LA CRESTA PROPERTY OWNERS ASSOCIATION

RULES & REGULATIONS

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SECTION 1

MEMBERSHIP INFORMATION

The La Cresta Property Owners Association ("Association") offers many advantages to the buyer. In order to protect and preserve these benefits, however, certain limitations and restrictions are placed on owners within the Association.

The Association is a California non-profit corporation. The Association's Members are the owners of property within the boundaries of the Association.

The purpose of the Association is to ensure that the common area will be maintained in an attractive manner and will be available for the enjoyment of all residents. Your automatic membership in the Association provides a membership base to share in the future costs of maintaining the community.

The attached rules, regulations and policies have been developed with consideration given to providing each resident with the greatest enjoyment of the facilities without infringing on other residents and their rights to quiet enjoyment of their property and community. These revised Rules and Regulations shall replace all prior versions.

Although these Rules and Regulations are consistent with the Covenants, Conditions and Restrictions (CC&Rs), they do not cover the entirety of the document. Please be sure to read the CC&Rs carefully.

Board of Directors

The Board of Directors ("Board") is composed of five (5) Owners/Residents elected by the Community. Board members are elected for staggered term of two years. They are people who volunteer their time, their skills and their energy toward maintaining and enhancing the value of your investment and to make the Association a pleasant environment in which to live.

The Board is empowered under the CC&Rs and California law to establish any rules or regulations that it deems reasonable with regard to the use, occupancy and maintenance of the individual Lots, Community Common Area and recreational facilities. These rules apply to owners, their tenants or guests, and govern the conduct of such persons with respect to vehicular traffic, parking, control of pets, and other activities which, if not regulated, might otherwise detract from the appearance of the community, be offensive, cause inconvenience or danger to persons residing in the Association.

SECTION 2

TENANTS

Owners and their tenants and guests must comply with the CC&Rs, Architectural Guidelines and the Rules and Regulations of this Association. Owners are held responsible and liable at all times for the actions and conduct of their families, guests, and tenants while within the Association.

All owner, tenant and guest violations of the Association's CC&Rs and Rules and Regulations, will be cited against the Owner of the lot from which the violation originates. The Owner will be held liable for payment of any penalty assessment levied for the tenant or guest's violations, as well as costs or fees incurred by the Association. Owners are not precluded from collecting reimbursement from their tenant or guest. It is the responsibility of every owner to advise their guests or tenants of the Association Rules and Regulations.

SECTION 3

ROADS

Authority to Regulate

CC&Rs Article V, Section (b) states that maintenance, repair and upkeep of the private roads, drainage improvements, and slope easements is part of the Association's general purpose. Bylaws Article III, Section 13(g), states that the Board has to power to "provide, promulgate and enforce all regulations reasonably necessary to govern and police the use of said roads, easements and fire protection areas, including but not limited to, the establishment of parking regulations and restrictions on such private roads."

Location of Roads

The main roads of La Cresta are located within easements over property owned by abutting landowners and recorded on tract maps. These easements are typically 30' on each side plus a 50' slope easement (60' for road, 100' for slope = 160' total). On Avenida La Cresta the easements are typically 50' plus 50'. The dimensions of the easement areas on a specific lot can be determined by reviewing the relevant tract map. The paved roadway is located somewhere in this easement area. There is no obligation for the Association to locate the roads in the center of the easement area.

There are no current "as-built" authoritative surveys of the road locations. The abutting property owners are responsible for knowing their exact property boundaries.

Private cul-de-sacs were created by the subdivision of larger parcels. Maintenance of private cul-de-sacs is not the responsibility of the Association.

Drainage

Property owners' access to the roads (either directly from their property or from a private cul-de-sac) may not interfere with water drainage so as to create damage to the roads or the property of other owners. Water flowing beside the roads may either flow over an access driveway (or cul-de-sac) or through culverts. It is the property owner's responsibility to maintain these access points.

Property owners are responsible for ensuring that water draining off their property does not sheet over the road surface.

Any damage caused to the roads as a result of improper access or drainage will be repaired and the costs assessed to the responsible property owners.

Hazards

Any hazardous condition emanating from a property must be corrected by the property owner. This includes immediately removing overhanging limbs or downed branches which obstruct the road or slope easement.

