

Village at Oasis Homeowners Association

Pro Forma Budget Summary & Disclosures

For The Fiscal Year January 1, 2023 through December 31, 2023

I. SUMMARY OF PRO FORMA OPERATING BUDGET, SUMMARY OF RESERVES & CAPITAL BUDGET

A. Summary of Pro Forma Operating Budget & Reserves. The Board of Directors reviewed the proposed budget for the 2023 fiscal year. Based upon this evaluation, the Board of Directors adopted the Operations Budget, the summary of which is noted on Exhibit "A" within this package. Regular Assessments shall increase by 34¢ per month per Unit, changing from \$142.35 to \$142.69 per month per Unit (hereinafter, referred to as the "Regular Assessment"). All Regular Assessments shall be payable, in advance, in equal installments, on the first day of each month.

In addition, attached hereto as Exhibit "B" are the Executive Summary, Assessment and Reserve Funding Disclosure Summary and Reserve Study Financial Update Report prepared by SCT Reserve Consultants, Inc.

The complete 2023 Pro Forma Operating Budget is available upon request. If any member requests that a copy of the 2023 Pro Forma Operating Budget be mailed to the member, the Association shall provide the copy to the member by first-class United States mail at the Association's expense. Delivery shall be within five days of receipt of request.

II. SPECIAL ASSESSMENT STATEMENT

The Board of Directors does not anticipate that a special assessment will be levied during the course of the 2023 fiscal year. At the present time, the Board of Directors uses that portion of the Regular Assessments allocated to reserves as its mechanisms to fund reserves.

III. RECORDS OF THE ASSOCIATION

The records of the Association, including name and addresses of the members are maintained at the Association's on-site office within the clubhouse located at 4190 East Palm Canyon Drive, Palm Springs, California 92264.

IV. NOTICES

A. Member Right to Obtain Minutes of Board Meetings. The minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than an Executive Session, shall be available to members within 30 days of the meeting. Upon written demand on the Association by any member for copies of the minutes, summary minutes, or proposed minutes for adoption that are marked to indicate draft status (if available) other than an Executive Session, may be obtained from the Association's on-site office within the clubhouse upon payment of the Association's costs for providing such copies. Cost is \$1.00 per page. Minutes are also available online at www.vimanagementservices.com, the password is **Owner! (which is case sensitive)**.

B. Delivery of Notice(s) to Association. Any document required to be delivered to the Association pursuant to the Davis-Stirling Common Interest Development Act and/or any other official document shall be delivered to or addressed to: Village at Oasis Homeowners Association, c/o President, 4190 East Palm Canyon Drive, Palm Springs, California, 92264.

C. Member Addresses for Delivery of Notices. A member may submit a request to have notices

sent to up to two (2) different specified addresses, pursuant to the Davis-Stirling Common Interest Development Act of the California Civil Code.

D. Posting Location for General Notices to Members. General notices to Members will be posted on the bulletin board near the owner mailboxes and on the Association website (www.vimanagementsvcs.com). A member has the option to receive general notices by individual delivery upon written request to the Association in accordance with the Davis-Stirling Common Interest Development Act of the California Civil Code.

E. Individual Delivery Notice

Documents designated by the Civil Code as requiring General Delivery or General Notice will be delivered using one of the methods detailed in Civil Code section 4045(a). If a member of the Association wishes to receive these general notice documents by individual delivery, they must make such a request to the Association, and the Association will comply with the request.

V. NOTICE OF RIGHT TO RECEIVE COLLECTION NOTICES AT SECONDARY ADDRESS

Upon receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices to the secondary address provided. The owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. The Owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

VI. NOTICE OF ADDRESS FOR OVERNIGHT PAYMENT OF ASSESSMENTS

Overnight payment of assessments may be sent/delivered to the following address: Village at Oasis Homeowners Association, c/o Vacation Internationale, 1417 116th Ave NE, Bellevue, WA 98004-3821

VII. SUMMARY OF THE PROVISIONS OF THE ALTERNATIVE DISPUTE RESOLUTION LEGISLATION, ENUMERATED UNDER CIVIL CODE §§ 1369.510 through 1369.590 ("ADR Laws") AND THE INTERNAL DISPUTE RESOLUTION PROCEDURE UNDER CIVIL CODE §§1363.810 TO 1363.850 ("IDR Process")

Pursuant to the ADR Laws, this letter will notify you of a law which requires owners within the subdivision, as well as the Association, to participate in some form of Alternative Dispute Resolution ("ADR") prior to initiating litigation to enforce the Association's governing documents, the Davis-Stirling Common Interest Development Act or the Nonprofit Mutual Benefit Corporation Law (CID Dispute). Subject to exceptions specified within the ADR Laws, an Association and its owner members must offer to submit their dispute to a form of ADR, such as arbitration or mediation, before filing a civil action to enforce the governing documents.

