



## **Haven Management LLC**

9201 Archibald Ave ~ Rancho Cucamonga ~ Ca 91730

Phone (909) 948-0777 ~ Fax (909) 948-0799

---

June 27, 2017

Royal Palm Ranch Homeowner:

The 2017-2018 approved operating budget is enclosed. The Board of Directors has made every effort to contain operating costs and **this budget has the assessment increasing by \$5.00 and the monthly assessment will be \$195.00 per month for the next fiscal year beginning August 1, 2017. This slight increase is to help offset the rising utility costs in water and sewage. You will receive a coupon book soon for the 2017-2018 assessment year for your convenience. Please send in your assessment with the monthly coupon or sign up for ACH to have your dues withdrawn automatically.** Pursuant to Civil Code 5310(a)(11),5655; payments may also be mailed overnight to the office of Haven Management LLC.

### **Annual policy statement and enclosures:**

- 2017-2018 Budget { Civil Code sec. 5300(b)(1) }
- Annual Update of Reserve Study { Civil Code sec. 5300(b)(2) }
- Assessment and Reserve Funding Disclosure Summary { Civil Code sec. 5570 }
- Reserve Funding Disclosure { Civil Code sec. 5300(b)(3) }
- The 4/30/2017 Balance Sheet { Civil Code sec. 5305 }
- The Delinquency Policy { Civil Code sec. 5310(a)(7) and 5650(a) }
- Alternate Dispute Resolution (ADR) Rights { Civil Code sec. 5965 }
- Internal Dispute Resolution (IDR) Rights { Civil Code sec. 5920 }
- Violation Fine Policy { Civil Code sec. 5855 }
- The Annual Insurance Disclosure and Declaration Page { Civil Code sec. 5300(a)-(b) }
- Assessment and Foreclosure Notice { Civil Code sec. 5730, 4740(b) }
- Secondary Address Notification Request { Civil Code sec. 4040(b) }
- Security Disclaimer
- Working with Management

Please note that all Architectural Changes must be submitted to the Board of Directors for approval prior to any work being done. Please contact Haven Management LLC for the application form.

**Other:** Board meetings: Meetings are held on the first Monday of each month starting at 6:00 p.m. at the Chino Community Center 5443 "B" St. Chino, Ca 91710. The meeting agendas are mailed to the membership. Although every effort is made to keep the time and place of these meetings consistent, please confirm with the management company if you plan on attending. Minutes, minutes proposed for adoption that are marked draft status or a summary of the minutes of any meeting of the Board of Directors, other than executive session, shall be available within 30 days of the meeting. Approved minutes and other association documents are available at [condocerts.com](http://condocerts.com) for a nominal fee.

Haven Management LLC  
For the Board of Directors

ROYAL PALM RANCH HOA  
ANNUAL BUDGET REPORT  
FOR THE YEAR ENDING 07/31/2018

	MONTHLY	ANNUAL	MONTHLY PER UNIT
4110 ASSESSMENT INCOME	24,180.00	290,160.00	195.00
TOTAL REVENUE	24,180.00	290,160.00	195.00
5110 INSURANCE-BASIC	431.33	5,175.96	3.47
5140 LICENSES/FEES/DUE	50.33	603.96	0.40
5150 TAXES	10.00	120.00	0.08
5210 ELECTRICITY	500.00	6,000.00	4.03
5220 GAS	50.00	600.00	0.40
5230 WATER	2,995.47	35,945.64	24.15
5250 SEWER	1,778.74	21,344.88	14.34
5265 TELEPHONE	175.76	2,109.12	1.41
5270 TRASH	2,224.56	26,694.72	17.94
5275 STORM DRAINS	692.00	8,304.00	5.58
5280 STREET SWEEPING	311.74	3,740.88	2.51
5310 LANDSCAPE CONTRACT	1,500.00	18,000.00	12.09
5320 LANDSCAPE MATERIALS/SUPPLIES	100.00	1,200.00	0.80
5325 IRRIGATION/SPRINKLER REPAIR	173.50	2,082.00	1.39
5330 BACKFLOW TEST/RPR	50.00	600.00	0.40
5335 TREE MAINTENANCE	50.00	600.00	0.40
5510 POOL CONTRACT	340.42	4,085.04	2.74
5515 POOL/SPA REPAIRS	85.00	1,020.00	0.68
5530 JANITORIAL	500.00	6,000.00	4.03
5765 ELECTRICAL REPAIR	100.00	1,200.00	0.80
5830 COMMON AREA REPAIR	150.00	1,800.00	1.20
5835 VANDALISM EXPENSE	100.00	1,200.00	0.80
5860 PLUMBING REPAIR	100.00	1,200.00	0.80
5865 CLEAR SEWER DRAINS	75.00	900.00	0.60
5870 GATE REPAIRS	400.00	4,800.00	3.22
5871 GATE REMOTES	54.33	651.96	0.43
5880 FENCE REPAIR	100.00	1,200.00	0.80
5890 CAMERA MAINTENANCE	250.00	3,000.00	2.01
5895 PATROL SERVICE	3,565.00	42,780.00	28.75
6020 PEST CONTROL	5.00	60.00	0.04
6025 LOCK & KEYS	50.00	600.00	0.40
6030 SIGNS	25.00	300.00	0.20
6100 BAD DEBT EXPENSE	1,272.00	15,264.00	10.25
6110 MANAGEMENT FEES	1,453.00	17,436.00	11.71
6140 ACCOUNTING EXPENSE	100.00	1,200.00	0.80
6142 BANK CHARGE	124.59	1,495.08	1.00
6150 LEGAL FEES	150.00	1,800.00	1.20
6155 LEGAL/COLLECTION EXPENSE	100.00	1,200.00	0.80
6160 PRINTING/COPIES/OFFICE SUPPLES	285.00	3,420.00	2.29
6165 FILE BOX STORAGE	35.64	427.68	0.28
6180 ADMINISTRATIVE EXPENSE	80.00	960.00	0.64
6181 MISC EXPENSE	10.00	120.00	0.08
6566 HESS LIEN ADVANCE	75.00	900.00	0.60
8110 TRANSFER TO RESERVE	3,502.00	42,024.00	28.24
TOTAL EXPENSES	24,180.41	290,164.92	194.78

