



OAK SHORES COMMUNITY ASSOCIATION, INC.

2727 TURKEY COVE ROAD • BRADLEY, CALIFORNIA 93426
PHONE: (805) 472-2233 • FAX: (805) 472-2234
WEB: oakshores.us

November 26, 2024

Dear Oak Shores Members:

After a comprehensive study of the Association's reserve inventory components, funding and future projections, and upon completion of a detailed review and analysis of the Association's operating expenses and projected income, the Finance Committee and the Board of Directors presents the membership with the Operating and Reserve Budgets for Fiscal 2025.

The 2025 Budgets were formally approved by the Board of Directors at the November 16, 2024, Board meeting. The combined Reserve and Operating Budgets reflect a \$32.00 monthly increase or \$384 annual increase in total assessments from \$2,886 per parcel in 2024 to \$3,252 per parcel in 2025.

The total net increase of \$384 per lot is comprised of a \$74.36 increase in Reserve contributions and a \$309.64 per lot increase in Operating assessments.

Interest rates on investments continues helping to offset the ever increasing inflationary costs of repair and replacement of reserve components. Although we have spent significantly in the last two years for slope and erosion repair, we have avoided a Special Assessment to date. We have increased our reserve funding for infrastructure repairs due to our aging storm water drainage systems. We have sought alternative road repair and remediation strategies to create long-term savings for the Community to help mitigate the rising costs of roadwork. The Reserve contribution increase is held to a minimum and still reacts to inflationary pressures on our estimated future repair and replacement costs, and achieve the long-term goal of increasing Reserve Funding to ~ 70% within ten years.

Operating assessments have increased due to a combination of factors. We have operated the last two years at a deficit to our yearly budgets as a result of increasing cost pressures and rising wages in this inflationary environment. Costs are budgeted for 2025 to be reset to offset some of these deficits and are also driven by the following: legal fees, income taxes on interest income, increased compliance costs with state labor and wage standards, increased staffing in peak periods to service visitor and guests traffic, staff pay increases to maintain pace with market conditions, higher insurance costs, a significant increase in water rates and other utility costs up as well. We continue to seek cost mitigation opportunities to offset higher operating costs. One example is our telephone system switch from AT&T to Vonage in Fall of 2024 results in a decrease of over 75% in monthly cost for this service.

The 2025 Assessment (Dues) of \$3,252 per parcel will be billed semi-annually, and you may choose one of several payment options (annually, semi-annually, quarterly, or monthly). Owners with homes currently pay an additional \$406.56 per year (billed semi-annually) for weekly curbside garbage and recycling collection. Subject to San Luis Obispo County approval, in mid-2025 San Miguel Garbage Company may request an increase to the fees charged for curbside garbage and recycling collection.

Enclosed you will find a copy of the 2025 Budget and other important annual disclosures we are required to make under the California Civil Code.

Sincerely,

Board of Directors, Oak Shores Community Association

Oak Shores Community Association, Inc.
Summary Pro Forma Operating Budgets for 2025 and 2024

Approved on November 16, 2024

The Detailed Operating Budgets for 2025 and 2024 are available at the business office of the Association or at another suitable location, and copies will be provided upon request at the Association's expense.

