

August 2023

Dear La Cresta Property Owner:

The Board of Directors is preparing for 2023-2024 fiscal year. Please find enclosed the following:

- Annual Policy Statement
- Budget Overview & Insurance Disclosure
- Summary of Association Insurance (Certificate of Insurance)
- Fee Disclosure Statement
- Assessment and Reserve Funding Disclosure Summary
- Reserve Study Summary
- Architectural Review Process Summary
- Rules and Regulations- Includes the Dispute Resolution Procedures

The Board of Directors and the Avalon Management Group remain committed to maintaining the quality of La Cresta Property Owners Association while trying to contain costs without compromising the quality of services. Every effort is being made to make the operation of La Cresta Property Owners Association as efficient as possible.

The assessments for fiscal year 2023-2024 will remain \$175.00 per acre, per year, commencing October 1, 2023, through September 30, 2024. **Note that Assessments are due October 1, 2023, and are considered late after October 15, 2023.**

PLEASE ENSURE YOUR ASSESSMENT PAYMENT IS TO BE MAILED TO:

La Cresta Property Owners Association  
c/o: The Avalon Management Group  
PO Box 52982  
Phoenix, AZ 85072-2982

IF YOU PAY YOUR ASSESSMENTS THROUGH ONLINE BANKING, PLEASE ASK YOUR BANKING INSTITUTION TO MAIL THE PAYMENTS TO P.O. Box 52982, PHOENIX, AZ 85072-2982.

The Board welcomes your attendance at any non-executive Board meeting scheduled for the first Wednesday, monthly; subject to quorum of the board. Executive Session Meetings are scheduled for the last Wednesday, monthly, subject to quorum of the Board. Notice and the meeting agenda are posted on the Association's website [www.LaCrestaPOA.com](http://www.LaCrestaPOA.com) or in the owner's portal at least four (4) days prior to Regular Open Session meetings and at least two (2) days prior to Executive Session Meetings. At such meetings, the Board of Directors sets policy, which guides the direction of the Homeowners Association.

Sincerely,

*Traci Russell*

Traci Russell, CMCA, AMS®  
As Agent for the Board of Directors  
La Cresta Property Owners Association

**La Cresta Property Owners Association  
Annual Policy Statement Disclosures**

1. **Designated Contact Person for Association Communications:**  
The name and address of the person designated to receive official communications on behalf of La Cresta Property Owners Association (hereinafter, the "Association"), pursuant to Section 4035 of the California Civil Code. **Please submit all requests for copies of policies and meeting minutes in writing to the address below.**  
President or Secretary of La Cresta Property Owners Association,  
31608 Railroad Canyon Road  
Canyon Lake, CA 92587.
2. **Request for Notices to Two Addresses.**  
The association member has the right to submit a request to have notices sent to two different addresses pursuant to subdivision (b) of Section 4040 of the California Civil Code.
3. **Location for Posting General Notices.**  
The following is the location for the posting of a general notice by the Association, pursuant to paragraph (3) of subdivision (a) of Section 4045 of the California Civil Code: the Association's Website [www.LaCrestaPOA.com](http://www.LaCrestaPOA.com) or in the owner's portal.
4. **Right to Receive General Notices by Individual Delivery.**  
The association member has the option to receive general notices by individual delivery pursuant to subdivision (b) of Section 4045 of the California Civil Code which includes: (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.
5. **Right to Receive Meeting Minutes.**  
The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any board meeting, other than an executive session shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member upon request and upon reimbursement of the association's cost for making that distribution by making a written request to the address provided above.
6. **Statement of Assessment Collection Policies.**  
The Association's Assessment Collection Policy and statement of enforcement of lien and other remedies are attached as part of the Annual Policy Statement. This notice outlines some of the rights and responsibilities of owners of properties in common interest developments and the associations that manage them.
7. **Statement of Association's Discipline Policy and Schedule of Penalties for Violations of Governing Documents.**  
The Association's statement of discipline policies and the fine schedule are attached as part of the Annual Policy Statement.
8. **Summary of Dispute Resolution Procedures.**  
Summary of dispute resolution procedures is attached as part of the Annual Policy Statement.
9. **Summary of Requirements for Association Approval of Physical Changes to the Property.**  
A summary of the architectural procedures is attached as part of the Annual Policy Statement.
10. **Statement Regarding Outstanding Loans.**  
The Association has no outstanding loans longer than one year.
11. **Mailing Address for Overnight Payments of Assessments.**  
The mailing address for overnight payment of assessments is:

Avalon Management  
31608 Railroad Canyon Road  
Canyon Lake, CA 92587

La Cresta Property Owners Association  
YEAR 2023-2024 OPERATING BUDGET OVERVIEW

In accordance with the CC&R's, and California Civil Code Section §5300, we have enclosed the Operating Budget for October 1, 2023, to September 30, 2024 ("La Cresta Property Owners Association 2023/2024 Budget"). The Board of Directors has diligently reviewed the prior year's budget and made necessary adjustments and corrections.