Upon learning of a potentially hazardous condition within its road or slope easement, the Association will notify the property owner of the action they must take to correct the condition. The owner must correct the condition or provide the Association with an acceptable plan of action. If the owner fails to do so to the Association’s satisfaction, the Association may correct the hazardous condition and assess the costs to the responsible property owner. The Association will follow its hearing procedures to document conditions, costs, and responsibility.

In an emergency, the Association will act immediately to correct a hazardous condition. Costs may be assessed to the property owner at the discretion of the Board following a hearing.

Emergency barricades placed by the Association, or its contractors are intended to provide safety and protection from hazardous conditions. Anyone who removes these barriers becomes liable for any damage or injury which may occur to themselves or others as a result of removing the barricades.

Report road damage or hazards immediately to the property management company, which has an after-hours emergency maintenance service.

SECTION 4

PARKING

Parking is not permitted at any time within any slope easement that has been designated and improved for recreational trails.

Permanent parking is not permitted on the roads or slope easements. Except where recreational trails are located, occasional temporary parking is permitted if it is incidental to the use of a property for agricultural, construction, maintenance, or non-commercial social activities.

Except where recreational trails are located, parking for loading and unloading such things as materials, supplies, feed, fertilizer, equipment, crops, horses, and trash is permitted so long as it is temporary, does not create a hazard, and does not damage the roads and slopes.

SECTION 5

SIGNS

General Sign Rules

No signs of any type may be attached to Association Street or sign poles or placed anywhere within a slope easement that has been designated and improved for recreational trails.

On recreational trails in locations other than slope easements, signs may not include any item that could frighten horses and thus endanger riders and other trail users, including but not limited to flags, balloons, and whirligigs.

Signs intended to be in place for multiple days are permitted if they comply with all of the following rules.

- Except where recreational trails are located, signs may be placed in the Association slope easement adjacent to roads if they are freestanding, have a top edge that is no more than three (3) feet above the surface of the ground, and are no more than two (2) square feet in total area.
- All banner signs must be approved in writing and in advance by the Board.
- The person who places a sign is responsible for ensuring that it is removed.
- No signs with a top edge higher than three (3) feet from the surface of the ground and greater than two (2) square feet in total area shall be placed on the Association road or slope easements outside of the parcel to which such signs pertain without the Association's prior written consent. This includes directional or other signs placed at the entrance or along roads within the Association.

Real Estate Signs

- No cross-arm style signs shall exceed four (4) square feet in total area with a post no more than five (5) feet in overall height.
- There shall be only one (1) sign per street front, per parcel. For example, a property facing only one street front may place one sign. A corner property with two street fronts may place one sign facing each street.
- All signs shall be supported by a metal stake or wooden post.

- Each sign shall be placed perpendicular to the roadway.
- Each sign shall be placed at least ten (10) feet back from the edge of the paved surface of the roadway.
- Small Open House signs fall under the single day event section of this policy.

Commercial Signs

All signs designed to solicit business are prohibited within Association boundaries. Vehicles towing or carrying mobile billboards may not be parked on Association road or slope easements or in any location visible from. Vehicles with commercial signage temporarily visiting an Association property for business purposes are exempt from the preceding rules.

Single Day Event Signs

Signs for single-day events such as non-commercial weddings, birthdays, parties, garage sales, real estate open houses, etc., must be removed before sundown the day after the event.

Exemptions to Sign Policy

The following types of signs on private property are permissible at all times, subject to the rules above:

- “No trespassing” signs;
- Security alarm system notices;
- Property address/property owner name;
- Agricultural signs on grove or farm properties, such as “no spraying” notices;
- Equestrian signs;
- Firewise reflective address signs approved by the National Fire Protection Association.

Placement of Signs

Except where recreational trails are located, signs may only be placed on the sign owner’s private property or on the Association slope easement adjacent to roads.

Only one Open House or single day event sign may be placed on each street, in addition to one sign placed in front of the property sponsoring the event.

Enforcement

Sign Policy violations are subject to the fine policies currently in place according to the LCPOA governing documents.

Violation of the sign policy may also result in the confiscation and/or disposal of the sign(s).

SECTION 6

CUL DE SACS

For the purposes of this policy, a "cul-de-sac" is any road within the boundary of the La Cresta development not shown on the original 1969 maps of the development. Cul-de-sacs are created by splits of the original parcels. The CC&Rs do not obligate the Association to maintain cul-de-sacs, and it has no road easement over them.