	Budget	
	2025	2024
OPERATIONS, EXCLUDING PRIVATE MARINA AND COMMITTEES		
<u>REVENUES</u>		
Annual Assessment	\$ 2,767,452	\$ 2,440,672
Assessment transferred to Reserves	(811,078)	(747,797)
Interest Income	65	1,050
Rubbish Fee Income	275,811	260,000
Owner Rental Fees	47,000	46,500
Fire Department Rental Fees	9,500	9,000
Watercraft fees	62,000	60,000
Owner Fee Income	24,000	25,900
Grant Revenues	-	15,000
Other Income	44,550	42,270
Total Revenues	2,419,300	2,152,595
<u>EXPENSES</u>		
<u>General and Administrative Expenses</u>		
Insurance	111,350	121,331
Legal Fees	48,000	40,000
Outside Services	53,425	41,120
Bad Debts	3,000	2,750
Auditing and Accounting	10,500	10,000
Income Taxes	30,000	28,500
Printing and Reproduction	5,750	3,100
Other General and Administrative	95,109	95,085
<u>Payroll and Related Costs</u>		
Salaries and wages	980,563	818,306
Payroll Taxes	81,590	68,961
Employee Health Benefits	93,500	78,994
Other costs	55,590	31,470
<u>Utilities</u>		
Rubbish Service	283,811	267,500
Water and Fire Hydrants	274,500	236,328
Electricity and Propane	53,228	50,729
Telephone and Other	30,300	31,700
Depreciation and Amortization	57,391	55,100
Grant Expenditures for Fire Control	-	15,000

(continued)

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Summary Pro Forma Operating Budgets for 2025 and 2024

Approved on November 16, 2024

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	Budget	
	2025	2024
(continued)		
Transportation Costs	\$ 41,550	\$ 50,000
Maintenance and Repairs	59,500	56,300
Capital Spending	30,500	40,000
Total Expenses	2,399,157	2,142,274
NET SURPLUS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES, EXCLUDING PRIVATE MARINA AND COMMITTEES	20,143	10,321
 PRIVATE MARINA AND COMMITTEES		
<u>REVENUES</u>		
Committees	25,000	24,000
Private Marina lease fees	96,500	96,500
Total Revenues	121,500	120,500
<u>EXPENSES</u>		
Committees	19,500	18,000
Private Marina	92,587	96,500
Total Expenses	112,087	114,500
NET SURPLUS OF REVENUES OVER EXPENSES FOR PRIVATE MARINA AND COMMITTEES	9,413	6,000
 TOTAL NET OPERATING SURPLUS (DEFICIT) FOR ASSOCIATION	 \$ 29,556	 \$ 16,321
Total Monthly Assessments per lot	\$ 271.00	\$ 239.00
Total Annual Assessments per lot	\$ 3,252.00	\$ 2,868.00

Assessment and Reserve Funding Disclosure Summary

Oak Shores Community Association, Bradley

For Fiscal Year Beginning: 1/1/2025 # of units: 851

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Transfers:	\$67,589.83	\$79.42
Total Assessment Income:	\$230,621.00	\$271.00

per: Month

2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Year	Total Amount Per Unit*	Purpose
Total: \$0.00		

3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will 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**

4) If the answer to #3 is no, what additional assessments or other transfers/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*

Total: \$0.00

5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

6) All computations/disclosures are based on the fiscal year start date of:	1/1/2025
Fully Funded Balance (based on formula defined in 5570(b)4):	\$6,468,972
Projected Reserve Fund Balance:	\$2,694,222
Percent Funded:	41.6 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$4,436

From the 11/15/2024 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

7) See attached 30-yr Summary Table, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