**The assessments for fiscal year 2023-2024 will remain \$175.00 per acre, per year, commencing October 1, 2023, through September 30, 2024.**

The Board made its decision based on historical expenses, projected inflation, and a review of the Reserve Fund ("Reserve Summary"). Review of the Budget, indicates the following:

1. The monthly revenues are projected to be \$85,429.00.
2. The projected monthly expenses, including contribution to the Reserve Fund, are \$85,429.00.
3. The Reserve Fund for future repairs and replacements is \$2,015,623.83 as of June 30, 2023. Summaries of the estimated remaining life of equipment and a funding summary are noted in the Reserve Summary. Reserve studies are required to be updated every three years. The complete study is available at the management office for review. Copies will be provided upon written request.
4. The Board does not anticipate, at this time, the need to levy one or more special assessments in 2023-2024 to repair, replace, or restore major components.
5. La Cresta policies are located on the website at [lacretpoa.com](http://lacretpoa.com). Copies will be provided upon written request.

**The California Civil Code 4950(a) requires notification that minutes, and minutes proposed for adoption of meetings of the Board of Directors, or summary thereof, other than executive session, are available to the membership within 30 days of the meeting. You may view the minutes by submitting a written request to the management office. Copies are available by written request and upon payment of costs.**

Pursuant to Corporations Code §8321, every member is entitled upon written request to receive a copy of the most recent annual report (audit) of the Association.

**Insurance Disclosure - The enclosed summary of the association's policy of insurance provides only certain information, as required by subdivision (b) of Section 4950 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 provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policy may not cover your property, including personal property, or real property improvements to or around your dwelling, or personal injuries or other losses that occur within 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 additional coverage.**

**La Cresta Property Owners Budget**

	2023-2024		2023-2024	
	Monthly Budget	PerAcre	Annual Budget	
<b>Income</b>				
300000 ASSESSMENT INCOME	\$ 85,429.00	\$ 175.00	\$ 1,025,148.00	
300100 LATE CHARGES	\$ -	\$ -	\$ -	
300101 OWNER INTEREST INCOME	\$ -	\$ -	\$ -	
300200 COLLECTION FEE INCOME/EXPENSES	\$ -	\$ -	\$ -	
300600 AC REVIEW	\$ -	\$ -	\$ -	
300305 INTEREST INCOME - SAVINGS	\$ -	\$ -	\$ -	
300400 VIOLATION CHARGES	\$ -	\$ -	\$ -	
	=====	=====	=====	
<b>** Total Income</b>	\$ 85,429.00	\$ 175.00	\$ 1,025,148.00	
<b>Expenses</b>				
<b>ADMINISTRATIVE EXPENSES</b>				
400100 INSURANCE	\$ 2,125.00	\$ 4.35	\$ 25,500.00	
400105 MANAGEMENT CONTRACT	\$ 8,687.00	\$ 17.80	\$ 104,244.00	
400135 RESERVE STUDY	\$ 83.00	\$ 0.17	\$ 996.00	
400140 AUDIT/TAX RETURNS	\$ 110.00	\$ 0.23	\$ 1,320.00	
400145 ANNUAL MEETING COST	\$ 917.00	\$ 1.88	\$ 11,004.00	
400149 ADMINISTRATIVE EXPENSES	\$ 50.00	\$ 0.10	\$ 600.00	
400150 PRINTING/SUPPLY	\$ 550.00	\$ 1.13	\$ 6,600.00	
400151 POSTAGE	\$ 417.00	\$ 0.85	\$ 5,004.00	
400152 NEWSLETTER	\$ -	\$ -	\$ -	
400160 TAXES	\$ 125.00	\$ 0.26	\$ 1,500.00	
400175 MISC. ADMIN	\$ 83.00	\$ 0.17	\$ 996.00	
400177 CHRISTMAS DECORATIONS	\$ 583.00	\$ 1.19	\$ 6,996.00	
400181 CORPORATE FILING FEE	\$ 4.00	\$ 0.01	\$ 48.00	
400185 MEETING EXPENSES	\$ 200.00	\$ 0.41	\$ 2,400.00	
400245 STORAGE UNIT EXPENSE	\$ 250.00	\$ 0.51	\$ 3,000.00	
	=====	=====	=====	
<b>** Total Admin</b>	\$ 14,184.00	\$ 29.06	\$ 170,208.00	
<b>COMMITTEE EXPENSES</b>				
400195 ARCHITECTURAL	\$ 25.00	\$ 0.05	\$ 300.00	
400187 BEAUTIFICATION	\$ 125.00	\$ 0.26	\$ 1,500.00	
400189 ROADS	\$ 83.00	\$ 0.17	\$ 996.00	
400190 COMMUNITY EVENTS	\$ 833.00	\$ 1.71	\$ 9,996.00	
400191 NEIGHBORHOOD	\$ 42.00	\$ 0.09	\$ 504.00	
TBD GOVERNING DOCUMENTS	\$ 63.00	\$ 0.13	\$ 756.00	
400193 TRAILS	\$ 63.00	\$ 0.13	\$ 756.00	
	=====	=====	=====	
<b>** Total Committee Expenses</b>	\$ 1,234.00	\$ 2.53	\$ 14,808.00	
<b>LEGAL &amp; COLLECTION</b>				
400110 LEGAL - GENERAL	\$ 5,417.00	\$ 11.10	\$ 65,004.00	
400115 COLLECTION EXPENSES	\$ 100.00	\$ 0.20	\$ 1,200.00	
	=====	=====	=====	
<b>** Total Legal &amp; Collection</b>	\$ 5,517.00	\$ 11.30	\$ 66,204.00	
<b>EASEMENT AREA MAINT. &amp; REPAIRS</b>				
400530 ELECTRICAL SUPPLIES	\$ -	\$ -	\$ -	
400548 SIGNAGE	\$ 125.00	\$ 0.26	\$ 1,500.00	
400549 CONTINGENCY	\$ 3,333.00	\$ 6.83	\$ 39,996.00	
	=====	=====	=====	
<b>** Total Easement Area Maint. &amp; Repairs</b>	\$ 3,458.00	\$ 7.08	\$ 41,496.00	