For these reasons, the Association does not maintain or insure cul-de-sac roads except where it has a license or easement for a recreational trail. Instead, the maintenance, drainage, and insurance needs of the cul-de-sacs are the collective responsibility of the property owners whose properties are served by the cul-de-sac.

All improvements, as defined by the CC&Rs, to cul-de-sacs will require architectural approval and are governed by the Association's Architectural Guidelines. Such improvements may include, but are not limited to, major grading and the construction of any structure.

The Association reserves the right to stipulate standards regarding how a cul-de-sac may interface with an Association-maintained road.

SECTION 7

ENFORCEMENT POLICY AND FINE SCHEDULE

In the event that the Board receives complaints from two or more property owners regarding the same violation, or observes that an alleged violation of the Association's Governing Documents has taken place, the following steps may be taken. While it is normal policy to require two or more property owner complaints, the Board reserves the right to act with just a single complaint.

Notice of Violation

A letter will be sent via certified and/or first-class U.S. mail to the owner. The letter will include the following information: (a) the alleged violation, (b) the provision of the Association's governing documents that was allegedly violated, and (c) the date upon which the alleged violation must be cured to avoid further action. However, the Board reserves the right to skip this step and immediately issue a Notice of Hearing where the Board believes the circumstances justify such action.

Notice of Hearing

If the violation is not cured within the timeframe set forth in the Notice of Violation letter, a letter will be sent via certified and/or first-class U.S. mail to the owner. The letter will include the following information: (a) the alleged violation, (b) the provision of the Association's governing documents that was allegedly violated, and (c) the time, date and place of the next Board meeting

where the violation will be addressed in a hearing in executive session. A summary of the Association's Enforcement Policy and Fining Schedule will be included with the Notice of Hearing.

Hearing

On the date and at the time set forth in the Notice of Hearing (which shall be at least ten (10) days after the Notice of Hearing is provided to the alleged violating owner), the Board will meet in executive session, regardless of whether the alleged violating owner is in attendance, to discuss and evaluate the evidence that has been presented by the complaining party, the alleged violating owner (either by written statement or evidence, or personal testimony) and any witnesses. The alleged violating owner shall have an opportunity to review the evidence presented against him or her and address the Board in his or her defense.

Disciplinary Action

If the Board, after evaluating all the evidence presented, finds that a violation has occurred, then it may impose disciplinary action against the violating property owner by levying a fine, in accordance with the Fine Schedule attached hereto and incorporated herein. The Board may also take legal action against the violating property owner.

Written Findings

Within fifteen (15) days following the hearing, the Board shall provide the owner with a written notice of its findings and any disciplinary action imposed against the owner, by certified and/or first-class mail. No disciplinary action shall be effective until and unless such notice of Written Findings has been sent to the owner.

After Notice and a Hearing, as set forth above, the following disciplinary action may be imposed against an owner for a violation or violations of the Association's governing documents:

Fine Schedule

- For significant violations of the Nuisance Policy, as solely determined by the Board, a $1000 fine will be assessed following the first hearing, $2000 following the second hearing, and $3000 following the third and every hearing thereafter.
- For all other violations, including minor violations of the Nuisance Policy, a $250 fine will be assessed following the first hearing, and $500 following the second and every hearing thereafter.
- For the same violation repeated within a twelve-month period, the applicable fine schedule will be applied without interruption, starting with the next fine amount in the sequence described above.
- If the Board determines that the fine amounts above are insufficient to curtail the offending activity, the Board may double the fine amount at any step.

Legal Action: The Board reserves the right, at any time during the enforcement process, to turn the violation matter over to the Association's legal counsel for enforcement via alternative dispute resolution and/or litigation.

SECTION 8

NUISANCE POLICY

This policy identifies some of the activities that may be considered a nuisance in violation of Article IX of the Association's CC&Rs, which states:

> "No noxious or offensive activity shall be carried on upon said Tract or any part thereof, nor shall anything be done or maintained thereon which may be or become an annoyance or nuisance to the neighborhood."

In accordance with CC&Rs Article X, no owner shall permit or allow any activity to be performed or any material of any kind to be kept within or upon their lot which will obstruct or interfere with the rights of quiet enjoyment of the other occupants in the community, or annoy them by unreasonable noises or otherwise, nor will any owner commit or permit any nuisance on their lot.