Prepared by: Froilyn Cabrera

Date: 11/19/2024

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

30-Year Reserve Plan Starting with Board of Directors 2025 Rate

8504-5

Fiscal Year Start: 1/1/2025

Interest: 2.98 %

Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2025	\$2,694,222	\$6,468,972	41.6 %	Medium	\$811,078	\$0	\$83,057	\$700,975
2026	\$2,887,382	\$6,741,175	42.8 %	Medium	\$865,826	\$0	\$92,375	\$525,146
2027	\$3,320,437	\$7,215,777	46.0 %	Medium	\$924,269	\$0	\$97,481	\$1,111,664
2028	\$3,230,523	\$7,126,869	45.3 %	Medium	\$986,657	\$0	\$73,173	\$2,603,477
2029	\$1,686,876	\$5,512,379	30.6 %	Medium	\$1,053,256	\$0	\$59,238	\$505,297
2030	\$2,294,074	\$6,024,295	38.1 %	Medium	\$1,124,351	\$0	\$78,654	\$505,443
2031	\$2,991,635	\$6,565,189	45.6 %	Medium	\$1,142,903	\$0	\$101,190	\$427,172
2032	\$3,808,556	\$7,216,746	52.8 %	Medium	\$1,161,761	\$0	\$127,488	\$338,892
2033	\$4,758,913	\$7,992,632	59.5 %	Medium	\$1,180,930	\$0	\$149,191	\$821,944
2034	\$5,267,090	\$8,308,130	63.4 %	Medium	\$1,200,415	\$0	\$166,424	\$716,908
2035	\$5,917,023	\$8,755,175	67.6 %	Medium	\$1,220,222	\$0	\$191,564	\$372,298
2036	\$6,956,510	\$9,598,666	72.5 %	Low	\$1,240,356	\$0	\$221,246	\$506,353
2037	\$7,911,760	\$10,358,314	76.4 %	Low	\$1,260,822	\$0	\$252,949	\$338,547
2038	\$9,086,983	\$11,343,388	80.1 %	Low	\$1,281,625	\$0	\$256,646	\$2,465,007
2039	\$8,160,247	\$10,198,452	80.0 %	Low	\$1,302,772	\$0	\$248,279	\$1,186,627
2040	\$8,524,672	\$10,367,511	82.2 %	Low	\$1,324,268	\$0	\$272,069	\$361,994
2041	\$9,759,015	\$11,423,573	85.4 %	Low	\$1,346,118	\$0	\$308,884	\$415,298
2042	\$10,998,719	\$12,489,951	88.1 %	Low	\$1,368,329	\$0	\$341,907	\$730,724
2043	\$11,978,231	\$13,297,974	90.1 %	Low	\$1,390,907	\$0	\$355,566	\$1,808,069
2044	\$11,916,635	\$13,056,151	91.3 %	Low	\$1,413,857	\$0	\$354,549	\$1,775,162
2045	\$11,909,879	\$12,877,615	92.5 %	Low	\$1,437,185	\$0	\$369,549	\$791,935
2046	\$12,924,678	\$13,744,193	94.0 %	Low	\$1,460,899	\$0	\$404,787	\$512,418
2047	\$14,277,946	\$14,963,548	95.4 %	Low	\$1,485,004	\$0	\$441,084	\$840,116
2048	\$15,363,918	\$15,922,000	96.5 %	Low	\$1,509,506	\$0	\$391,220	\$6,337,680
2049	\$10,926,964	\$11,287,960	96.8 %	Low	\$1,534,413	\$0	\$326,696	\$1,760,298
2050	\$11,027,775	\$11,272,086	97.8 %	Low	\$1,559,731	\$0	\$346,013	\$708,430
2051	\$12,225,089	\$12,382,918	98.7 %	Low	\$1,585,466	\$0	\$385,126	\$539,363
2052	\$13,656,318	\$13,746,283	99.3 %	Low	\$1,611,627	\$0	\$429,614	\$482,797
2053	\$15,214,762	\$15,255,235	99.7 %	Low	\$1,638,219	\$0	\$461,822	\$1,494,017
2054	\$15,820,786	\$15,815,715	100.0 %	Low	\$1,665,249	\$0	\$454,216	\$3,236,625

OAK SHORES COMMUNITY ASSOCIATION, INC.