PER-UNIT AMOUNTS BASED ON 124 TOTAL UNITS

# Reserve Study Executive Summary

**Association Name:** Royal Palm Ranch Community Association  
**Location:** 12959 Royal Palm Circle, Chino Ca 91710  
**No. of Units:** 124 **Built:** 1985-90 **Fiscal Year Ending:** July 31, 2016  
**Level of Study:** Level II: Update with On-Site Inspection **Date of Physical Inspection:** April 14, 2016

## CURRENT FISCAL YEAR END SUMMARY OF RESERVE COMPONENTS

(See Reserve Analysis Worksheet, pg. 5, for breakdown of all components individual lives, current costs, and projected future replacement costs)

Reserve Component Groups	Estimated Useful Life	Estimated Remaining Life	Estimated Replacement Cost	Annual Funding Requirement	Accumulated Funding Requirement	Allocation of Fund Balance	Percent of Fund Balance
ROOFING & DECKS	10 - 30	2 - 7	\$ 3,503	\$ 230	\$ 2,192	\$ 1,770	0.9%
PAINTING/REPAIRS	5 - 20	1 - 20	19,921	2,766	9,896	7,991	4.2%
FENCE/SECURITY	5 - 25	4 - 18	83,073	5,887	32,735	26,433	14.0%
PAVED SURFACES	4 - 20	1 - 18	188,994	13,432	56,488	45,613	24.2%
POOL & SPA	4 - 25	1 - 18	55,588	4,553	23,813	19,229	10.2%
PLUMBING/UTILITIES	10 - 30	1 - 3	62,727	4,329	56,454	45,586	24.2%
LANDSCAPING/IRRIGATION	1 - 20	1 - 9	22,401	8,636	12,252	9,893	5.2%
LIGHTING/ELECTRICAL	20 - 25	15 - 18	50,624	2,155	13,619	10,998	5.8%
MISCELLANEOUS	10 - 25	5 - 18	30,088	2,023	14,831	11,976	6.4%
CONTINGENCY (5%)			25,846	2,201	11,114	8,974	4.8%
<b>TOTALS</b>			<b>\$ 542,765</b>	<b>\$ 46,212</b>	<b>\$ 233,394</b>	<b>\$ 188,463</b>	

## CURRENT FISCAL YEAR RESERVE FUNDS

Current Budgeted Annual Reserve Allocation	\$ 42,024
Reserve Fund Balance as of: February 29, 2016	\$ 181,879
Anticipated Funding to Year End	17,510
Anticipated Expenditures to Year End	(10,925)
Cash Projected at Year End July 31, 2016	<u>\$ 188,463</u>
Accumulated Funding Requirement (Fully Funded)	\$ 233,394
Percentage Funded at the end of this Fiscal Year	80.7%
Accumulated Deficiency for Current Fiscal Year	\$ 44,931 Per Unit \$ 362
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	NO

## RESERVE FUNDING OPTIONS FOR THE FISCAL YEAR ENDING: 2017

	per unit per month	per year
<i>funding options assume a 3% increase, unless otherwise noted</i>		
Annual Requirement Funding:	\$ 32	\$ 47,598
Current Budgeted Funding:	29	43,285
Recommended Funding:	29	43,285
Special Assessment/s Recommended?		NO
<i>For funding option details please see Reserve Study Summary page 2</i>		

We present this summary of the repair and replacement funding program of the Association as of July 31, 2016, and the related reserve funding projection for the 30-year period from 2016 to 2046, based on information provided by management and based upon the consultant's estimates of the most probable reserve component replacement costs, conditions, and lives. The annual requirement is based on the cost of each component divided by its total useful life. The accumulated requirement is the annual requirement multiplied by the number of years each component has been in service. The difference between accumulated requirement total and the actual cash balance may indicate a deficit which would be expressed in the percentage funded.

The above information is a condensed summary of the reserve study, in compliance with CA Civil Codes 5300, 5550, and 5600, and is intended to be included in the annual budget package to be provided to owners not less than 30 nor more than 90 days prior to the Association fiscal year end. CACC 5550 requires an on-site inspection every 3 years, and the study to be reviewed annually. Assumptions have been made about costs, conditions, and future events that may occur. Some of these assumptions may not materialize; and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and lives may vary from this report and the variations may be material.

The compilation of this reserve funding analysis and projection is based on representations of management and the consultant's estimates. We have not audited or reviewed the accompanying analysis and projections and, accordingly, do not express an opinion or any other form of assurance on them. We assume no responsibility to update this report for events occurring after the date of issuance of this report.

*Ronald Colman*

May 10, 2016

Sonnenberg & Company, CPAs

**Royal Palm Ranch Community Association  
Level II: Update with On-Site Inspection  
July 31, 2016**

**Inflation and Interest Earned on Reserves:**

As an industry standard, provision has been made in the funding projections for inflation, computed at three percent (3%), and an assumed 1% net interest on the reserve balance has been added to the reserve funds. As costs increase in the future, the annual reserve reports should be revised accordingly.

**Reserve Calculations:**

Based on estimated current replacement costs of \$542,765 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$46,212.

The accumulated funding requirement is calculated to be \$233,394.

As of July 31, 2016, the Association may have \$188,463 in accounts designated as reserve funds.

Therefore, a deficit of \$44,931 has been calculated, with a funding percentage of 80.7%. A portion of the annual reserve requirement may be provided for in the operating budget.

**Industry Standard Measure of Funding Strength:**

**0% - 30% = WEAK** At this level of funding, Special Assessments and deferred maintenance are likely.

**31% - 70% = FAIR** At this level of funding Special Assessment and deferred maintenance are less likely, but could still pose a concern. Efforts should be taken to increase to a healthier level of funding.

**>70% = STRONG** At this level of funding the Association should be well covered, with hopefully no need for deferred maintenance or Special Assessments.

