Order Date: 06-10-2019
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MANAGED BY:

Keystone Pacific Property Management, Inc.
16775 Von Karman Suite 100
Irvine CA, 92606

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HILLCREST COMMUNITY ASSOCIATION GENERAL POLICY STATEMENT

The Association CC&R's are the basic rules for condominium living. Our CC&R's were developed by experienced professional people in the field, then carefully examined and approved by the California Department of Real Estate. Our CC&R's are designed for the protection, maintenance and improvement of the Hillcrest Community complex/property. The Hillcrest Community Association Rules & Regulations are basically a condensation of these CC&R's.

Our CC&R's require that rules be enforced fairly & consistently. Any resident or homeowner who observes a violation of any rule should:

1. Try to resolve differences through direct contact with his neighbor, discussing the situation and reminding him of the rule which is being violated;
2. If the problem persists, submit a written report to the Management Company regarding the violation, making sure to include the address of the offender, without which action cannot be taken.

Resolution and/or action will be accomplished between the violator and the Board of Directors through the Management Company.

PRIVATE PROPERTY

"Property bounded by and contained within...the perimeter walls, floors, ceilings, windows and doors of a specific unit and its garage."

COMMON AREA PROPERTY

Common area is Property available for the use of all residents and maintained at common expense. (i.e., greenbelts; streets, parking areas, pool area, entryways, etc.)

COMMON PROPERTY WITH RESTRICTED USE

Property belonging to the Association but restricted to the use of individual homeowners. (i.e., backyards, balconies)

The following simple, common-sense rules are designed to enhance, rather than constrain everyone's enjoyment of living in Hillcrest.

HILLCREST COMMUNITY ASSOCIATION RULES & REGULATIONS

The following Rules & Regulations, which apply to all homeowners and residents, have been designed for the purpose of maintaining the quality of life at Hillcrest at its optimum. It is important to note that in a community development, the extent of general compliance with the rules directly affects the value of the property. It is in the interest of every homeowner to support the enforcement of these Rules & Regulations.

In the event of any conflict between the Rules & Regulations as stated herein and the declaration of Covenants, Conditions and Restrictions (CC&R's) of the Hillcrest Community Association, the latter shall prevail.

GENERAL RULES

1. No unit shall be used for any purpose other than as a residence, not by more than one family at a time, and no unit shall be rented for fewer than 30 days.
2. No unit shall be used for the conduct of any trade, business, professional or commercial activity of any kind.
3. No exterior signs may be posted, either on garage doors or on the common property. One real estate sign may be displayed only in the window of a unit when the unit is for sale or rent.
4. No signs, notices or advertisements may be attached to the mailboxes, which are the property of the United States Postal Service.
5. No exterior TV or dish antenna, solar heating panel or short wave radio may be erected anywhere on Association property without prior approval of the Architectural Committee. No station may operate from any unit.
6. Nothing shall be done in any unit, or any portion of the property so as to create a nuisance or in any way interfere with the quiet enjoyment of the residents. Excessive noise or loud disturbance is specifically prohibited on Association property at all times, including the loud playing of radios, stereos and TV's inside or outside of the unit or in vehicles traveling through the Association property.

GENERAL RULES CONTINUED

7. Trash and yard clippings must be placed in suitable containers, such as plastic containers with lids. Trash receptacles must not be put out for collection before 6:00 p.m. on the evening preceding collection day. Excess bags can be placed on the top of the container with the lid open. For bags that will not fit on top of the container, call Waste Management at least 24 hours in advance of the regular pick up for a special pick-up at no charge to the homeowner. Per the contract with Waste Management and the City of Mission Viejo, the truck operator will not get out of the truck and bags will be left if not pre-scheduled. All receptacles must be stored out of sight, preferably in garages and in sanitary condition. Because garage doors must be left free of obstruction, trash containers must be placed between them but not to interfere with an opening and/or closing of any garage door. No trash may be left on sidewalks or in front of stairs. All trash receptacles must be removed from streets by 10:00 AM of the day following trash pick-up.
8. No clothing, rugs, towels, rags, mops, etc., may be hung for any reason including drying or airing purposes on balconies or railings, or anywhere inside or outside the unit, within view of neighbors or passers-by.