Dues Payment Plan Schedule 2025

<i>Members with Lots</i>						
<u>LOTS</u>						
(NO rubbish charge)						
<u>Yearly Dues</u>	<u>\$3252.00</u>					
	<i>Due Jan. 1st</i>					
<u>Semi-Annual Dues</u>	<u>\$1626.00</u>	<u>\$1626.00</u>				
	<i>Due Jan. 1st</i>	<i>Due July 1st</i>				
<u>Quarterly Dues</u>	<u>\$813.00</u>	<u>\$813.00</u>	<u>\$813.00</u>	<u>\$813.00</u>		
	<i>Due Jan. 1st</i>	<i>Due Apr. 1st</i>	<i>Due July 1st</i>	<i>Due Oct 1st</i>		
<u>Bi-monthly Dues</u>	<u>\$542.00</u>	<u>\$542.00</u>	<u>\$542.00</u>	<u>\$542.00</u>	<u>\$542.00</u>	<u>\$542.00</u>
	<i>Due Jan. 1st</i>	<i>Due Mar. 1st</i>	<i>Due May 1st</i>	<i>Due July 1st</i>	<i>Due Sept. 1st</i>	<i>Due Nov. 1st</i>
<u>Monthly Dues</u>	<u>\$271.00</u>	<u>\$271.00</u>	<u>\$271.00</u>	<u>\$271.00</u>	<u>\$271.00</u>	<u>\$271.00</u>
	<i>Due Jan. 1st</i> <i>Due Feb. 1st</i>	<i>Due Mar. 1st</i> <i>Due Apr. 1st</i> <i>Due May 1st</i>	<i>Due June 1st</i>	<i>Due July 1st</i> <i>Due Aug. 1st</i>	<i>Due Sept. 1st</i> <i>Due Oct. 1st</i> <i>Due Nov 1st</i>	<i>Due Dec 1st</i>
<i>Members with Homes</i>						
<u>HOMES</u>						
(Payments include the rubbish (R) charge)						
<u>Yearly Dues</u> R = \$406.56	<u>\$3658.56</u>					
	<i>Due Jan. 1st</i>					
<u>Semi-Annual Dues</u> R= \$203.28	<u>\$1829.28</u>	<u>\$1829.28</u>				
	<i>Due Jan. 1st</i>	<i>Due July 1st</i>				
<u>Quarterly Due's</u> R=\$101.64	<u>\$914.64</u>	<u>\$914.64</u>	<u>\$914.64</u>	<u>\$914.64</u>		
	<i>Due Jan. 1st</i>	<i>Due Apr 1st</i>	<i>Due July 1st</i>	<i>Due Oct 1st</i>		
<u>Bi-monthly Dues</u> R=\$67.76	<u>\$609.76</u>	<u>\$609.76</u>	<u>\$609.76</u>	<u>\$609.76</u>	<u>\$609.76</u>	<u>\$609.76</u>
	<i>Due Jan. 1st</i>	<i>Due Mar. 1st</i>	<i>Due May 1st</i>	<i>Due July 1st</i>	<i>Due Sept. 1st</i>	<i>Due Nov. 1st</i>
<u>Monthly Dues</u> R=\$33.88	<u>\$304.88</u>	<u>\$304.88</u>	<u>\$304.88</u>	<u>\$304.88</u>	<u>\$304.88</u>	<u>\$304.88</u>
	<i>Due Jan. 1st</i> <i>Due Feb. 1st</i>	<i>Due Mar. 1st</i> <i>Due Apr. 1st</i> <i>Due May 1st</i>	<i>Due June 1st</i>	<i>Due July 1st</i> <i>Due Aug. 1st</i>	<i>Due Sept. 1st</i> <i>Due Oct. 1st</i> <i>Due Nov 1st</i>	<i>Due Dec 1st</i>

You can Pay Dues On-Line – If you are not currently enrolled, call the OSCA office at 805-472-2233 and we will send you a welcome email to setup your account.



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OAK SHORES COMMUNITY ASSOCIATION & OAK SHORES PRIVATE MARINA 2024-2025 INSURANCE SUMMARY FOR MEMBERS