<b>LANDSCAPE &amp; TRAIL MAINT.</b>				
400500	LANDSCAPE MAINT. CONTRACT	\$ 1,833.00	\$ 3.75	\$ 21,996.00
400454	LANDSCAPE MAINT. EXTRAS	\$ 333.00	\$ 0.68	\$ 3,996.00
400515	TREE TRIMMING	\$ 1,167.00	\$ 2.39	\$ 14,004.00
400525	BACKFLOW TESTING & REPAIR	\$ 8.00	\$ 0.02	\$ 96.00
400527	TRAIL INSPECTIONS	\$ 542.00	\$ 1.11	\$ 6,504.00
400532	SURVEY	\$ 500.00	\$ 1.02	\$ 6,000.00
400540	TRAIL MAINT. & WEED ABATEMENT	\$ 3,333.00	\$ 6.83	\$ 39,996.00
400541	ROADSIDE TRASH COLLECTION	\$ 750.00	\$ 1.54	\$ 9,000.00
=====				
<b>** Total landscape &amp; Trails Maint. &amp; Repairs</b>		\$ 8,466.00	\$ 17.34	\$ 101,592.00
<b>ROAD/EASEMENT MAINTENANCE</b>				
400545	ROAD REPAIRS	\$ 417.00	\$ 0.85	\$ 5,004.00
400555	DRAIN & SHOULDER MAINT & REPAIRS	\$ 2,083.00	\$ 4.27	\$ 24,996.00
TBD	CULVERT CLEANING/INSPECTION	\$ 4,166.00	\$ 8.53	\$ 49,992.00
400556	ROADSIDE WEED ABATEMENT	\$ 5,000.00	\$ 10.24	\$ 60,000.00
400250	EMERGENCY REPAIR/CLEANUP	\$ 83.00	\$ 0.17	\$ 996.00
=====				
<b>** Total Road Maintenance</b>		\$ 11,749.00	\$ 24.07	\$ 140,988.00
<b>CAPITAL IMPROVEMENT</b>				
TBD	FENCE	\$ 2,083.00	\$ 4.27	\$ 24,996.00
=====				
<b>** Total Capital Improvement</b>		\$ 2,083.00	\$ 4.27	\$ 24,996.00
<b>UTILITIES</b>				
400600	WATER	\$ 125.00	\$ 0.26	\$ 1,500.00
400605	ELECTRICITY	\$ 38.00	\$ 0.08	\$ 456.00
=====				
<b>** Total Utilities</b>		\$ 163.00	\$ 0.33	\$ 1,956.00
<b>RESERVE ACCRUAL</b>				
460001	RESERVE CONTRIBUTION	\$ 38,575.00	\$ 79.02	\$ 462,900.00
=====				
<b>** Total Reserve Accrual</b>		\$ 38,575.00	\$ 79.02	\$ 462,900.00
<b>** Total Expenses</b>		\$ 85,429.00	\$ 175.00	\$ 1,025,148.00



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/4/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> LaBarre/Oksnee Insurance 30 Enterprise, Suite 180 Aliso Viejo CA 92656	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): 800-698-0711		FAX (A/C, No): 949-588-1275
	E-MAIL ADDRESS: proof@hoa-insurance.com		
<b>INSURED</b> La Cresta Property Owners Association c/o Avalon Management 43529 Ridge Park Drive Temecula CA 92590		LACREST-06	<b>INSURER(S) AFFORDING COVERAGE</b>
		<b>INSURER A:</b> Philadelphia Indemnity Ins. Co	NAIC # 18058
		<b>INSURER B:</b> Greenwich Insurance Company	22322
		<b>INSURER C:</b> PMA Insurance Group	12262
		<b>INSURER D:</b> Nautilus Insurance Company	
		<b>INSURER E:</b>	
		<b>INSURER F:</b>	