POOLS & SPAS

HOURS OF OPERATION:

Pools & Spas may be used:

Sunday – Thursday 8:00 AM to 10:00 PM

Friday – Saturday 8:00 AM to 11:30 PM

1. Pool usage is restricted to owners, tenants and invited guests. No more than four guests per unit are permitted at one time. Invited guests may use the pool and spas only when accompanied by their resident host. Residents are held responsible for damage caused by their guests as well as any infringement of pool rules by the guests.
2. Only residents are entitled to use keys to the pool area. They are not permitted to lend keys to non-residents, nor to open the gates to persons wishing entry to pool area without a key. Propping the pool gates open is strictly prohibited. No one may climb the fence or gates for any reason.
3. There is no Lifeguard on duty at any time. All use of the pool or spas is at the user's risk. Dangerous behavior (i.e. diving, running, jumping, pushing, etc.) is strictly prohibited.
4. All children under the age of 14 years must be accompanied in the pool area by a parent, guardian or responsible adult.

POOL & SPAS CONTINUED

5. Flotation devices are restricted to inflatable rafts and safety equipment for young children. No Styrofoam equipment of any kind may be used in either the pool or spas, as it may cause serious damage to the filter system.
6. No bicycles, skateboards, roller skates, rollerblades or wheeled toys are permitted in the Pool Area. No glassware, including bottles, is permitted within the fencing. No alcoholic beverages permitted in pool area, pool or spas. No pets permitted within the pool area.
7. Toddlers must wear snugly-fitting plastic pants in pool and spas.
8. Users of the pool area are responsible for keeping their immediate area clean. Deposit all trash, including the contents of ashtrays in the containers provided by the Association. Those who use the restrooms share responsibility for their cleanliness. Users of the barbecue, when finished, are required to turn off the gas and clean the grates with the wire brushes provided.
9. Please be courteous to those within the pool area. Any activity creating a nuisance such as loud music, shouting, screaming, objectionable language, running, pushing, et., is strictly prohibited.
10. Users of tanning oils are expected to wipe off the pool chairs they have occupied before leaving the area. Oil attracts dirt, and together they weather into a dry, hard crust, difficult and expensive to remove from the pool furniture.
11. Under no circumstances are pets of any kind allowed in the pool area.

VEHICLES & PARKING

1. The speed limit on Association property is 10 miles per hour at all times.
2. Vehicle parking is permitted in marked spaces only. Vehicles parked in marked spaces between the hours of 11:00 p.m. and 8:00 a.m. are required to have a valid parking permit as issued (two per living unit) by the then-current safety, security and parking ("Parking") contractor. Vehicles without a permit are liable to be towed at the vehicle owner's expense. Please refer to California Vehicle Code (C.V.C.) section 22658 A for further definition and detail.
3. There are no "fire lanes" complying with California Vehicle Code (CVC) 22500.1 within Association property. Nonetheless, no parking in any street, along any curb or common area is permitted at any time; with the exception(s) noted in point number four (4) below.

4. Unattended vehicles, occupied or not, not actively loading or unloading or performing commercial or emergency services (that are parked outside marked parking spaces) will be towed at the vehicle owners expense as provided for under C.V.C. 463.
5. Receiving/displaying a permit does not guarantee a parking space – it only ensures we are better able to share the spaces we have among residents and guests.
6. Vehicles will not be cited or towed for overdue vehicle registration.
7. Repair of vehicles is permitted only inside the unit's garage with the garage door closed and as long as such activity is neither a nuisance nor a business.
8. Any vehicle without doors, wheels, tires, windows, engine, transmission or is otherwise unsuitable or unsafe to drive on public streets shall be towed at the vehicle owners expense under C.V.C. 22658 A.
9. No recreational or commercial vehicle, trailer of any kind, vehicle that weighs more than one ton or is larger than fits within one marked parking stall may be parked on Association property.
10. No vehicle with signs or displays of any kind greater than 2 square feet on any side, front or rear; no truck, pick-up (or similar vehicle) that displays trade tools or goods (ladders, paint, machinery or equipment); no vehicle that has or operates booms, cranes, lighting fixtures or that has or displays any lit signage. is permitted to park on Association property.
11. Vehicles failing to conform to the above restrictions will be towed away at the vehicle owner's expense under C.V.C. 22658 A or C.V.C. 463 as defined above. Owners will be held responsible for any damage to parking areas, streets or other Association property caused by them, their vehicles or other apparatus (e.g. dumpsters) they or their tenants have placed or have caused to be placed there.
12. Only one vehicle is permitted in a parking space. Additional vehicles cannot be parked in the same space. If this occurs, the second vehicle will be towed at the owner's expense.