INSURANCE	CARRIER	LIMITS	DEDUCTIBLE PER CLAIM	EXPIRATION
Property-Buildings: Office/Clubhouse, Maintenance Bldg, Entrance Gatehouse Kiosk & Gate; Campground Restroom, Outdoor Sign, Pool-Side Cabana//Contents// Business Income	California Fair Plan	\$2,251,000.	\$5,000	6/26/2025
Property-Buildings, Contents, Business Income	California Fair Plan 801 Oak Shores Dr	\$372,000.	\$5,000.	03/02/2025
Difference in Conditions (DIC) over CA Fair Plan 2727 Turkey Cove; 801 Oak Shores Drive	Hudson Excess Insurance Company	\$2,623,000..	\$5,000.	06/26/2025
General Liability including Marina & Owned Watercraft	Philadelphia	\$1,000,000 Occ \$2,000,000 Agg	None	06/26/2025
Automobile a) Liability b) Phys Dmg	Philadelphia	a) \$1,000,000 b) ACV	a) None b) \$1,000	06/26/2025
Owned Watercraft (2) a) Liability b) Phys Dmg	Philadelphia	\$1,000,000 \$11,400	\$1,000	06/06/2025
Scheduled Equipment	Philadelphia	\$224,177	\$1,000	06/26/2025
Docks, Slips Private Marine Community Marina	Philadelphia	\$1,089,468. Total \$590,388 \$499,090.	\$25,000	06/26/2025
Directors & Officers Liab Including Employment Practice Liab.	CNA	\$1,000,000	\$5,000	01/01/2025
Excess Liability over General Liability, Liquor Liability, Employee Benefits Liab, Watercraft, Auto, D&O & Employers Liab.	Philadelphia	\$6,000,000	\$10,000.	06/26/2025
Volunteer/Participant Accident Policy	National Union	\$250,000	None	06/26/2025
Employee Dishonesty	CAN	\$3,300,000	\$25,000	08/27/2025



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Boiler & Machinery	Hartford Steam Boiler & Inspection co	\$2,110,000	\$1,000	08/26/2025
Worker's Compensation	Employers	Statutory	None	04/01/2025

Oak Shores Community Association Summary for Members

NOTE:

"This summary of the association's policies of insurance provides only certain information, as required by subdivision (f) 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 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 policies of insurance 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."

Jeff Priolo, Agent. DiBduo & DeFendis Insurance 805/593-1403 jpriolo@dibu.com
100 Cross St., Ste 203 San Luis Obispo, CA 93401 805/593-1400 805/593-1401 fax

osca 2024-2025 ins summary for members.doc



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Annual Policy Statement.

Before the end of its fiscal year, the board must distribute an annual policy statement that provides the members with information about certain association policies.

Civil Code §4035. Delivery to the Association.

(a) Designated Recipient and Overnight Payments - If an official document is being delivered to the association, the document shall be delivered to Oak Shores Community Association, Inc., c/o General Manager Brian Brintle at 2727 Turkey Cove Road, Bradley, CA 93426, whom is the designated person to receive documents on behalf of the association.

(b) A document delivered pursuant to this section may be delivered by any of the following methods:

(1) By email, facsimile, or other electronic means, if the association has assented to that method of delivery. The general email account for the association is info@oakshores.us, and the office fax number is (805) 472-2234.

(2) By personal delivery, if the association has assented to that method of delivery. If the association accepts a document by personal delivery it shall provide a written receipt acknowledging delivery of the document.

(3) By first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service center.

Civil Code §4040. Providing Notice or Delivery to Individuals

(a) Right to Individual Delivery - If a document is being sent by the association that requires "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) Right to Notice to Two Addresses - Upon receipt of a request by a member, identifying a secondary address for delivery of notices, the association shall deliver an additional copy of notices to the secondary address identified in the request.

Civil Code §4045. Providing General Delivery or Notice

General Notice Location - General printed notices are posted in the association bulletin boards at each of the ten (10) mailbox stations in Oak Shores, which is a prominent location that is accessible to all members.

Notices may also be included in a billing statement mailing, newsletter, or other document that is delivered. The association also uses an email system to notify owners of information that is not required to be posted or mailed to the members.

If a member requests to receive general notices by individual delivery, all general notices to that member, shall be delivered pursuant to **Section 4040**.

Civil Code §4950. Meeting Minutes.