**Funding Calculations:**

There are a variety of methods by which the Association can approach the desired level of funding. The Board is responsible for determining the optimum funding program. We have calculated three options:

**Option 1: Annual Requirement Funding:** This option assumes that the Association will maintain the annual funding requirement as calculated on page 5, without regard to any funding deficiency.

Currently the annual requirement allocation is \$47,598 or \$32 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

**Reserves could be at the Strong level of funding in FY 2016/17.**

**Overfunding of the reserves could occur beginning FY 2026/27.**

**Option 2: Current Funding:** The current budgeted funding level is projected over the 30-year period, including three percent (3%) annual increase, as compared to option 1 and 3.

Currently, with the 3% increase, \$43,285 or \$29 per unit per month will be allocated to reserves next fiscal year.

**Reserves are currently at the Strong level of funding.**

**Reserves could maintain the current Strong level of funding throughout the 30 year projection.**

**Option 3: Recommended Funding:** This option is intended to calculate the amount of funding that would be the most sufficient for the Association over the next 30 years. The Current Budgeted Funding, and the Annual Requirement Funding are both taken into consideration while creating a Recommended Funding that is hopefully achievable by the Association.

Recommended funding is, \$43,285 or \$29 per unit per month.

**The Current Regular Reserve allocation, along with the 3% annual increase for inflation, should fund the reserves at the Strong level of funding throughout the 30 year projection.**

**Royal Palm Ranch Community Association**  
**Assessment and Reserve Funding Disclosure Summary**  
**July 31, 2016**

**(1) Regular Assessments -**

Assessments to members are averaged at \$190 per unit per month for the year ending July 31, 2016.

\* If assessments vary by the size or type of unit, the applicable assessment rates may be found in the Association's accompanying Annual Budget and /or can be provided by the Association/management agent.

**(2) Special Assessments -** Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, which have been approved by the Board and/or members:

Date assessment is due:	Amount/ unit/month	Purpose of this assessment is to fund or supplement the replacement costs of:
N/A		

**(3) Reserve Account Balances -**

Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the Association's obligation for repair/and or replacement of major components during the next 30 years?

Yes                                X                                No                      \_\_\_\_\_

**(4) Additional Assessments -**

If the answer to #3 is No, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board of directors or the members?

**(Not applicable, proceed to #5)**

**(5) Major Components -**

All major components are included in the reserve study and are included in its calculations.

**(6) Current Funding Comparison -**

As of the current reserve study or update, the balance in the reserve fund is projected to be \$188,463.

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated accumulated funding requirement is \$233,394.                      The percentage funded is:                      80.7%

**(7) Funding over next 5 Budget Years -**

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated amount required in the reserve fund at the end of each of the next five budget years is projected to be:

\$218,210            \$244,917            \$228,970            \$250,488            \$267,944

The projected reserve fund cash balance at the end of each of those years is projected to be, taking into account only assessments already approved and other known revenues, as follows:

\$172,236            \$197,650            \$180,616            \$200,868            \$217,292

% Funded    78.9%            80.7%            78.9%            80.2%            81.1%

If the recommended reserve funding plan is approved by the Association and implemented, the projected reserve fund cash balance at the end of each of those years would be:

\$172,236            \$197,650            \$180,616            \$200,868            \$217,292

% Funded    78.9%            80.7%            78.9%            80.2%            81.1%

The law does not require the Association to fund reserves in accordance with these calculations.

The financial representations set forth in this summary are based on best estimates of the consultant at the time. These estimates regarding costs, lives and conditions are subject to change.

An assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% per year.

An assumed long-term net interest rate earned on reserve funds is 1% per year.

Per CACC 5550, the Association is required to adopt a 5 year funding plan.

May 10, 2016

ROYAL PALM RANCH HOA  
BALANCE SHEET  
AS OF 04/30/2017

ASSETS

UNION BANK - CIB 34,158.60

RESERVES

UNION BANK OF CALIFORNIA-MM 244,347.94

TOTAL ASSETS

278,506.54  
=====

LIABILITIES

TOTAL LIABILITIES 0.00

EQUITY

CURRENT YTD GAIN/LOSS ( 4,394.37)

TOTAL OPERATING EQUITY ( 4,394.37)

RESERVES

PRIOR YEARS-EQUITY BALANCE 285,765.59

RESERVE FUNDS CURRENT YEAR ( 2,864.68)

TOTAL EQUITY 282,900.91

TOTAL LIABILITIES & EQUITY

278,506.54  
=====

**ROYAL PALM RANCH HOA  
ASSESSMENT PRACTICES AND POLICIES  
DELINQUENCY & COLLECTION POLICY**

Prompt payment of Assessments by all owners is critical to the financial health of the Association and 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 5310 (a)(7), the following are the Association's assessment practices and policies.

1. Assessments, late charges, interest and collection costs, including any attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied (Civil Code Section 5660).
2. Regular monthly assessments are due and payable on the first day of each month. As a courtesy a coupon book is sent annually 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 whether coupon booklet is received.** 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.
3. 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.
4. Assessments not received within thirty (30) days of the stated due date are delinquent and shall be subject to a late charge of \$10.00 for each delinquent assessment per unit.
5. An interest charged 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's fees. Such interest charges shall accrue thirty (30) days after the assessments becomes due and shall continue to be assessed each month until the account is brought current.
6. If a special assessment is payable in installments and an installment payment of the special assessment is delinquent for more than thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessments shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.