If the form of ADR chosen is arbitration, it may be either binding or non-binding at the option of the parties. The ADR Laws also provide that the failure of either the Association or any owner to offer ADR prior to initiating litigation is a potential basis for having your lawsuit dismissed. Additionally, the ADR Laws further provide that the reasonableness of any party's refusal to participate in ADR (prior to the filing of a lawsuit) will be considered by the court in its determination of the amount of attorney's fees awarded to the prevailing party.

Finally, this statute specifically requires that the Association send a summary of this legislation, which specifically includes the following provision of Civil Code §1369.590:

Failure by any member of the association to comply with the prefiling requirement of Section 1369.590 of the Civil Code may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

If you have a dispute with a member or with the Association regarding a CID Dispute, we strongly suggest that you review the ADR Laws contained herein and consult with an attorney to ascertain your rights and remedies.

IDR PROCESS
CIVIL CODE §§1363.810 TO 1363.850

The Association shall comply with the Internal Dispute Resolution Process contained within Civil Code §1363.840 (deemed within the statute to be fair, reasonable, and expeditious), as follows:

§ 1363.840.

(a) This section applies in an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article.

(b) Either party to a dispute within the scope of this article may invoke the following procedure:

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

(2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.

(3) The association's board of directors shall designate a member of the board to meet and confer.

(4) 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.

(5) 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.

(c) An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the common interest development or association.

(2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

(d) A member of the association may not be charged a fee to participate in the process.

ADR LAWS

California Civil Code §§1369.510 through 1369.590 -Alternative Dispute Resolution

§1369.510. Definitions

As used in this article:

(a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision-making process. The form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.

(b) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:

(1) Enforcement of this title.

(2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).

(3) Enforcement of the governing documents of a common interest development.

§1369.520. Requirements to Filing Enforcement Action

(a) An association or an owner or a member of a common interest development may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.

(b) This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000).

(c) This section does not apply to a small claims action.

(d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

§1369.530. Initiation of ADR Process

(a) Any party to a dispute may initiate the process required by Section 1369.520 by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:

- (1) A brief description of the dispute between the parties.
 - (2) A request for alternative dispute resolution.
 - (3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
 - (4) If the party on whom the request is served is the owner of a separate interest, a copy of this article.
- (b) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.
- (c) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

§1369.540 Completion Timeline

- (a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.
- (b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.
- (c) The costs of the alternative dispute resolution shall be borne by the parties.

§1369.550. Tolling

If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:

- (a) The period provided in Section 1369.530 for response to a Request for Resolution.
- (b) If the Request for Resolution is accepted, the period provided by Section 1369.540 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 1369.540.

§1369.560. Certificate of Completion

- (a) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:
- (1) Alternative dispute resolution has been completed in compliance with this article.
 - (2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.
 - (3) Preliminary or temporary injunctive relief is necessary.
- (b) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

§1369.570. Referred ADR

- (a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.
- (b) The costs of the alternative dispute resolution shall be borne by the parties.

§1369.580. Refusal to Participate

In an enforcement action in which fees and costs may be awarded pursuant to subdivision (c) of Section 1354, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

§1369.590. Annual Statement to Members

- (a) An association shall annually provide its members a summary of the provisions of this article

that specifically references this article. The summary shall include the following language: "Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 1369.520 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

(b) The summary shall be provided either at the time the pro forma budget required by Section 1365 is distributed or in the manner prescribed in Section 5016 of the Corporations Code. The summary shall include a description of the association's internal dispute resolution process, as required by Section 1363.850.