**COVERAGES**

CERTIFICATE NUMBER: 1315781163

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y		PHPK2470934	11/5/2022	11/5/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			FHPK2470934	11/5/2022	11/5/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			TBA	11/5/2022	11/5/2023	EACH OCCURRENCE \$ 15,000,000 AGGREGATE \$ 15,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N	2022010665430Y	11/5/2022	11/5/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
D C A	Property Crime/Fidelity Bond Directors and Officers	Y Y		NN1338120 4122010665430Y PCAP015270-0518	11/16/2021 11/5/2022 11/5/2022	11/16/2022 11/5/2023 11/5/2023	\$1,000 Deductible \$45,000 \$5,000 Deductible \$3,000,000 \$5,000 Deductible \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 HOA consists of 887 units. Located in Murrieta, CA 92562.

Management Company is Additionally Insured on the General Liability, D&O Liability, and Fidelity Bond.

See 2nd page of certificate of insurance for further coverage information.

See Attached...

**CERTIFICATE HOLDER****CANCELLATION**

Avalon Management Group  
 43529 Ridge Park Drive  
 Temecula CA 92590  
 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

**CHARGES FOR DOCUMENTS PROVIDED  
AS REQUIRED BY SECTION 4525\***

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.

A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Check or Complete Applicable Column or Columns Below:

Document	Civil Code Section Included	Fee for Document	Not Available (N/A) or Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)
Articles of Incorporation or statement that not incorporated	Section <u>4525(a)(1)</u>	\$5.00	
CC&Rs	Section <u>4525(a)(1)</u>	\$40.00	
Bylaws	Section <u>4525(a)(1)</u>	\$25.00	
Operating Rules	Section <u>4525(a)(1)</u>	\$10.00	
Age restrictions, if any	Section <u>4525(a)(2)</u>	\$10.00	
Rental restrictions, if any	Section <u>4525(a)(9)</u>	\$10.00	
Annual budget report or summary, including reserve study	Sections <u>5300</u> and <u>4525(a)(3)</u>	\$25.00	
Assessment and reserve funding disclosure summary	Sections <u>5300</u> and <u>4525(a)(4)</u>	\$10.00	
Financial statement review	Sections <u>5305</u> and <u>4525(a)(3)</u>	\$25.00	
Assessment enforcement policy	Sections <u>5310</u> and <u>4525(a)(4)</u>	\$10.00	
Insurance summary	Sections <u>5300</u> and <u>4525(a)(3)</u>	\$10.00	
Regular assessment	Section <u>4525(a)(4)</u>	\$10.00	
Special assessment	Section <u>4525(a)(4)</u>	\$10.00	
Emergency assessment	Section <u>4525(a)(4)</u>	\$10.00	
Other unpaid obligations of seller	Sections <u>5675</u> and <u>4525(a)(4)</u>	\$10.00	
Approved changes to assessments	Sections <u>5300</u> and <u>4525(a)(4), (8)</u>	\$10.00	
Settlement notice regarding common area defects	Sections <u>4525(a)(6), (7),</u> and <u>6100</u>	\$10.00	
Preliminary list of defects	Sections <u>4525(a)(6), 6000,</u> and <u>6100</u>	\$10.00	
Notice(s) of violation	Sections <u>5855</u> and <u>4525(a)(5)</u>	\$10.00	
Required statement of fees	Section <u>4525</u>	\$10.00	
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section <u>4525(a)(10)</u>	\$75.00	

**Total fees for these documents:**

\* The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 may be charged separately.

**La Cresta Property Owners Association**  
**Assessment and Reserve Funding Disclosure Summary**  
**For the fiscal year ending September 30, 2024**  
 ("Disclosure Summary")

**The notes at the end of this Disclosure Summary should be read in conjunction with the information provided.**

(1) The regular assessment for the 2023-24 fiscal year per ownership interest acre is \$ 175 per month.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page N/A of the attached report.

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the association's Board of Directors (the "Board") and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, see note immediately below):	Purpose of the assessment:
N.A.		

**Total:** \_\_\_\_\_

(3) Based upon the most recent reserve study dated May 3, 2023, 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  No

(4) 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 been approved by the Board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N.A.	

**Total:** \_\_\_\_\_

**La Cresta Property Owners Association**  
**Assessment and Reserve Funding Disclosure Summary**  
**For the fiscal year ending September 30, 2024**  
("Disclosure Summary")

(5) All major components are included in the reserve study and are included in its calculations. However, the following major assets are excluded from the reserve study calculations for the following reasons:

Major asset:	Reason this major asset was not included:
None	

(6) 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 the current fiscal year is **\$2,848,793.44**, based in whole or in part on the last reserve study or update prepared by Advanced Reserve Solutions, Inc. as of May 3, 2023. The projected reserve fund cash balance at the end of the current fiscal year is **\$2,139,989.40**, resulting in reserves being **75.12%** funded at this date. The current deficiency in the reserve fund represents **\$121.00** per acre of ownership interest.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, a 5 year reserve funding plan has been developed – see the attached Projections. The assumed long-term before-tax interest rate earned on reserve funds is **0.30%** per year and the assumed long-term inflation rate applied to major component repair and replacement costs is **3.00%** per year. Full reserve study is available upon request.