7. A first notice of past due assessment (“letter”) will be prepared and mailed once an assessment becomes delinquent. Haven Management, LLC will charge the following fees: A ten dollar (\$10.00) charge for the late letter will be made against the delinquent member’s account. If the account becomes sixty (60) days delinquent an “intent to lien” letter will be sent to the delinquent owner. There is an additional eighty-five dollar (\$85.00) charge, which will be added to the delinquent owner’s account. At ninety (90) days delinquent, the property is subject to a lien and a “notice of assignment to attorney” letter will be sent to the delinquent owner. There will a thirty-five dollar (\$35.00) administrative fee, which will be added to the delinquent owner’s account. If the account is not brought current within the time specified in the letter, the account will be turned over to an attorney for the filling of a lien, notice of default and the commence foreclosure. There will be a sixty-five dollar (\$65.00) charge, which will be added to the delinquent owner’s account for the paperwork involved when the account is assigned to a collection agency.
8. If an account becomes sixty (60) days delinquent, the Association will send a pre-lien letter to the owner as required by Civil Code Section 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 and eighty-five dollar (\$85.00) fee for the pre-lien letter.
9. If an owner fails to pay the amounts set forth in the pre-lien letter within thirty (30) days of the date of the letter, the Association will have recorded a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorney’s fees against the owner’s property. The owner will be charged for the fees and costs of preparing and recording the lien. 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 5700).
10. If an owner within thirty (30) days from the date of recordation of the lien, pays to the Association, under protest, all amounts required by Civil Code Section 5685 (the amount of assessments, late charges, interest, all fees and costs to date of preparing and filing the lien, including attorney’s fees, not to exceed the statutory allowance), the owner may request resolution of the assessments dispute by Alternative Dispute Resolution as outlined in Civil Code Section 5925-5965, by civil action, or by other procedures available through the Association.
11. An owner is entitled to inspect the Association’s accounting books and to verify the amounts owed pursuant to Corporations Code Section 8333.
12. 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.
13. 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

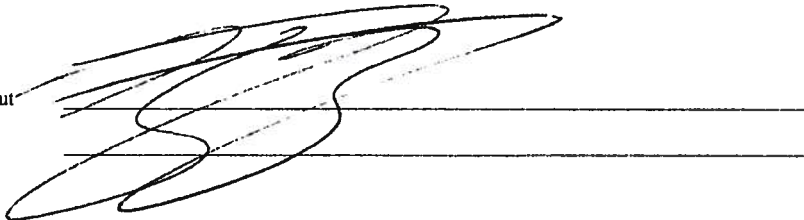


request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. All payment plans will be administered by the Association counsel and a lien will be placed to protect the Association's interests.

14. 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.
15. Prior to the release of a lien, or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including attorney's fees, must be paid in full to the Association.
16. All charges listed herein are subject to change upon (30) days prior written notice.

Policy sent out

Adopted

A large, stylized handwritten signature in black ink is written over two horizontal lines. The signature is highly cursive and loops around itself. The lines are thin and black, extending across the width of the signature.

**ALTERNATIVE DISPUTE RESOLUTION  
CIVIL CODE SECTION 5925-5965**

**5925.** As used in this article:

- (a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other no judicial 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 act.
  - 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.

**5930.**

- (a) An association or a member 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 the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.
- (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.

**5935.**

- (a) Any party to a dispute may initiate the process required by Section 5930 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 member, 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.

**5940.**

- (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.

**5945.** 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 5935 for response to a Request for Resolution.
- (b) If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 5940.

**5950.**

- (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 are 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.

**5955.**

- (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.

**5960.** In an enforcement action in which attorney's fees and costs may be awarded, 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.

**5965.**

- (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 5930 of the Civil Code may result in the loss of the member's 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 included in the annual policy statement prepared pursuant to Section 5310.

## **INTERNAL DISPUTE RESOLUTION CIVIL CODE SECTION 5900-5920**

### **5900.**

- (a)** This article applies to a dispute between an association and a member involving their rights, duties, or liabilities under this act, under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code), or under the governing documents of the common interest development or association.
- (b)** This article supplements, and does not replace, Article 3 (commencing with Section 5925), relating to alternative dispute resolution as a prerequisite to an enforcement action.

### **5905.**

- (a)** An association shall provide a fair, reasonable, and expeditious procedure for resolving a dispute within the scope of this article.
- (b)** In developing a procedure pursuant to this article, an association shall make maximum, reasonable use of available local dispute resolution programs involving a neutral third party, including low-cost mediation programs such as those listed on the Internet Web sites of the Department of Consumer Affairs and the United States Department of Housing and Urban Development.
- (c)** If an association does not provide a fair, reasonable, and expeditious procedure for resolving a dispute within the scope of this article, the procedure provided in Section 5915 applies and satisfies the requirement of subdivision (a).

**5910.** A fair, reasonable, and expeditious dispute resolution procedure shall at a minimum satisfy all of the following requirements:

- (a)** The procedure may be invoked by either party to the dispute. A request invoking the procedure shall be in writing.
- (b)** The procedure shall provide for prompt deadlines. The procedure shall state the maximum time for the association to act on a request invoking the procedure.
- (c)** If the procedure is invoked by a member, the association shall participate in the procedure.
- (d)** If the procedure is invoked by the association, the member may elect not to participate in the procedure. If the member participates but the dispute is resolved other than by agreement of the member, the member shall have a right of appeal to the board.
- (e)** A resolution of a dispute pursuant to the procedure, which is not in conflict with the law or the governing documents, binds the association and is judicially enforceable. An agreement reached pursuant to the procedure, which is not in conflict with the law or the governing documents, binds the parties and is judicially enforceable.
- (f)** The procedure shall provide a means by which the member and the association may explain their positions.
- (g)** A member of the association shall not be charged a fee to participate in the process.

### **5915.**

- (a)** This section applies to 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 board shall designate a director 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 to its designee or the agreement is ratified by the board.
- (d)** A member may not be charged a fee to participate in the process.

**5920.** The annual policy statement prepared pursuant to Section 5310 shall include a description of the internal dispute resolution process provided pursuant to this article.