VIII. ASSESSMENT COLLECTION AND FULL PAY POLICY STATEMENT

ASSESSMENT COLLECTION AND FULL PAY POLICY FOR REGULAR AND SPECIAL ASSESSMENTS
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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 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:** Owners can request a receipt from the Association which shall indicate the date of payment and the person who received it. 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 sent/delivered to the following address:

**Village at Oasis Homeowners Association
c/o Vacation Internationale
1417 116th Ave NE
Bellevue, WA 98004-3821**

3. **APPLICATION:** Payments received on delinquent assessments shall be applied to the Owner's account as follows: payment shall be applied to the principal owed first. Payments on principal shall be applied to the Owner's account by the "balance forward payment" method, *i.e.*, in reverse order so that the oldest arrearages of the principal are retired first. Only after the principal owed is paid in full shall such payments be applied to interest, late charges, collection expenses, administration fees, attorneys' fees, or any other amount due to the Association which result in continued delinquencies.

4. **LATE CHARGE:** All assessments shall be delinquent if not paid within **30 days** after they become due and will result in the imposition of a late charge of ten dollars (\$10.00). Furthermore, the Association shall be entitled to recover any reasonable collections costs, including attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

5. **INTEREST:** If an assessment payment is not paid within **thirty (30) days** of its original due date, interest may be imposed on all sums due, including the delinquent assessment, collection costs, and late charges, at an annual percentage rate of ten percent (10%).

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 to the Association in a manner that shall indicate that 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 **forty-five (45) 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 15, then the June assessment would not have

been paid within 45 days after its original due date), a notice of delinquency (Pay or Lien Letter) shall 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 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: (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 the reasonable costs of collection. A copy of the Association's collection policy shall be attached to the Pay or Lien Letter.

8. INTERNAL DISPUTE RESOLUTION PROCESS*: The Association shall offer to meet and confer with a delinquent owner to resolve any dispute related to the total amount due from the delinquent Owner to the Association and/or the Association's Collection Policy ("Meet and Confer Offer"). The Association's Meet and Confer Offer shall either be placed within the Association's Pay or Lien Letter or in a separate written communication to the delinquent Owner. An Owner who wishes to accept the Meet and Confer Offer must do so by submitting his/her/its written request to facilitate the meet and confer with the Association, which written request must be received by the Association within twenty (20) days of the date of the Meet and Confer Offer. The Association shall designate a prompt date and time for the meet and confer, at a location that shall either be the Association's principal office or another convenient location as designated by the Association. The Association shall designate a Board officer, along with its CID Manager to participate in the meet and confer with the delinquent Owner. Prior to recording a lien for delinquent assessments, the Association shall participate in any meet and confer so accepted by the delinquent Owner, provided, however, that the Owner's acceptance of the Association's Meet and Confer Offer is made within twenty (20) days of the date of the Meet and Confer Offer.

*Pursuant to a 1994 California decision, *Park Place Estates Homeowners Association, Inc. v. Naber* (1994) 29 Cai.App. 4th 427, the appellate court held that homeowners have an independent obligation to pay monthly assessments and do not have a right to set off or withhold payments of assessments.

9. SHOW CAUSE HEARING: Additionally, a delinquent Owner may be given a written notice (either in the Pay or Lien Letter or in a separate written document, as determined by the Board of Directors) of a hearing before the Board of Directors, wherein the Owner shall be invited to show good cause why (a) the Owner's voting privileges; (b) the operation of the cable television service to the Owner's unit; and/or (c) the Owner's privileges for use of the common area/recreational facilities, including transponder privileges (hereinafter collectively "Membership Privileges") should not be suspended for non-payment of the delinquent assessment(s) ("Show Cause Hearing").

The notice and hearing procedures shall be in accordance with the following:

- a. Written notice shall be mailed to the Owner not less than ten (10) days prior to the date of such hearing by first class or certified mail at Owner's last known address as shown on the Association's records. The notice shall set forth the amount of delinquency owed by the Owner and the time, date and place on which the hearing shall be held;
- b. The Board of Directors shall provide an opportunity for the Owner to be heard, orally or in writing, at the Show Cause Hearing prior to making any determination on the suspension of any Membership Privileges;
- c. In the event good cause is not shown and the Owner's account has not been brought current, then the Board may suspend any of the Owner's Membership Privileges. Cable television services and/or transponder service shall be reinstated upon the Owner's account being brought current and upon payment to the Association of a reinstatement assessment in an amount equal to what the Association is charged by the cable / gate access company(ies) to facilitate reinstatement of cable and/or transponder service. The Board shall hold the hearing in Executive Session; provided, however, if the Board is requested by a Member to have his/her matter be heard in an open Board meeting, then the matter must be heard in an open Board meeting, and not in Executive Session.
- d. After the Show Cause Hearing, the Board of Directors shall provide within fifteen (15) days written notice to the Owner of the suspension of any Membership Privileges.