The Board of Directors has the authority to determine if any activity is a nuisance. A nuisance may include, but will not be limited to, the following:

- Noisy animals, loud music, fireworks, guns, exterior horns, whistles, bells, amplified sound systems, or other sound devices (other than security devices used exclusively for security purposes);
- Activity that produces dust that crosses a property boundary;
- Noxious odors;
- Noisy or smoky vehicles, including but not limited to off-road motor vehicles not used as utility vehicles;
- Noise or disturbance caused by excessive traffic or parking on roads or easements;
- Visual nuisance, including but not limited to maintaining property in an unsightly condition, including but not limited to failing to remove trash and other debris, discarded household equipment, or inoperative or abandoned vehicles that are not in an active state of renovation;
- Any nuisance activity described elsewhere in La Cresta's governing documents.

SECTION 9

VIOLATION REPORT

Violation reports may be submitted by owners for violations that cannot be viewed from the street (*e.g*., barking dog, noise nuisance, garage storage, etc.). For the Association to act on such reports, it must receive at least two complaints concerning the same violation from different Association members. Please be as specific as possible to enable the Board to expedite the enforcement process in a timely manner. All alleged violations will be evaluated to ensure that they are considered an infraction as defined by the Association's governing documents.

SECTION 10

INTERNAL DISPUTE RESOLUTION

The following internal dispute resolution (IDR) policy complies with California *Civil Code* Sections 5905 and 5915. This policy will apply to a dispute between the Association and a member involving their rights, duties, or liabilities under the Davis-Stirling Common Interest Development Act (*Civil Code* Section 4000, *et seq*.); the California Non-Profit Mutual Benefit Corporation Law (*Corporations Code* Section 7110, *et seq*.); or the governing documents of the Association. This policy supplements the requirements for alternative dispute resolution as provided in *Civil Code* Section 5925, *et seq*.

1. Either party to a dispute within the scope of *Civil Code* Sections 5900–5920 may invoke the following procedure:

    a. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

    b. A member of the Association may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.

    c. The Association's Board shall designate a member of the Board to meet and confer.

    d. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.

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

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

    a. The agreement is not in conflict with law or the governing documents of the Association;

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

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

SECTION 11

ASSESSMENT 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 takes very seriously its obligation 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. The following are the Association's assessment collection practices and policies, pursuant to Civil Code ("CC") §5310(a)(7) and payment plan standards consistent with CC §5665:

1. **Due Dates:** Regular assessments are due and payable on October 1st of each year. It is the owner's responsibility to timely pay each assessment regardless of whether a statement is received. All other assessments, including special assessments, are due and payable on the date specified in the notice of assessment**.**

2. **Obligation to Pay:** Assessments, late charges, interest, reasonable collection costs, and reasonable attorneys' fees, if any, are the personal obligation of the owner of the subject property (the "Property") at the time the assessment or other sums are levied. (CC §5650(a).) Owners shall be responsible for all such amounts unless it is determined that all assessments were paid on time to the Association. (CC §§5650(b); 5650(a).)

3. **Late Charges:** Unpaid assessments are delinquent 15 days after they are due. (CC&Rs, Art. V, § (e)); CC §5650 (b).) A late charge of ten dollars ($10.00) or ten percent (10%) of the delinquent assessment, whichever is greater, will be charged, plus a collection cost of $15.00 for delinquency notice sent for any assessment which is not paid in full within 15 days of the due date. (CC&Rs, Art. V, § (f); CC §5650(b)(2).)

4. **Interest:** Interest on the balance due will accrue at the rate of 7% per annum commencing thirty (30) days after the assessment becomes due. (CC&Rs, Art. V, § (f)); CC §5650(b)3.)

5. **Application of Payments:** Any payments received will be applied first to assessments owed, and, only after the assessments owed are paid in full will the payments be applied to fees

and costs of collection, late charges and/or interest. 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.

6. **Debt Validation Notice:** If any assessment becomes delinquent, the Association will send a debt validation notice that indicates the overdue assessment balance on the account.

7. **Delinquency Notice:** If any assessment becomes delinquent, 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. The owner will be charged a fee for such delinquency notice. If the amount set forth in the delinquency notice is not received before the due date set forth therein, the matter may be turned over to a collection agent or an attorney for further action, including legal action, or the Association may take such other collection action as it deems appropriate.