## **ROYAL PALM RANCH HOMEOWNERS ASSOCIATION, INC. VIOLATION PROCEDURE / FINE POLICY**

- The following procedure will apply to all violations and infractions of the Governing Documents, including the Rules and Regulations and Condominium Plan. Owners may report violations to the management company or Board of Directors by submitting a written notice describing the violation. The Board of Directors, management company, or committee appointed by the Board may also note any violations discovered during walk-throughs or by personal knowledge of any of its members or representatives. At the time a violation is noted or reported, action will be taken as follows:
  - a. The Board shall give written notice to the owner. The notice will contain a description of the violation, instructions regarding response to the notice and correction of the violation.
  - b. If the violation continues or is repeated, the Board shall give the owner a second notice of the violation. The notice shall specify a date not less than fifteen (15) days after the date of the notice for a hearing before the Board. The hearing will be held in executive session if requested by the member, and the member will be allowed to attend the hearing.
  - c. At the hearing, the Board shall allow the owner to present evidence and testimony as reasonable under the circumstances. If the Board concludes that the alleged violation occurred, the Board may impose monetary penalties, temporarily suspend voting and common area privileges for a period not to exceed thirty (30) days or take any other disciplinary action permitted by the Governing Instruments. However, no such penalty imposed by the Board shall take effect sooner than five (5) days after the date of the hearing.
  - d. The Board of Directors will notify the member of any disciplinary action taken at the meeting within ten (10) days by First Class mail or personal delivery.
  - e. If the violation is repeated, or if the response is otherwise unsatisfactory, the Board may impose additional or continuing fines following notice and hearing until such time as the matter is satisfactorily resolved.
  - f. If the violation continues, the Board may impose continuing fines until such time as the violation ceases.

- g. If the violation continues, or is repeated, the Board may also refer the matter to the Association's legal counsel. If required by Civil Code section 1354, mediation or arbitration will be offered.
- h. Notwithstanding the foregoing, under circumstances involving conduct that constitutes (a) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring owners; (b) a traffic or fire hazard, (c) a threat of material damage to, or destruction of, the Common Area; or (d) a violation of the Governing Instruments that is or such a nature that there is not material question regarding the identity of the violator or whether a violation has occurred (i.e., parking violations), the Board or its agents may undertake immediate corrective action and conduct a hearing as soon thereafter as reasonably possible.

### FINE SCHEDULE

- Fines for first time violations may be levied in accordance with the following schedule:

Hazardous Activities	\$250.00 maximum
Use Restrictions	\$50.00 - \$100.00 maximum
Vehicle and Parking Restrictions	\$50.00 - \$150.00 maximum
Any violation of the Bylaws, CC&Rs, or Rules and Regulations not specifically mentioned	\$50.00 - \$100.00 maximum
Unauthorized improvements to property per discretion of Board	\$250.00 minimum plus \$25 per day for each day violation exists after Notice to owner

- Fines shall be in addition to an assessment equal to any applicable cost of repair. Fines for repeated violations may be increased in \$25.00 to \$100.00 increments. For the purposes of this Fine Schedule, a
- "repeated violation" shall be one which is assessed to a single Unit within a twelve-month period.
- Fines for continuing violations may be assessed on a daily basis (at a maximum rate of \$25.00 per day), until the violation is abated by the owner. For the purposes of this Fine Schedule, "continuing violations" shall refer to violations that remain unchanged and ongoing until abated by the owner. For example, an owner who is storing an inoperative vehicle may be subject to a \$150.00 fine, and as a continuing violation, may be subject to an additional \$25.00 per day until the vehicle is removed.

**ROYAL PALM RANCH HOMEOWNERSST ASSOCIATION**  
**INSURANCE DISCLOSURE**

Effective January 1, 1997, California Civil Code section 5300 (b) (9) requires that the Association send an insurance disclosure statement to each of its members within sixty (60) days preceding the beginning of the Association's fiscal year. Accordingly, we are providing you the following information in compliance with the Civil Code:

**THE CURRENT INSURANCE POLICY DECLARATION PAGE:**

This summary of the Association's policies of insurance provides only certain information, as required by subdivision (b) (9) of Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association member may, upon request and payment of reasonable duplication charges, obtain copies of these policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate coverage.

**AGENT FOR THE ASSOCIATION:**

**STATE FARM INSURANCE**  
**AGENT: BOB PRIEST**  
**140 W. FOOTHILL BLVD, SUITE A**  
**CLAREMONT, CA 91711**  
**(909) 621-9935**





**STATE FARM GENERAL INSURANCE COMPANY**  
 A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

Po Box 853925  
 Richardson, TX 75085-3925

**Named Insured**

AT2 M-23-8234-FBB4 F V  
 005404 3125  
**ROYAL PALM RANCH HOMEOWNERS ASSOCIATION**  
**ATTN HAVEN MANAGEMENT**  
 9231 ARCHIBALD AVE  
 RCH CUCAMONGA CA 91730-5207



**RENEWAL DECLARATIONS**

<b>Policy Number</b>	<b>92-83-9551-1</b>	
<b>Policy Period</b>	<b>Effective Date</b>	<b>Expiration Date</b>
12 Months	APR 27 2017	APR 27 2018
The policy period begins and ends at 12:01 am standard time at the premises location.		

**Agent and Mailing Address**  
**BOB PRIEST**  
 140 W FOOTHILL BLVD STE A  
 CLAREMONT CA 91711-2789

**PHONE: (909) 621-9935**  
**(909) 621-9723**

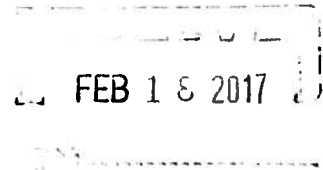
1000-1-000110

**Residential Community Association Policy**

**Automatic Renewal** - If the **policy period** is shown as **12 months**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

Entity: PLANNED UNIT DEVELOPMENT

NOTICE: Information concerning changes in your policy language is included. Please call your agent if you have any questions.



POLICY PREMIUM \$ 4,704.00

Discounts Applied:  
 Renewal Year  
 Claim Record

Prepared  
 FEB 13 2017  
 CMP-4000

© Copyright, State Farm Mutual Automobile Insurance Company, 2008  
 Includes copyrighted material of Insurance Services Office, Inc., with its permission.