10. ASSESSMENT LIEN:

a. If the delinquent Owner does not bring his/her/its account current within the deadline set forth in the Pay or Lien Letter, the Board of Directors shall approve the recordation of an assessment lien against the delinquent Owner's property. The Board's decision to record the assessment lien shall be by a majority vote of a quorum of the Board members at an open Board meeting. The Board's action should refer to the lot/parcel number of the property that is delinquent, rather than the name of the owner. The Assessment Lien shall be recorded in the County Recorder's Office itemizing all sums that are then delinquent, including the delinquent assessment(s), then current monthly assessment amount which will also accrue and be a part of the lien, interest, late charges, collection costs and reasonable attorneys' fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent Owner's property.

b. **At the same time, the Association shall advise the Association's collection agent/bank that it should accept no further monies from this delinquent Owner until the assessment lien has been paid in full.** Owners shall not send any assessment payments to the Association once the matter has been turned over to the Attorney for collection; such payments shall only be accepted by the law firm. Any payments delivered to the collection agent shall be forwarded to the attorney's office; the attorney shall then release the lien if payment in full was made by the delinquent Owner. An additional fee for legal expenses shall be charged to the Owner at this stage (pursuant to *Civil Code* §1366.3(a)).

11. PRE-FORECLOSURE ACTIONS:

a. The Association shall make a written pre-foreclosure offer to meet and confer with the delinquent Owner, consistent with the process identified in paragraph 8 herein (except that the timeline for

the delinquent Owner to accept a meet and confer would be thirty-five (35) days from the date of the Owner's receipt of this pre-foreclosure offer) or alternative dispute resolution consistent with *Civil Code* §1369.510, *et. seq.* ("IDR/ADR Offer"). Owner shall have thirty-five (35) days from the date of the IDR/ADR Offer to decide whether or not Owner wishes to pursue dispute resolution or a particular type of alternative dispute resolution (except that binding arbitration is not available to any delinquent Owner if the Association intends to initiate a judicial foreclosure).

b. Prior to initiating foreclosure, the Board of Directors must, in executive session, approve the decision to proceed with foreclosure by a majority vote of a quorum of the Board of Directors. 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 lot/parcel number of the property that is delinquent.

c. 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"). 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* §1367. The procedure used shall be a private foreclosure, pursuant to *Civil Code* §2924, *et seq.* and *Civil Code* §1367. The foreclosure action shall include:

i. **A Notice of Default and Election to Sell shall be recorded** at the County Recorder's Office and a ninety-day reinstatement period shall begin.

ii. **A Title Report** shall be obtained from a title company at a cost of approximately \$350.00 and this shall also be charged to the delinquent Owner.

iii. Furthermore, an additional \$300.00 attorneys' fees and costs shall be charged at this stage.

12. If the Association determines that the property is over-encumbered, or otherwise makes a determination that a lawsuit is appropriate, the Association shall file a personal lawsuit against the delinquent Owner to recover all delinquent assessments owing to the Association. If a lawsuit is necessary 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.

13. If the delinquency is still not cured ninety (90) days after the Notice of Default and Election to Sell was recorded, the attorney shall proceed to record and publish the **Notice of Trustee's Sale**. This Notice must also be published three (3) times during a three-week period and posted in a public place. At this final stage, there shall be additional publication costs, as well as attorneys' fees of \$125.00. If a non-judicial foreclosure sale is completed by the Association against the delinquent Owner's property, the Owner shall have the right to redeem the property for a period of time up to and including ninety (90) days after the date of the Trustee's Sale.

14. 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 of Riverside County, California within 21 days of receipt of the sums necessary to satisfy the delinquent amount and mail a copy of the lien release to the Owner of the residential unit.