**NOTES:**

(A) The financial representations set forth in this summary are based on the best estimates of the preparer and the Board at that time. The estimates are subject to change. (B) For the purposes of understanding this Disclosure Summary: (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement. (2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in the study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary. (3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided. (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation. (5) Based on reserve studies or the occurrence of one or more unanticipated events, the Board could increase regular assessments and/or levy special assessments, consistent with the provisions of the CC&Rs and applicable law, to fund additional reserves as it deems necessary. For example, the information contained in this Disclosure Summary includes (i) estimates of replacement value and life expectancies of the components and (ii) assumptions regarding future events. Estimates are projections of a future event based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this Disclosure Summary. Therefore, the actual replacement cost and remaining life may vary from this report and summary and the variation may be significant. Additionally, inflation and other economic events may impact this report and summary, particularly over an extended period of time (such as thirty (30) years) and those events could have a significant and negative impact on the accuracy of this Disclosure Summary and, further, the funds available to meet the association's obligation for repair and/or replacement of major components during their estimated useful life.

# La Cresta Property Owners Association

## Executive Summary

### Directed Cash Flow Calculation Method

#### Client Information:

Account Number	40028
Version Number	2
Analysis Date	05/03/2023
Fiscal Year	10/1/2023 to 9/30/2024
Number of Acres	5,858
Phasing	1 of 1

#### Global Parameters:

Inflation Rate	3.00 %
Annual Contribution Increase	0.00 %
Investment Rate	0.30 %
Taxes on Investments	1.00 %
Contingency	3.00 %

#### Community Profile:

La Cresta is a private community of prestige single-family homes with acreage located adjacent to the Santa Rosa Plateau and Cleveland National Forest in the foothills of southern Riverside County, California. The amenities include private streets, equestrian trails, and panoramic views. The community settings are groves, vineyards, and equestrian facilities.

Construction of the community and the common elements began in 1969.

For budgeting purposes, unless otherwise indicated, we have used the actual placed-in-service dates for aging the components included in this analysis.

Level of service: Level 3 - update report with no site visit.

Most recent ARS site visit: March, 2022.

#### Adequacy of Reserves as of October 1, 2023:

Anticipated Reserve Balance	\$2,139,989.40
Fully Funded Reserve Balance	\$2,848,793.44
Percent Funded	75.12%

#### Recommended Funding for the 2023-2024 Fiscal Year:

	Annual	Monthly	Per Acre Per Month
Member Contribution	\$532,022	\$44,335.17	\$7.57
Interest Contribution	\$5,792	\$482.69	\$0.08
Total Contribution	\$537,814	\$44,817.85	\$7.65

**La Cresta Property Owners Association**  
**Membership Disclosure Summary**  
Sorted by Category

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Maintenance/Rehabilitation	\$2,411,177	\$1,025,118	0-4	5
020 Fencing	\$85,808	\$77,861	0-21	1-25
025 Landscape	\$10,000	\$8,022	0-3	5-8
030 Grounds	\$274,250	\$202,765	2-19	8-25
050 Painting	\$10,000	\$5,556	2	5
050 Streets & Drives	\$1,628,925	\$758,338	0-26	10-64
Contingency	n.a.	\$62,330	n.a.	n.a.
<b>Total</b>	<b>\$4,420,160</b>	<b>\$2,139,989</b>	<b>0-26</b>	<b>1-64</b>