Continued on Reverse Side of Page

## RENEWAL DECLARATIONS (CONTINUED)

Residential Community Association Policy for ROYAL PALM RANCH HOMEOWNERS  
 Policy Number 92-83-9551-1

**SECTION I - PROPERTY SCHEDULE**

Location Number	Location of Described Premises	Limit of Insurance* Coverage A - Buildings	Limit of Insurance* Coverage B - Business Personal Property
001	RIVERSIDE DR & ROYAL PALM CIR CHINO CA 91710	No Coverage	\$ 13,900

**AUXILIARY STRUCTURES**

Location Number	Description	Limit of Insurance* Coverage A - Buildings	Limit of Insurance* Coverage B - Business Personal Property
001A	Recreation Building	\$ 137,100	See Prop Sch
001B	Pool	\$ 46,800	See Prop Sch
001C	Fence, walls, etc.	\$ 73,100	See Prop Sch
001D	LIGHTS	\$ 12,000	See Prop Sch

\* As of the effective date of this policy, the Limit of Insurance as shown includes any increase in the limit due to Inflation Coverage.

**SECTION I - INFLATION COVERAGE INDEX(ES)**

Inflation Coverage Index: 181.4

Prepared  
 FEB 13 2017  
 CMP-4000

© Copyright, State Farm Mutual Automobile Insurance Company, 2008  
 Includes copyrighted material of Insurance Services Office, Inc., with its permission.

**RENEWAL DECLARATIONS (CONTINUED)**

**Residential Community Association Policy for ROYAL PALM RANCH HOMEOWNERS**  
**Policy Number 92-83-9551-1**



**SECTION I - DEDUCTIBLES**

<b>Basic Deductible</b>	\$1,000		
<b>Special Deductibles:</b>			
Money and Securities	\$250	Employee Dishonesty	\$250
Equipment Breakdown	\$1,000		

Other deductibles may apply - refer to policy.

**SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH DESCRIBED PREMISES**

The coverages and corresponding limits shown below apply separately to each described premises shown in these Declarations, unless indicated by "See Schedule." If a coverage does not have a corresponding limit shown below, but has "Included" indicated, please refer to that policy provision for an explanation of that coverage.

COVERAGE	LIMIT OF INSURANCE
Collapse	Included
Damage To Non-Owned Buildings From Theft, Burglary Or Robbery	Coverage B Limit
Debris Removal	25% of covered loss
Equipment Breakdown	Included
Fire Department Service Charge	\$5,000
Fire Extinguisher Systems Recharge Expense	\$5,000
Glass Expenses	Included
Increased Cost Of Construction And Demolition Costs (applies only when buildings are insured on a replacement cost basis)	10%
Newly Acquired Business Personal Property (applies only if this policy provides Coverage B - Business Personal Property)	\$100,000
Newly Acquired Or Constructed Buildings (applies only if this policy provides Coverage A - Buildings)	\$250,000

Prepared  
 FEB 13 2017  
 CMP-4000

© Copyright, State Farm Mutual Automobile Insurance Company, 2008  
 Includes copyrighted material of Insurance Services Office, Inc., with its permission.

Continued on Reverse Side of Page

**RENEWAL DECLARATIONS (CONTINUED)**

**Residential Community Association Policy for ROYAL PALM RANCH HOMEOWNERS**  
**Policy Number 92-83-9551-1**

Ordinance Or Law - Equipment Coverage	Included
Preservation Of Property	30 Days
Water Damage, Other Liquids, Powder Or Molten Material Damage	Included

**SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH COMPLEX**

The coverages and corresponding limits shown below apply separately to each complex as described in the policy.

COVERAGE	LIMIT OF INSURANCE
Accounts Receivable	
On Premises	\$50,000
Off Premises	\$15,000
Arson Reward	\$5,000
Forgery Or Alteration	\$10,000
Money And Securities (Off Premises)	\$5,000
Money And Securities (On Premises)	\$10,000
Money Orders And Counterfeit Money	\$1,000
Outdoor Property	\$5,000
Personal Effects (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Personal Property Off Premises	\$15,000
Pollutant Clean Up And Removal	\$10,000
Property Of Others (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Signs	\$2,500
Valuable Papers And Records	
On Premises	\$10,000
Off Premises	\$5,000

Prepared  
FEB 13 2017  
CMP-4000

© Copyright, State Farm Mutual Automobile Insurance Company, 2008  
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

**RENEWAL DECLARATIONS (CONTINUED)**

**Residential Community Association Policy for ROYAL PALM RANCH HOMEOWNERS**  
**Policy Number 92-83-9551-1**



1-800-333-8337

**SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - PER POLICY**

---

The coverages and corresponding limits shown below are the most we will pay regardless of the number of described premises shown in these Declarations.

COVERAGE	LIMIT OF INSURANCE
Back-Up of Sewer or Drain	Included
Employee Dishonesty	\$50,000
Loss Of Income And Extra Expense	Actual Loss Sustained - 12 Months

**SECTION II - LIABILITY**

---

COVERAGE	LIMIT OF INSURANCE
Coverage L - Business Liability	\$3,000,000
Coverage M - Medical Expenses (Any One Person)	\$5,000
Damage To Premises Rented To You	\$300,000
Directors And Officers Liability	\$3,000,000
AGGREGATE LIMITS	LIMIT OF INSURANCE
Products/Completed Operations Aggregate	\$6,000,000
General Aggregate	\$6,000,000
Directors and Officers Aggregate	\$3,000,000

Each paid claim for Liability Coverage reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II - Liability in the Coverage Form and any attached endorsements.

**RENEWAL DECLARATIONS (CONTINUED)**

**Residential Community Association Policy for ROYAL PALM RANCH HOMEOWNERS**  
**Policy Number 92-83-9551-1**

Your policy consists of these Declarations, the BUSINESSOWNERS COVERAGE FORM shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

**FORMS AND ENDORSEMENTS**

---

CMP-4101	Businessowners Coverage Form
FE-6999.2	*Terrorism Insurance Cov Notice
CMP-4814	Directors & Officers Liability
CMP-4696	Residential Community Assoc
CMP-4746.1	Hired Auto Liability
CMP-4710	Employee Dishonesty
CMP-4508	Money and Securities
CMP-4705.1	Loss of Income & Extra Expnse
CMP-4860.1	AI Design Person Org
FD-6007	Inland Marine Attach Dec
	* New Form Attached

**SCHEDULE OF ADDITIONAL INTERESTS**

---

**Interest Type:** Addl Insured-Section II  
**Endorsement #:** CMP48601  
**Loan Number:** N/A

HAVEN MANAGEMENT, LLC  
 9201 ARCHIBALD AVE  
 RCH CUCAMONGA CA 917305207

---

Prepared  
 FEB 13 2017  
 CMP-4000

© Copyright, State Farm Mutual Automobile Insurance Company, 2008  
 Includes copyrighted material of Insurance Services Office, Inc., with its permission.