BUILDINGS & YARDS

1. No additions or alterations may be made to any building or yard, including screen doors, awnings, outdoor carpeting for balcony or entryway, planters, patio sunshelters, etc. without prior approval of the architectural committee.

2. Entries, stairs and landings, sidewalks, curbs and gutter areas adjacent to a unit must be kept clear of debris, free of all obstacles or unsightly and inappropriate items. (i.e., toys, trash, boxes, etc.)
3. Backyard landscaping must be kept free of weeds, well groomed and properly maintained. Trees judged to unreasonably block the view of any other resident will be ordered pruned or removed.
4. No planters or flowerpots are to be kept on ledges or shelves where they may fall onto a neighbor's property, with possible injury to anyone standing below. All potted plants must have a catch basin. No potted plants are permitted on the stairs or intermediate landings.

PET REGULATIONS

1. On the "Common Area Property"-all pets must be restrained on a leash held by a person capable of controlling the animal. Pets are not permitted to roam free.
2. Pet owners are required to pick up and dispose of pet droppings from their pets in a sanitary manner. This can be most expediently done by carrying a plastic bag or device designed for that purpose, available in most pet stores. Pet waste is a health hazard. Where others are likely to walk, it is an imposition and an embarrassment to residents and their guests.
3. Owners are responsible for any disturbance or nuisance. (i.e., barking at any hour, digging, aggressive behavior, etc.) Pet owners are also responsible for any personal injury or property damage caused by their pets.
4. Under no circumstances are pets of any kind permitted in the pool area.
5. No more than 2 pets are permitted in any unit.
6. All pets must wear license tags while on Common Area Property.



Hillcrest Community Association

September 12, 2007

Dear HILLCREST COMMUNITY ASSOCIATION Owners and Residents,

As you are no doubt aware, there is a serious problem with the parking available to our residents and our guests. While there are approx 2.6 parking spaces per home in the complex (one of them being the garage), there are some residents who have more vehicles than drivers, have overnight guests or guests that remain for several days. There has also been occasion where non-residents (neighbors) have parked in our community.

In any event, your Board has decided to act and is implementing a new parking policy, governed by rules summarized below and attached hereto, so we ALL have some parking space and vehicles are not towed in error. Since this is a matter of great urgency, and it is your Board's responsibility to enforce the Covenants, Conditions and Restrictions (CC&R's), it has been proposed and adopted by resolution to enact these rules under the "emergency" provisions for amending rules and regulations (CCC Section 1357.120). These revisions to the "Vehicles and Parking" section will be incorporated into the "Rules and Regulations" that are adopted and changed from time to time by due process at Board meetings (which you are all encouraged to attend and participate) and which are held regularly. Board meeting dates and resolutions made/adopted are also posted on the Association's web site at www.hillcresthoa.org.

This program supersedes any and all previous parking programs at Hillcrest. In no event will any past rule, regulation, infraction or other action on the part of the Board, Patrol Masters or other party become part of, or associated in any way with the new process and rules.

In keeping with the primary goal of protecting our safety and enhancing our community values, the Rules and Regulations and current policy related to commercial vehicles, repair of or storing of dangerous, dilapidated and/or unsightly vehicles in the association areas (including marked space with or without a permit) will continue to be enforced by Patrol Masters (or the then-current safety, security and parking contractor).

The amended Vehicle & Parking section of the Rules and Regulations that will be included by reference into the CC&R's packet are attached for your reference. Please read these documents carefully and place with your CC&R's for future reference.

The new rules will go into effect as of 12:01 a.m. October 17th, 2007.

HOW IT WILL WORK:

1. All vehicles parked in Hillcrest will require a permit to park in the evenings/overnight.
2. All parked vehicles must be within a defined and marked parking space. Only one vehicle per parking space is allowed.
3. There will be two permits (that are designed to hang from your rear view mirror inside your vehicle) provided free of charge to each residence that applies and provides proof of residence.
4. The permit must be wholly visible from the outside of the car.
5. If you do not have (or cannot hang your tag on) a rear view mirror, you must affix the permit in the same general area by some other means -- it must be wholly visible from outside the vehicle.
6. All Residents and Guests who park vehicles in Hillcrest between the hours of 11:00 p.m. until 8:00 a.m. will require a permit - or their vehicle will likely be towed.
7. Owners and Tenants are free to use the permits in any way they jointly agree
8. This program will be in effect 7 days per week.
9. Any unattended vehicle or vehicle not actively loading or unloading that is outside a defined and marked parking space shall be deemed to be "parked" and will be towed
10. It is the responsibility of each vehicle owner/operator to ensure they abide by the rules and thereby avoid having their vehicle towed.
11. Patrol Masters has been hired to manage the program and to issue permits that will be used to verify the right to park vehicles. They are also the authority that facilitates towing of vehicles parked contrary to the rules as defined herein and in the official Rules and Regulations enclosed herein and supplied every Owner/Tenant.
12. The Rules and Regulations as amended and adopted by your Board of Directors will supersede any and all previous parking rules/regulations without retroactive application. Please be aware these are official rules and are to be adopted and enforced as such.

SUMMARY:

- All parking in Hillcrest shall be in either your garage or defined marked parking spaces. All parking is un-allocated, that is, on a first-come first-served basis. Only one vehicle per space is allowed.
- Every Unit has two free permits that may be applied for.
- You **MUST** have a current valid permit to park in any (defined and marked) space between 10:00 p.m. and 8:00 a.m. the next morning -- 7 days a week.
- Receiving/displaying a permit does not guarantee a parking space -- it only ensures we are better able to share the spaces we have among RESIDENTS and GUESTS.

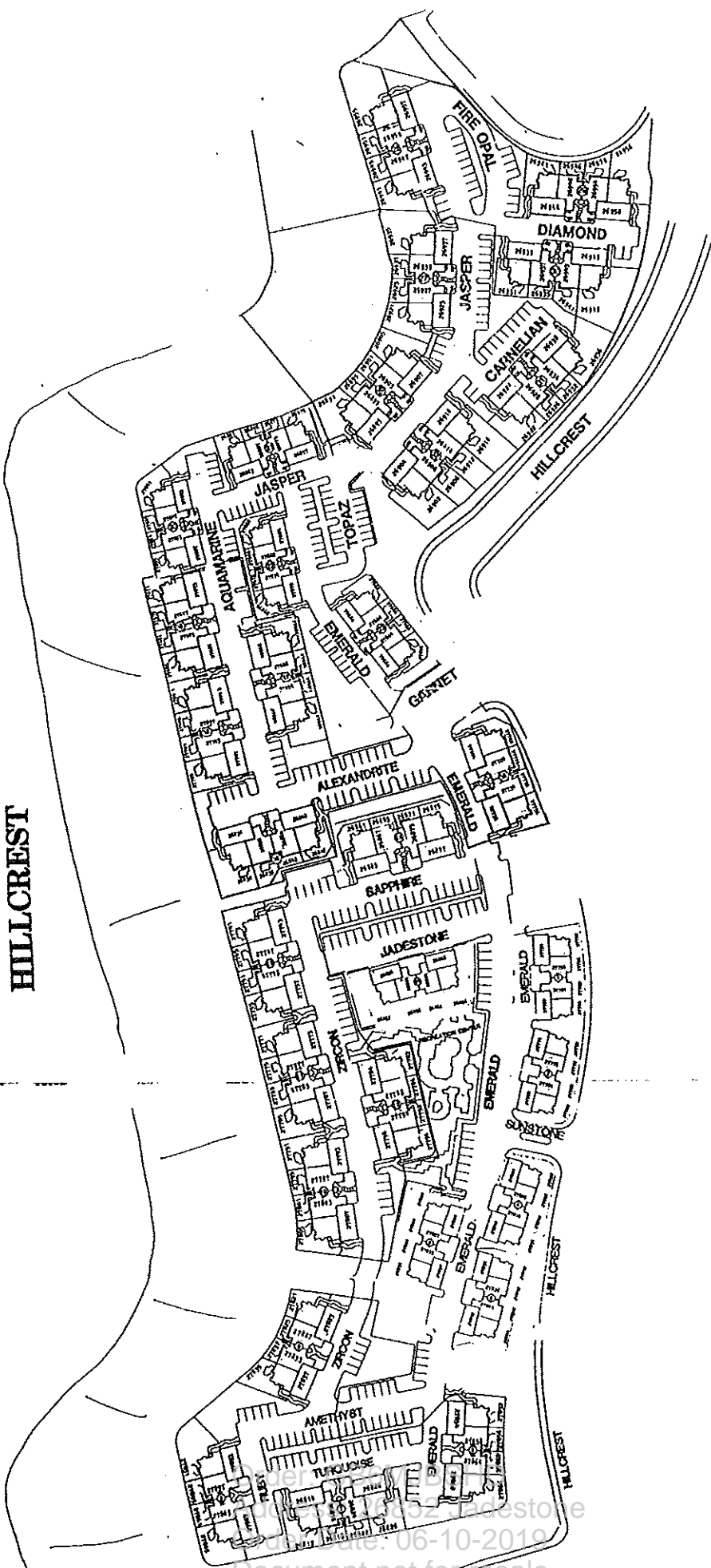
Your Board of Directors would like to thank you for your patience, understanding and anticipated cooperation with this program. Should you have any questions, please call Keystone Pacific Property Management at (949) 833-2600 or attend the monthly board meetings to get the opportunity to talk directly to your Board of Directors.