Right to 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, are available to members within 30 days of the meeting. The minutes, proposed minutes, or summary of minutes shall be distributed to any member upon request and upon reimbursement of the association's costs for making that distribution.

Minutes and all general notices are available at the association office at 2727 Turkey Cove Road, Bradley, CA 93426.

Civil Code § 4765. Architectural.

No improvements, excavation, wall, swimming pool, painting, alteration or other work, which alters the exterior appearance of any Lot, shall be commenced until plans and specifications have been submitted to and approved in writing by the Architectural Review Committee.

If improvements, additions, alterations or modifications are different from those approved by the ARC, such improvements, additions, alterations or modifications shall be deemed disapproved and the member shall promptly correct the nonconforming items with the OSCA Architectural Standards. (CC&R Article 5 Section 5.3)

Procedure:

Prior to commencement of any exterior change to a property, each owner must acknowledge that he is in possession of the current ARC Guidelines and that the plans submitted are in conformance with the Guidelines, by signing the *Acknowledgment of Receipt & Understanding* form.

Additionally, an Architectural Application and all applicable fees and plans must be submitted to the ARC for approval.

Should a lot owner fail to apply for approval and/or fail to respond and comply with corrective action notices, the OSCA Board of Directors or ARC will take the appropriate actions and all costs incurred will accrue until such infractions are corrected. Accrued costs will be assessed against the lot involved and will be deducted from the deposit.

Civil Code § 5730. Collection Policy.

1. Prompt payment of assessments by all owners is critical to the financial health of Oak Shores Community Association, Inc. ("Association") and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions ("CC&Rs") 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&Rs and Civil Code Section 1367.1(a), the following are the Association's assessment practices and policies:
2. Assessments, late charges, interest and collection costs, including any attorneys' fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied (Civil Code Section 1367.1(a).)
3. All regular assessment payments are due 50% on January 1st and 50% on July 1st of the current billing year. A courtesy billing statement is sent to the billing address on record with the Association. However, it is the owner of record's responsibility to pay each assessment regardless of whether a statement 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.
4. The Association offers Quarterly, Bi-monthly and Monthly payment plans to owners that are in good standing. Payments are always due on the 1st of the applicable month. Owners who wish to pay on one of these payment plans must sign a *Payment Agreement* and submit it to the office.
5. 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 attorneys' fees, unless the owner and the Association enter into an agreement providing for payments to be applied in a different manner.

6. Assessments not received within fifteen (15) days of the stated due date (January 15th and July 15th) are delinquent and shall be subject to a late charge of ten percent (10%) or Ten Dollars (\$10.00), whichever is greater, which may not be imposed more than once on any delinquent payment. A first notice of past due assessment ("late letter") will be prepared and mailed once an assessment becomes delinquent.
7. An interest charge at the rate of twelve percent (12%) per annum will be assessed against any outstanding balance, including delinquent assessments, late charges and cost of collection, which may include attorneys' fees. Such interest charges shall accrue thirty (30) days after the assessment becomes due (February 1st and August 1st) and shall continue to be assessed each month until the account is brought current.
8. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.
9. If an assessment is not received within sixty (60) days of the stated due date (March 1st and September 1st) the Association will send a "final warning letter" to the owner of record informing the owner that he or she is in violation of the CC&Rs. The letter shall advise the recipient of the assessment balance due and that his or her property account may be turned over to an outside collection agency and is subject to a lien. Additionally the Association will enclose a copy of the current Delinquent Assessment Policy.
10. If an assessment is not received within ninety (90) days after the assessment becomes due (April 1st and October 1st), the Association or its designee, in the event the account is turned over to a collection agent, will send a pre-lien letter to the owner as required by Civil Code Section 1367.1 (a) by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account, impending collection action and the owner's right to request that the Association participate in some form of internal dispute resolution process ("IDR"). The owner will be charged a fee for the pre-lien letter. Notwithstanding the provisions of this Paragraph, the Association may (i) send a pre-lien letter to a delinquent owner at any time when there is an open escrow involving the Owner's lot, and/or (ii) issue a pre-lien letter immediately if any Special Assessment becomes delinquent.
11. If an owner fails to pay the amounts set forth in the pre-lien letter and fails to request IDR within thirty (30) days of the date of the pre-lien letter, the Board shall decide, by majority vote in an open meeting, whether to authorize the Association's legal counsel or collection company to record a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees, against the owner's property. If the Association authorizes the Association's legal counsel or collection company to record a lien against the owner's property, the owner will be charged for the fees and costs of preparing and recording the lien. The lien may be enforced in any