## RENEWAL DECLARATIONS (CONTINUED)

Residential Community Association Policy for ROYAL PALM RANCH HOMEOWNERS  
 Policy Number 92-83-9551-1



This policy is issued by the State Farm General Insurance Company.

## Participating Policy

You are entitled to participate in a distribution of the earnings of the company as determined by our Board of Directors in accordance with the Company's Articles of Incorporation, as amended.

In Witness Whereof, the State Farm General Insurance Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

*Lynne M. Younell*  
 Secretary

*Thomas Conley*  
 President

**IMPORTANT NOTICE:**

California law requires us to provide you with information for filing complaints with the State Insurance Department regarding the coverage and service provided under this policy.

Complaints should be filed only after you and State Farm or your agent or other company representative have failed to reach a satisfactory agreement on a problem.

Please forward such complaints to: California Department of Insurance  
 Consumer Services Division  
 300 South Spring Street  
 Los Angeles, CA 90013

You also may call toll free at 1-800-927-HELP or visit [www.insurance.ca.gov/01-consumers](http://www.insurance.ca.gov/01-consumers)

**RENEWAL DECLARATIONS (CONTINUED)**

**Residential Community Association Policy for ROYAL PALM RANCH HOMEOWNERS**  
Policy Number 92-83-9551-1

**NOTICE TO POLICYHOLDER:**

For a comprehensive description of coverages and forms, please refer to your policy.

Policy changes requested before the "Date Prepared", which appear on this notice, are effective on the Renewal Date of this policy unless otherwise indicated by a separate endorsement, binder, or amended declarations. Any coverage forms attached to this notice are also effective on the Renewal Date of this policy.

Policy changes requested after the "Date Prepared" will be sent to you as an amended declarations or as an endorsement to your policy. Billing for any additional premium for such changes will be mailed at a later date.

If, during the past year, you've acquired any valuable property items, made any improvements to insured property, or have any questions about your insurance coverage, contact your State Farm agent.

Please keep this with your policy.

**Your coverage amount....**

It is up to you to choose the coverage and limits that meet your needs. We recommend that you purchase a coverage limit equal to the estimated replacement cost of your structure. Replacement cost estimates are available from building contractors and replacement cost appraisers, or, your agent can provide an estimate from Xactware, Inc.<sup>®</sup> using information you provide about your structure. We can accept the type of estimate you choose as long as it provides a reasonable level of detail about your structure. State Farm<sup>®</sup> does not guarantee that any estimate will be the actual future cost to rebuild your structure. Higher limits are available at higher premiums. Lower limits are also available, as long as the amount of coverage meets our underwriting requirements. We encourage you to periodically review your coverages and limits with your agent and to notify us of any changes or additions to your structure.

Prepared  
FEB 13 2017  
CMP-4000

© Copyright, State Farm Mutual Automobile Insurance Company, 2008  
Includes copyrighted material of Insurance Services Office, Inc., with its permission.



## **NOTICE ASSESSMENTS AND FORECLOSURE**

5730. (a) The annual policy statement, prepared pursuant to Section 5310, shall include the following notice, in at least 12-point type:

"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. (Section 5685 of the Civil Code)

## **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. (Section 5665 of the Civil Code)

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. (Section 5665 of the Civil Code)"

(b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.

## **SECONDARY ADDRESS NOTIFICATION REQUEST**

### **4040.**

- (a)** If a provision of this act requires that an association deliver a document by "individual delivery" or "individual notice," the document shall be delivered by one of the following methods:
- 1.** First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the recipient at the address last shown on the books of the association.
  - 2.** E-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.
- (b)** Upon receipt of a request by a member, pursuant to Section 5260, identifying a secondary address for delivery of notices of the following types, the association shall deliver an additional copy of those notices to the secondary address identified in the request:
- 1.** The documents to be delivered to the member pursuant to Article 7 (commencing with Section 5300) of Chapter 6.
  - 2.** The documents to be delivered to the member pursuant to Article 2 (commencing with Section 5650) of Chapter 8, and Section 5710.
- (c)** For the purposes of this section, an unrecorded provision of the governing documents providing for a particular method of delivery does not constitute agreement by a member to that method of delivery.

6

## **SECURITY DISCLAIMER**

**SECURITY DISCLAIMER:** We hope that our security systems provide some deterrence to crime. However, the association can never be crime-free. For example, it is possible for someone to enter the property under false pretenses to commit crimes, for residents to commit crimes against their own neighbors, for guests of residents to commit crimes, and for employees to commit crimes.

As a result, the association cannot guarantee your security. You should NOT rely on the association to protect you from loss or harm. You should provide for your own security by keeping your doors locked; refusing to open your door to strangers; asking workmen for identification; installing a security system; carrying insurance; etc.



**Haven Management LLC**  
**9201 Archibald Avenue**  
**Rancho Cucamonga CA 91730**  
**Phone (909) 948-0777 ~ Fax (909) 948-0799**

---

**“Working With Management”**

At Haven Management LLC, our goal is to provide your Board of Directors with the support and resources they need to make decisions in the best interest of your community. We do this by providing consistent service that includes financial reporting, lawful compliance procedures, documented member interaction and ordering repair work within our scope of authority. The elected Board of Directors and you, as a member of the community, have certain rights and responsibilities granted by the recorded Covenants, Conditions and Restrictions that are often referred to as the CC&Rs.

The three areas where Haven Management LLC is in contact with individual homeowners can also be listed as CC&R's. Members generally contact management with *Concerns*, *Compliance* issues, or *Repairs* needed to the common area.