Sincerely,

On Behalf of the Hillcrest Board of Directors,

Enclosures: Parking permit application and agreement

HILLCREST



LOCATION: S. on Marguerite, pass Crown Valley, turn R on Hillcrest, L on Sunstone OR 5 to Crown Valley, make L, R on Medical Center Rd., L on Marguerite, L on Hillcrest, L on Sunstone. (27875 HILLCREST)

DEVELOPER: MVC 837-6050

TRACTS:

HILLCREST 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 our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&R's) and the California Civil Code to enforce the members' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&R's and *Civil Code Section § 5320*, the following are the Association's assessment practices and policies:

1. *Assessments are billed monthly and are due and payable on the "first day of the month."* A courtesy billing statement is sent monthly to the "billing address on record" with the Association. **However, it is the Owner of Record's responsibility to pay each assessment in full each month regardless of the receipt of a statement.** All other assessments, including Special Assessments, are due and payable on the date specified by the Board on the Notice of Assessment which date will not be less than thirty (30) days after the date of notice of the special assessment.
2. Assessments, late charges, interest and collection costs, including any attorney fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied *Civil Code Section §§ 5650(a) & 5660*.
3. Assessments not received within *Fifteen (15) days* of the stated due date are delinquent and shall be subject to a late charge of *Ten dollars (\$10.00)* for each delinquent assessment per unit.
4. 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, interest, and collection expenses, including attorney's fees, unless the owner and the Association enter into an agreement providing for payments to be applied in a different manner.
5. A first "*Notice of Past due Assessment*" will be prepared and mailed on assessments not received within *thirty (30) days* of the stated due date. A *Twenty-five dollar (\$25.00)* charge for the late letter will be made against the delinquent member's account. Additionally, an *Interest charge at the rate of 10% per annum* will be assessed against any outstanding balance including delinquent assessments, late charges, and cost of collection, which may include attorney fees. Such interest charges shall continue to be assessed each month until the account is brought current.
6. If an assessment is not received within *forty-five (45) days of the "stated due date"*, the Association will send a "*Pre-lien*" letter" to the owner as required by *Civil Code Section §§ 5650(a) & 5660*, by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a *One-hundred dollar (\$100.00) fee for the Pre-lien letter. In addition, the owner will also be charged a Forty dollar (\$40.00) fee for each Title check requested and a Fifty-dollar (\$50.00) fee for a Resolution to Lien.*
7. If an owner fails to pay the amounts set forth in the pre-lien letter within *thirty (30) days* of the date of that letter, a "*Lien*" for the amount of any delinquent assessments, late charges, interest and/or costs of collection including attorneys' fees may be assessed against the owner's property. The owner will be charged a *Two Hundred dollar (\$200.00) fee for the preparation and recordation of the Lien.* After the expiration of thirty (30) days following recordation of the lien, the lien may be enforced in

any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure *Civil Code Section §§§§ 5725 (b), 5735(a),(b), 5700(a), 5710(a),(c)*, subject to the limitations set forth below under "Additional Provisions to Conform to Law" and as otherwise provided by law.