manner permitted by law, including, without limitation, judicial or non-judicial foreclosure (Civil Code Section 1367.1(g)).

12. Once the matter has been transferred to the Association's legal counsel or collection company, the Association's legal counsel or collection company may be authorized to enforce the lien thirty (30) days after the recordation of the lien and may be authorized to foreclose the lien by non-judicial foreclosure sale when either (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars (\$1800) or more, excluding accelerated assessments and specified late charges and fees or (b) the assessments are delinquent for more than twelve (12) months. You could lose ownership of your property if a foreclosure action is completed. You will be responsible for significant additional fees and costs if a foreclosure action is commenced against your property.
13. The decision to foreclose on a lien must be made by a majority of Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent owner(s) by identifying the matter in the minutes by only the parcel number of the owner's property. Prior to initiating any foreclosure sale on a recorded lien, the Association shall offer delinquent homeowners the option of participating in IDR or Alternative Dispute Resolution ("ADR").
14. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section 8333.
15. In the event that it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interests, and costs of collection associated with collection of those assessments.
16. An owner has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Association's legal counsel or Collection Company for delivery to the Association pursuant to Civil Code Section 1363.810 *et seq.*
17. An owner has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 1369.510 *et seq.* before the association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.
18. An owner who is unable to pay assessments will be entitled to make a written request for a payment plan to the Association's legal counsel or collection company 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 if the payment plan request is mailed within fifteen (15) days of the postmark date of the pre-lien letter. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien on an owner's separate interest to secure payment for the owner's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of

ongoing assessments that accrue during the payment plan period. If a payment plan is approved, additional late fees from the homeowner will not accrue while the owner remains current under the terms of the payment plan. If the owner breaches an approved payment plan, the Association may resume its collection action from the time the plan was approved.

19. 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.
20. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including any attorneys' fees, must be paid in full to the Association.
21. There is no right of offset. An owner may not withhold assessments owed to the Association on the alleged grounds that the owner is entitled to recover money or damages from the Association for some other obligation.
22. The Association shall charge the owner a Twenty-Five Dollar (\$25.00) fee for the first check tendered to the Association that is returned unpaid by the owner's bank and Thirty-Five Dollars (\$35.00) for each subsequent check passed on insufficient funds. If the check cannot be negotiated, the Association may also seek to recover damages of at least One Hundred Dollars (\$100.00), or, if higher, three (3) times the amount of the check up to One Thousand, Five Hundred Dollars (\$1500.00) pursuant to Civil Code Section 1719.
23. Owners have the right to provide a secondary address for mailing for purposes of collection to the Association. The owner's request shall be in writing and shall be mailed to the Association in a way that shall indicate that the Association has received it. An owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.
24. This policy and all charges listed herein are subject to change upon thirty (30) days' prior written notice.
25. Until the owner has paid all amounts due including; delinquent assessments, fees, fines, late charges, interest and costs of collection, including attorneys' fees, the Board of Directors may suspend the owner's right to vote, and suspend the owner's right to use the Association's recreational facilities after providing the owner with a duly noticed hearing pursuant to Civil Code Section 1363(h). However, any suspension imposed shall not prevent the delinquent owner from the use, benefit, and pleasure of the owner's lot.

2023.11.30