# La Cresta Property Owners Association

## Projections

### Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2023-2024	\$2,139,989	\$532,022	\$5,792	\$436,111	\$2,241,693	\$3,092,876	72%
2024-2025	\$2,241,693	\$585,224	\$5,341	\$713,752	\$2,118,507	\$3,068,800	69%
2025-2026	\$2,118,507	\$643,747	\$3,974	\$1,077,199	\$1,689,029	\$2,677,394	63%
2026-2027	\$1,689,029	\$708,121	\$3,526	\$827,773	\$1,572,902	\$2,539,966	62%
2027-2028	\$1,572,902	\$743,527	\$2,685	\$1,010,589	\$1,308,526	\$2,224,984	59%
2028-2029	\$1,308,526	\$752,663	\$3,927	\$332,782	\$1,732,334	\$2,640,353	66%
2029-2030	\$1,732,334	\$763,234	\$4,410	\$599,191	\$1,900,788	\$2,806,600	68%
2030-2031	\$1,900,788	\$783,403	\$4,495	\$748,394	\$1,940,291	\$2,841,225	68%
2031-2032	\$1,940,291	\$800,558	\$4,145	\$913,335	\$1,831,659	\$2,722,037	67%
2032-2033	\$1,831,659	\$874,420	\$3,888	\$925,078	\$1,784,889	\$2,609,752	68%
2033-2034	\$1,784,889	\$827,947	\$5,374	\$357,294	\$2,260,915	\$3,120,707	72%
2034-2035	\$2,260,915	\$845,655	\$5,893	\$666,942	\$2,445,521	\$3,342,837	73%
2035-2036	\$2,445,521	\$904,648	\$5,819	\$903,238	\$2,452,750	\$3,346,026	73%
2036-2037	\$2,452,750	\$923,187	\$6,137	\$812,092	\$2,569,982	\$3,471,843	74%
2037-2038	\$2,569,982	\$1,014,549	\$5,611	\$1,148,048	\$2,442,095	\$3,271,628	75%
2038-2039	\$2,442,095	\$962,287	\$7,690	\$297,355	\$3,114,717	\$3,995,314	78%
2039-2040	\$3,114,717	\$995,403	\$8,344	\$765,145	\$3,353,318	\$4,272,663	78%
2040-2041	\$3,353,318	\$1,065,171	\$8,397	\$1,017,763	\$3,409,124	\$4,319,404	79%
2041-2042	\$3,409,124	\$1,089,450	\$7,846	\$1,270,007	\$3,236,414	\$4,129,891	78%
2042-2043	\$3,236,414	\$1,174,993	\$7,503	\$1,251,995	\$3,166,915	\$3,984,650	79%
2043-2044	\$3,166,915	\$1,101,730	\$10,029	\$299,563	\$3,979,112	\$4,877,259	82%
2044-2045	\$3,979,112	\$1,176,740	\$10,584	\$959,281	\$4,207,155	\$5,129,471	82%
2045-2046	\$4,207,155	\$1,238,792	\$10,276	\$1,319,262	\$4,136,960	\$5,041,054	82%
2046-2047	\$4,136,960	\$1,257,327	\$10,841	\$1,067,700	\$4,337,429	\$5,251,586	83%
2047-2048	\$4,337,429	\$1,368,202	\$10,477	\$1,441,241	\$4,274,867	\$5,107,905	84%
2048-2049	\$4,274,867	\$1,285,286	\$13,432	\$347,275	\$5,226,310	\$6,157,335	85%
2049-2050	\$5,226,310	\$1,420,054	\$12,335	\$1,729,183	\$4,929,517	\$5,810,122	85%
2050-2051	\$4,929,517	\$1,414,581	\$11,874	\$1,584,919	\$4,771,053	\$5,644,618	85%
2051-2052	\$4,771,053	\$1,454,834	\$10,932	\$1,761,601	\$4,475,217	\$5,326,955	84%
2052-2053	\$4,475,217	\$1,564,756	\$10,563	\$1,640,158	\$4,410,379	\$5,170,058	85%

NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

**LA CRESTA PROPERTY OWNERS ASSOCIATION**  
**NOTICE REGARDING ARCHITECTURAL REVIEW PROCESS**  
**(Civil Code § 4765)**

Any improvement, addition or change to the exterior of a property or lot is subject to the La Cresta Property Owners Association's ("Association") CC&Rs and Architectural Guidelines ("Guidelines"). Such improvements include, without limitation, buildings, garages, patios, outbuildings, fences or other structure, and any other modifications to the exterior of a Dwelling or other improvements or alterations to an Owner's Lot or the exterior portions of an Owner's dwelling.

The Architectural Committee ("Committee") is vested with the power to review and approve architectural proposals or plans for all residential Lots and Dwellings for the Association. All such requests for Architectural Committee approval shall be made to the Committee on the standard La Cresta Property Owners Association Request for Architectural Approval form. The requesting Owner must also include three (3) sets of plans and specifications that must be prepared in accordance with the applicable building codes and with sufficient clarity and completeness to enable the Committee to make an informed decision. Requests shall be submitted by mail to the La Cresta Property Owners Association Architectural Committee, c/o Avalon Management, 43529 Ridge Park Drive, Temecula, California 92590 or via email to [tarc@avalonweb.com](mailto:tarc@avalonweb.com). Certain fees and costs may apply for each submission, and Owners are responsible for securing any applicable and necessary permits. Work may not commence until written approval from the Committee is obtained.

The Committee shall provide an Owner with a written decision within thirty (30) days from (a) the date it initially receives all documentation/information or (b) the date it receives all additional information/documentation requested (if requested within the initial 30 days), whichever is later. If the Committee fails to make a final decision within 30 days, the Owner may advise the Committee, in writing, of the Committee's failure to do so.

If a request is disapproved by the Committee, the Owner can appeal, in writing, to the Board within 30 days of the Committee's final decision. Within 30 days of receipt of the request for such a hearing the Board will meet with the Property Owner and render a decision, in writing within 10 days of the meeting. The Board of Directors will notify the owners whether the decision of the AC will be upheld or whether the Appeal has been granted.

Once approved, construction must be completed within the number of days indicated on the approval. The Committee will consider requests for extension on a case-by-case basis. Upon completion of the work, Owner shall submit a written Notice of Completion (Exhibit C to Guidelines). Failure to obtain written approval from the Committee or failure to complete the improvements in conformity with the approved plans (including within the approved time limits) shall constitute a violation of the CC&Rs and may require modification or removal of the improvements at the Owner's expense or subject the Owner to fines and/or legal costs.