8. If the balance due is not paid within *thirty (30) days of recordation of the Lien, the matter may be turned over to an Attorney for 'legal action', including an action to "Foreclose" the assessment lien and/or for a money judgment. The owner will be charged three hundred dollars (\$300.00) for preparing the matter to be sent to counsel.*
9. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to *Corporations Code Section § 8333*.
10. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interest, and costs of collection associated with the collection of those assessments.
11. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
12. 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.
13. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and legal fees must be paid in full to the Association.
14. The delinquent owner will be responsible for all costs of collection, including attorneys' fees, incurred by the Association to collect any delinquent sums *Civil Code Section § 5650(b)*.
15. All charges listed herein are subject to change without notice.
16. If an owner pays under protest, the owner can at the same time pursue dispute resolution AND commence an action in small claims court (amount at issue must not exceed jurisdictional monetary limit) *Civil Code Section § 5658*.

Additional Provisions to Conform to Law

Prior to the recording of a lien, homeowners that are delinquent will be sent a "Pre-lien" letter. The pre-lien letter will include an offer by the association to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the pre-lien letter, pursuant to the association's meet and confer program required by *Civil Code Section § 5900, et seq.*

Prior to recording of a lien, the Board of Directors will approve the recording of the lien in open session at a regular or special board meeting.

The association may not foreclose unless delinquent assessments are greater than \$1,800 or greater than one year in arrears.

Prior to commencing Foreclosure, the association will offer to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the offer of such informal dispute resolution, pursuant to the association's meet and confer program required by *Civil Code Section § 5900*, et seq. and will also offer to engage in formal alternative dispute resolution with a neutral third party pursuant to *Civil Code section § 5925*, et seq.

Prior to commencement of foreclosure, the Board of Directors will approve the foreclosure in executive session and note the approval in the regular minutes of the association without identification of the name of the individual.

All foreclosures shall be subject to a ninety (90) day right of redemption.

Fee and Penalty Procedures

The following charges may be assessed in accordance with the Association's Assessment and Billing Collection Policy.

Order: 830135-01
Order Date: 06-10-2019
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Late Charge	\$10.00
Late Letter Fee	\$25.00
Pre-Lien Letter	\$100.00
Additional Pre-Lien Letters	\$50.00 each
Title Check Fee	\$40.00 each
Resolution to Record Lien	\$50.00
Lien Fee	\$200.00
Additional Lien mailings	\$50.00 each
Lien Release	\$100.00
Payment Plan Admin. Fee	\$25.00 monthly
Attorney Package Preparation	\$300.00
Returned Check Fee	\$25.00

In addition to the above, if a matter is sent to counsel for legal action, or to a collection service for foreclosure or other action, the owner will be responsible for any attorneys' fees and costs incurred by such action.

The mailing address for overnight payment of assessments is:

C/O Keystone Pacific Property Management, Inc.
16775 Von Karman Suite 100
Irvine CA, 92606

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

1. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section § 8333.
2. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interest and costs of collection associated with collection of those assessments.
3. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also make a written request to meet with the Board in executive session to discuss a payment plan. If the owner requests to meet with the Board to discuss a payment plan within fifteen (15) days of receiving the pre-lien letter, then the Board shall meet with the owner within forty-five days of the postmark on the owner's request, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
4. An owner is entitled to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Article 2 (commencing with Section 5900) of Chapter 10.
5. Prior to initiating foreclosure against the owner's separate interest, the owner is entitled to submit a written request for alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.
6. Statements will be mailed from Management as a courtesy **AND MAY NOT REFLECT** the collection costs, attorneys' fees or other charges, or payments received by the collection service.
7. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.
8. All charges listed herein are subject to change upon thirty (30) days' prior written notice.
9. The mailing address for payments of assessments by overnight delivery is:

16775 Von Karman Suite 100, Irvine CA, 92606

Please note that should an account be referred to a (collection service, the collection service will provide the new address for overnight payments.

EXHIBIT "A"

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 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 non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial 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 non-judicial foreclosure subject to the conditions set forth in Section 5705 of the Civil Code. When using judicial or non-judicial 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 §§§ §§§ 5600, 5605, 5650, 5660; 5700 and 5705 of the Civil Code)

In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial 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 §§ 5600 and 5650 of the Civil Code)

The association must comply with the requirements of Sections §§§ 5650, 5673, 5675 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 § 5650 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 § 5660 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 § 5685 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 § 5655 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 2 (commencing with Section § 5900) of Chapter 10 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 3 (commencing with Section § 5925) of Chapter 10 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 § 5685 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 § 5665 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 to the payment plan standards of the association, if they exist. (Section § 5665 of the Civil Code)*

*Citations to Code Sections are verbatim from Civil Code effective as of 1/1/2014