8. **Right to Submit Secondary Address:** Owners may submit a written request to the Association to use a secondary address. (CC §5260(b). Any such request must be delivered to the Association in a manner that complies with CC §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.

9. **Pre-Lien Notice:** Prior to recording a lien for delinquent assessments, the Association, its collection agent or attorney will send a pre-lien letter to the record owner as required by CC §5660 by certified and first class mail to the owner's address of record with the Association. The owner will be charged a fee for such pre-lien letter. The Association may obtain a vesting report from a title company in connection with preparation of a pre-lien letter. If a vesting report is obtained, the owner will be charged a fee for the report.

10. **Opportunity to Meet and Confer:** 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 Board member of the Association pursuant to the Association's Internal Dispute Resolution established in accordance with Article 2, Section 10 of the Act ("IDR") and/or a written request for alternative dispute resolution with a neutral third party pursuant to Article 3, Section 10 of the Act (ADR). (CC §5660).

11. **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 15 days of the postmark of the pre-lien notice, the Board will meet with the owner, in executive session, within 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 Board members to meet with the owner. (CC §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 the Standards for Payment Plans set forth herein below.

12. **Lien:** If an owner to whom a pre-lien letter is sent fails to pay the amounts demanded therein within thirty (30) days from the date such pre-lien letter is mailed, 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. (CC §5675). The owner will be charged a fee for such lien. No lien will be recorded unless a majority of the members of the Board approves the decision to record the lien at an open Board meeting. (CC §5673).

13. **Notice of Recordation of Lien:** 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. (CC §5675(e)). Any lien recorded by the Association will remain as an encumbrance against the Property until the debt secured thereby is satisfied.

14. **Dispute Resolution:** 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 CC §5705. The decision to pursue internal 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 pursue judicial foreclosure.

15. **Foreclosure of Lien:** The Association will not seek to foreclose any lien through judicial or non-judicial foreclosure unless and until the amount of delinquent (CC §5720(b)(2)) assessments secured thereby reaches $1,800.00, or until the assessments are at least twelve (12) months delinquent. The decision to initiate foreclosure of any lien shall be made by a majority vote of the Board members, in executive session.

16. **Notice to Owner of Decision to Foreclose:** If the Board decides to initiate foreclosure of a lien, it shall provide notice of such decision to the owner pursuant to CC §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. (CC §5705(d).

17. **Release of Lien Upon Satisfaction of Debt:** Within 21 days of receipt of full payment to satisfy a lien, the Association will record a release of lien, and provide a copy thereof to the owner. (CC §5685a.).

18. **Right to Inspect Records:** Owners have the right to inspect certain Association records pursuant CC §5205.

19. **Association's Addresses:** Any payments, notices or requests sent to the Association should be sent to the following address:

Regular payments:	Mailing Address for overnight payment of assessments, notices, and requests (cannot be a post office box):
La Cresta Property Owners Association c/o: The Avalon Management Group P.O. Box 52982 Phoenix, AZ 85072-2982	La Cresta Property Owners Association c/o Avalon Management 31608 Railroad Canyon Road Canyon Lake, CA 92587

20. **Association's Right to Collect by Any Lawful Means:** Nothing herein limits or otherwise affects the Association's right to proceed in any other lawful manner to collect any delinquent sums owed to the Association. The Association reserves the right to change the amount of any collection fee or charge, without notice, and reserves the right to modify or amend this collection policy at any time.

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 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 Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 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 5700 through 5720 of the Civil Code, inclusive)

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 area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The Association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 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 5675 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, the owner 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, but is not obligated to, pay under protest any disputed charge or sum levied by the Association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

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 Part 5 of Division 4 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 Part 5 of Division 4 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.

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest 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 exists.

The Board 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.

The following Disclosure is made pursuant to Civil Code Section 1812.700-1812.703

"The state Rosenthal Fair Debt Collection Practices Act and the federal Fair Debt Collection Practices Act require that, except under unusual circumstances, collectors may not contact you before 8 a.m. or after 9 p.m. They may not harass you by using threats of violence or arrest or by using obscene language. Collectors may not use false or misleading statements or call you at work if they know or have reason to know that you may not receive personal calls at work. For the most part, collectors may not tell another person, other than your attorney or spouse, about your debt. Collectors may contact another person to confirm your location or enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission at 1-877-FTC-HELP or www.ftc.gov."

SECTION 12

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.