15. PAYMENT PLAN STANDARDS: The Association hereby establishes the following payment plan standards:

a. **Payment Within 60 Days:** If an Owner can bring himself/herself/itself current within sixty (60) days, inclusive of assessments which accrue within the sixty (60) days of the payment plan, the Association will forbear filing an Assessment Lien and the Owner will not incur the Assessment Lien costs if the payment plan is strictly followed. The payment plan shall include an administrative cost. By agreeing to the 60 day payment plan, the Owner further agrees that if he/she/it fails to make any of the

payments identified in the payment plan, the Association shall have the right to file an Assessment Lien without recommencing the pre-lien or Pay or Lien Notice process.

b. **Payment Exceeding 60 Days:** In light of the length of time of this payment plan, payment plans exceeding sixty (60) days shall require that the Association record its Assessment Lien to establish itself as a secured creditor. The payment plan shall also include an administrative cost. All costs related to the recordation of the Assessment Lien shall be part of this payment plan. The payment plan would require payment of all delinquent assessments amortized over the length of the payment plan, along with all assessments which will accrue during the payment plan. The Association shall further require that the Owner sign a Forbearance Agreement which identifies his/her/its obligations of repayment consistent with the payment plan and further provides that if there is a default under the payment plan, the Association can proceed with the collection process as particularly identified within the Forbearance Agreement. Payment plans under this paragraph 15.b should normally not exceed six (6) months.

16. REQUEST FOR PAYMENT PLAN: An Owner may submit a written request to the Association for a payment plan consistent with either paragraph 15.a or 15.b above. An Owner can also submit a written request to meet with the Board to identify which payment plan the Owner chooses, as identified in paragraph 15 above. The Board is required to meet with the Owner in executive session within 45 days of the postmark of the request for the meeting, if the request is mailed within fifteen days of the date of the postmark of the Pay or Lien Notice. If there is no regularly scheduled board meeting within the 45 day timeline, the Board has designated the Assessment Dispute Resolution Committee to meet with the Owner.

ASSESSMENT COLLECTION AND FULL PAY POLICY FOR COMPLIANCE ASSESSMENTS

1. **DUE DATE:** All Compliance Assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment. However, in no event shall such Compliance Assessment be due and payable earlier than thirty (30) days after it is duly imposed.

2. **LATE CHARGE:** All assessments shall be delinquent if not paid within thirty (30) days after they become due and 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. Furthermore, the Association shall be entitled to recover any reasonable collections costs, including attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

3. **INTEREST:** If an assessment payment is not paid within **thirty (30) days** of its original due date, interest may be imposed on all sums due, including the delinquent assessment, collection costs, and late charges, at an annual percentage rate of ten percent (10%).

4. **SHOW CAUSE HEARING:** Compliance Assessments not paid within thirty (30) days after the original due date will result in the delinquent Owner being given a written notice of a hearing before the Board of Directors wherein the Owner shall be invited to show good cause why (a) the Owner's voting privileges, (b) the operation of the cable television service to the Owner's Unit and/or (c) the Owner's privileges for use of the common area/recreational facilities, including transponder privileges (hereinafter collectively "Membership Privileges") should not be suspended for non-payment of the delinquent Compliance Assessment ("Show Cause Hearing").

The notice and hearing procedures shall be in accord with the following:

a. Written notice shall be mailed to the Owner not less than ten (10) days prior to the date of such hearing by first class or certified mail at Owner's last known address as shown on the Association's records. The notice shall set forth the amount of delinquency owed by the Owner and the time, date and place on which the hearing shall be held;

b. The Board of Directors shall provide an opportunity for the Owner to be heard, orally or in writing, at the Show Cause Hearing prior to making any determination on the suspension of any Membership Privileges;

c. In the event good cause is not shown and the Owner's account has not been brought current, then the Board may suspend any of the Owner's Membership Privileges. Cable television services and/or transponder service shall be reinstated upon the Owner's account being brought current and upon payment to the Association of a reinstatement assessment in an amount equal to what the Association is charged by the cable / gate access company(ies) to facilitate reinstatement of cable and/or transponder service. The Board shall hold the hearing in Executive Session; provided, however, if the Board is requested by a Member to have his/her/its matter be heard in an open Board meeting, then the matter must be heard in an open Board meeting, and not in Executive Session.

d. After the Show Cause Hearing, the Board of Directors shall provide within fifteen (15) days written notice to the Owner of the suspension of any Membership Privileges.

IX. NOTICE REGARDING ASSESSMENT AND ASSESSMENT ENFORCEMENT RIGHTS

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 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, 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 a 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 5 (commencing with Section 1368.810) 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 time-share 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. (Section 1367.1 of the *Civil Code*.)"

X. OUTSTANDING LOAN STATEMENT

The Association has no outstanding loans.