For more information and details about the approval process and the Architectural Standards, and to access the necessary forms, please refer to the Association's Architectural Guidelines available on the Association's website at [www.lacrestapoa.com](http://www.lacrestapoa.com).

**LA CRESTA PROPERTY OWNERS ASSOCIATION**  
ADOPTED ON JANUARY 5, 2022  
**RULES & REGULATIONS**

**CONTENTS**

1. **Membership Information** ..... 2

2. **Tenants** ..... 3

3. **Roads** ..... 3

4. **Parking** ..... 4

5. **Signs** ..... 5

6. **Cul-de-Sacs**..... 7

7. **Enforcement Policy and Fine Schedule** ..... 7

8. **Nuisance Policy**..... 9

9. **Violation Report** ..... 10

10. **Internal Dispute Resolution** ..... 10

11. **Assessment Collection** ..... 11

12. **Disclaimer** ..... 16

## SECTION 1

### MEMBERSHIP INFORMATION

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

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

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

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

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

#### Board of Directors

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

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

## SECTION 2

### TENANTS

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

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

## SECTION 3

### ROADS

#### Authority to Regulate

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

#### Location of Roads

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

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

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

### Drainage

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

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

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

### Hazards

Any hazardous condition emanating from a property must be corrected by the property owner. This includes immediately removing overhanging limbs or downed branches which obstruct the road or slope easement. The Association shall be responsible for maintenance of all native trees (Oaks, Cottonwoods, Laurel Sumac, California Sycamore and Toyon) within the road easements.

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

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

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

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

## SECTION 4

### **PARKING**

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

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

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

## SECTION 5

### SIGNS

#### General Sign Rules

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

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

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

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

#### Real Estate Signs

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

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

### Commercial Signs

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

### Single Day Event Signs

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

### Exemptions to Sign Policy

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

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

### Placement of Signs

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

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

## Enforcement

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

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

## SECTION 6

### **CUL DE SACS**

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

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

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

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

## SECTION 7

### **ENFORCEMENT POLICY AND FINE SCHEDULE**

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

#### Notice of Violation

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

### Notice of Hearing

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

### Hearing

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

### Disciplinary Action

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

### Written Findings

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

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

### Fine Schedule

- For significant violations of the Nuisance Policy, as solely determined by the Board, a \$1000 fine will be assessed following the first hearing, \$2000 following the second hearing, and \$3000 following the third and every hearing thereafter.
- For all other violations, including minor violations of the Nuisance Policy, a \$250 fine will be assessed following the first hearing, and \$500 following the second and every hearing thereafter.

- For the same violation repeated within a twelve-month period, the applicable fine schedule will be applied without interruption, starting with the next fine amount in the sequence described above.
- If the Board determines that the fine amounts above are insufficient to curtail the offending activity, the Board may double the fine amount at any step.

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

## SECTION 8

### NUISANCE POLICY

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

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

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

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

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

## SECTION 9

### VIOLATION REPORT

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

## SECTION 10

### INTERNAL DISPUTE RESOLUTION

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

1. Either party to a dispute within the scope of *Civil Code* Sections 5900–5920 may invoke the following procedure:
  - a. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
  - b. A member of the Association may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
  - c. The Association's Board shall designate a member of the Board to meet and confer.
  - d. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.
  - e. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.

2. An agreement reached under this policy binds the parties and is judicially enforceable if both of the following conditions are satisfied:
  - a. The agreement is not in conflict with law or the governing documents of the Association;
  - b. The agreement is either consistent with the authority granted by the Board to its designee or the agreement is ratified by the Board.
3. A member of the Association may not be charged a fee to participate in the IDR process.

## SECTION 11

### ASSESSMENT COLLECTION POLICY AND STANDARDS FOR PAYMENT PLANS

Prompt payment of Assessments by all owners is critical to the financial health of the Association, and to the enhancement of the property values of our homes. Your Board takes very seriously its obligation to enforce the members' obligation to pay assessments. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. The following are the Association's assessment collection practices and policies, pursuant to Civil Code ("CC") §5310(a)(7) and payment plan standards consistent with CC §5665:

1. **Due Dates:** Regular assessments are due and payable on October 1<sup>st</sup> of each year. It is the owner's responsibility to timely pay each assessment regardless of whether a statement is received. All other assessments, including special assessments, are due and payable on the date specified in the notice of assessment.
2. **Obligation to Pay:** Assessments, late charges, interest, reasonable collection costs, and reasonable attorneys' fees, if any, are the personal obligation of the owner of the subject property (the "Property") at the time the assessment or other sums are levied. (CC §5650(a).) Owners shall be responsible for all such amounts unless it is determined that all assessments were paid on time to the Association. (CC §§5650(b); 5650(a).)
3. **Late Charges:** Unpaid assessments are delinquent 15 days after they are due. (CC&Rs, Art. V, § (e)); CC §5650 (b).) A late charge of ten dollars (\$10.00) or ten percent (10%) of the delinquent assessment, whichever is greater, will be charged, plus a collection cost of \$15.00 for delinquency notice sent for any assessment which is not paid in full within 15 days of the due date. (CC&Rs, Art. V; § (f); CC §5650(b)(2).)
4. **Interest:** Interest on the balance due will accrue at the rate of 7% per annum commencing thirty (30) days after the assessment becomes due. (CC&Rs, Art. V, § (f)); CC §5650(b)3.)
5. **Application of Payments:** Any payments received will be applied first to assessments owed, and, only after the assessments owed are paid in full will the payments be applied to fees and costs of collection, late charges and/or interest. Payments will be applied to assessments so