***CONCERNS:***

Concerns generally arise from the quality or quantity of services provided. As individual homeowners, you trust the elected Board to choose wisely in procuring the best value for the various contracted services. But there are times when you may feel that an improvement is warranted. Those concerns need to be brought in front of the Board of Directors at a scheduled board meeting. Board members are not permitted to take action outside the forum of a scheduled noticed meeting. Management is not in a position to address or resolve these concerns without direction from the Board, which has the authority to contract with the various service providers. Members are encouraged to attend open session meetings and if you are unable to attend a meeting, please place your concern or suggestion in writing addressed to “Board of Directors” and your letter submittal will be placed in a board packet for board review.

The other common *Concern* members may have is the behavior or activity of your neighbor. Because this is a very sensitive issue, this is strictly a matter for direct dialogue with your Board. *It is the Board of Directors that has to determine whether this situation is one that the association has the authority, resource and ability to resolve.* Management will request that your concern be submitted to the Board in writing. Management does not have the authority to take action as a result of one neighbor's complaint against another and will not enter into a dialogue on the merits or validity of the complaint.

**COMPLIANCE:**

*After a long hard day at work and after all that traffic you had to sit through, you have finally made it home. You turn on the TV, kick off your shoes, open your mail, and there it is...a compliance letter from management in regards to the exterior appearance of your home. I know what you are thinking, "This is the first time I left those items out...I have been meaning to repair that....why are they harassing me...why are they sending me this letter...have they seen my neighbor's home lately?" You make the call to management- angry and frustrated. "Doesn't the Board or management have better things to do?" The truth is, this is what we do but part of our contractual obligation is to assist the Board with their duty to protect, maintain and enhance the value of your property. The compliance process assures that the Board is helping you maintain the value of your neighborhood. Haven Management LLC would rather apologize for sending a letter than have to apologize down the road because we did nothing to assist the Board to help maintain your property values. An association that does nothing is subject to just about anything. If your property does not look maintained, you invite all kinds of problems from loss of property value to criminal activity.*

Haven Management LLC has developed a compliance process that not only meets the necessary legal requirements, it exceeds the requirements; we believe our practice to be fair and equitable to all. Each month management will conduct an inspection for compliance issues seen at the time of inspection as well as take notes if there are service requests that need to be issued. Compliance letters are generated based on the association's Rules and Regulations. The following explains the process and what we are generally looking for while on these inspections:

**Here is how the process works:**

***Inspections and Violation letters***

Whether this is the first time you have been in violation or the tenth time, if there is a violation on the day(s) of our inspection, we take note of it and send out those letters. So if you are saying to yourself, "Why did I get a letter when so-and-so across the street leaves items out in the carport all the time?"...the odds are that they have received a letter or will.

If this was that *one time* that you forgot one of the rules that are enforced in your association and received a letter, no need to stress. This is not posted for all to see - all letters are generated in a tracking report and provided to the Board in executive session. We do not discuss your matter with your neighbors or any other persons except the Board in executive session.

**The process is as follows:**

1. We inspect property and note the compliance issues.
2. A letter is generated and mailed to the owner where there is a concern.
3. Along with the letter is a "Response Form" that is intended for you to let the Board know your thoughts on the matter. If you check the box that says, "The issue will be corrected" and send that back to us and, on the next inspection, the situation indeed has been corrected, and then that's it...problem solved. If you check the box that says "I request a hearing" or that you disagree, then state why on the form and return so that the Board can further review. Maybe we wrote down the wrong address or you don't understand why this is a violation. The Board reviews your responses. **Your response helps the Board and management evaluate the process.**
4. What if you want to discuss this compliance letter and are being told that your response must be in writing? **As an agent working on behalf of the Board, management personnel will not discuss any compliance letter that has been sent.** It is our policy that your response is documented and given to the Board for their review. Please understand that this insures that the Board is receiving your communication in your own words.
5. Any violation of the associations Rules & Regulations can result in a violation letter from management on behalf of your board of directors. Some of the common violations in most communities include the following but not limited to front lawn maintenance, parking violations, sports equipment being left out on a consistent basis, leaving the trash bins out longer than permitted, improper window coverings, oil in the driveway and proceeding with exterior modifications without getting architectural approval. (These are examples of violations in general and can vary from community to community based on the Rules & Regulations of your community).

***What happens if you don't correct or respond?***

If you do not correct the problem within the designated time or fail to send in your response explaining your situation, then the next notice received will be a notice to appear before your Board of directors - **The Hearing Notice**. The notice of hearing will request that you attend the meeting. The hearing is your opportunity to discuss the matter and seek resolution. If you are unable to attend the hearing due to family or work commitments, the Board understands this as well and has approved the "**Hearing Certification Process**" when you are unable to attend the meeting, this form can be faxed or mailed back to Haven Management LLC. This form must be received 3 days prior to the day of meeting. If no response is submitted and the person in violation does not show up to the meeting, then the board will reserve the right to act as necessary under the fine and enforcement policy. This form can be mailed or faxed back to Haven Management.

***Keep in mind that all of this can be avoided by responding to the first violation letter via the Response Form. It is not the Board's intent to fine or harass the owner but merely to protect, maintain and enhance the value of the community. This process must be taken to insure both the protection of the homeowner and the association***

**REPAIRS:**

1. **Common area emergency repairs** - To report emergency related calls i.e.; broken sprinklers, running water, gates not working and any other common area related emergency during normal business hours call (909) 948-0777 and press 0 for the front desk operator. The operator will ask for the proper information regarding the emergency and the appropriate action will be taken.
2. **After hour emergency repairs** – (909) 948-0777 and press 6 for the on call emergency after hour service. Leave a message with the details of the emergency, your name and phone number. The on call manager will call you back to confirm receipt and the appropriate action will be taken.
2. **For all non-emergency repairs** - Please call the office and the leave a message on the manager voice mail. A work order request is generated and logged into our computer software system. A notice of confirmation of the work order request will be mailed to the owner for records.

***When leaving a repair request, please identify yourself with your name, homeowner ID # and address in order to receive a confirmation letter that the repair will be processed.***

At the scheduled Board meeting, the Directors will receive a complete report of work that has been ordered, compliance letters that have been sent and owner letters.

Thank you in advance for your assistance in regards to the above information.

Haven Management LLC