that the oldest assessment arrearages are retired first, unless the payment indicates that it shall be otherwise applied. A late charge may accrue if payment is not sufficient to satisfy all delinquent assessments, and the current month's assessment.

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

7. **Delinquency Notice:** If any assessment becomes delinquent, the Association will send a notice regarding the delinquency, and demanding payment thereof, to the owner at his/her address or addresses on file with the Association. The owner will be charged a fee for such delinquency notice. If the amount set forth in the delinquency notice is not received before the due date set forth therein, the matter may be turned over to a collection agent or an attorney for further action, including legal action, or the Association may take such other collection action as it deems appropriate.

8. **Right to Submit Secondary Address:** Owners may submit a written request to the Association to use a secondary address. (CC §5260(b)). Any such request must be delivered to the Association in a manner that complies with CC §4035. The Association will send notices to the indicated secondary address only from and after the point that the Association receives any such request. Nothing herein shall require the Association to re-send or duplicate any notice sent to the owner prior to the date that a request for a secondary address is received.

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

10. **Opportunity to Meet and Confer:** An owner may dispute the debt noticed in the pre-lien letter by submitting to the Board a written request to meet and confer with a designated Board member of the Association pursuant to the Association's Internal Dispute Resolution established in accordance with Article 2, Section 10 of the Act ("IDR") and/or a written request for alternative dispute resolution with a neutral third party pursuant to Article 3, Section 10 of the Act (ADR). (CC §5660).

11. **Right to Request a Payment Plan:** **Right to Request a Payment Plan:** Owners may submit a written request to meet with the board to discuss a payment plan. If such request is mailed within 15 days of the postmark of the pre-lien notice, the board will meet with the owner, in executive session, within 45 days of the postmark of such request, unless there is no regularly scheduled meeting of the board within that period of time, in which case the board may designate a committee of one or more directors to meet with the owner. (CC §5665.) In addition to the foregoing procedure for requesting a payment plan, an owner may negotiate a payment plan with the Association's managing agent, attorney or authorized collection agent. Any payment plan must comply with the Standards for Payment Plans set forth herein below.

12. **Lien:** If an owner to whom a pre-lien letter is sent fails to pay the amounts demanded therein within thirty (30) days from the date such pre-lien letter is mailed, a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees may be recorded against the owner's Property. (CC §5675). The owner will be charged a fee for such lien. No lien will be recorded unless a majority of the members of the Board approves the decision to record the lien at an open Board meeting. (CC §5673).

13. **Notice of Recordation of Lien:** A copy of the lien will be sent to every person whose name is shown as an owner of the Property in the Association's records, via certified mail, within ten (10) calendar days of recordation of the lien. (CC §5675(e)). Any lien recorded by the Association will remain as an encumbrance against the Property until the debt secured thereby is satisfied.

14. **Dispute Resolution:** Prior to initiating foreclosure of any lien, the Association shall offer to the owner of the Property, and if so requested by the owner, shall participate in IDR and/or ADR pursuant to CC §5705. The decision to pursue internal dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the Association intends to pursue judicial foreclosure.

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

16. **Notice to Owner of Decision to Foreclose:** If the Board decides to initiate foreclosure of a lien, it shall provide notice of such decision to the owner pursuant to CC §5705(d). Such notice will be by personal service to an owner who occupies the Property or to the owner's legal representative. The Board shall provide written notice to an owner of Property who does not occupy the Property by first-class mail, to the most current address shown on the books of the Association. In the absence of written notification by the owner to the Association, the address of the owner's Property shall be treated as the owner's mailing address. (CC §5705(d)).

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

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

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

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

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

#### NOTICE: ASSESSMENTS AND FORECLOSURE

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

#### ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay Association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the Association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the Association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The Association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The Association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the Association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the Association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the Association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the Association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

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

#### PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the Association is required to provide it. On the receipt, the Association must indicate the date of payment and the person who received it. The Association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the Association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the Association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

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

#### MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the Association to consider a payment plan to satisfy a delinquent assessment. The Association must inform owners of the standards for payment plans, if any exists.

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

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

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

## SECTION 12

### **DISCLAIMER**

The material contained within this packet is not intended to be substituted for the services of an attorney. The law and its interpretation are constantly changing.

Please consult your professional advisor regarding your involvement in a community association.