

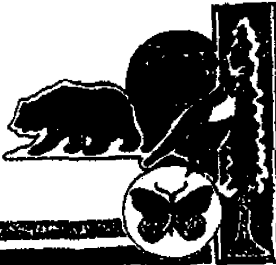
Palm Desert Regency Estates

Required Articles of Incorporation Section
4525(a)(1)



CondoCerts

"If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void and may be removed pursuant to Section 12956.1 of the Government Code. Lawful occupants in senior housing for older persons shall not be construed as restrictions based on familial status."



State
of
California

OFFICE OF THE SECRETARY OF STATE

1677911

CORPORATION DIVISION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

DEC 21 1990



March Fong Eu

Secretary of State

16' 11

ARTICLES OF INCORPORATION

OF

PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION DEC 19 1990

ENDORSED
FILED
in the office of the Secretary of State
of the State of California

I.

MARCH FONG EU, Secretary of State

The name of this corporation is PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION.

II.

A. This Corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

B. The specific purpose of this Corporation is to provide for the management, administration, maintenance, preservation and architectural control of the Common Area and Project within that certain real property located in the County of Riverside, State of California, described as Tract 25445.

III.

The name and address in the State of California of this Corporation's initial agent for service of process is:

PETER D. SOLOMON
77-670 SPRINGFIELD LANE
SUITE A-4
PALM DESERT, CA 92260

IV.


These Articles of Incorporation may be amended by the vote or written assent of at least a bare majority of the Board of

Directors and at least a bare majority of the voting power of the Association, which shall include at least a bare majority of the votes of Members other than the subdivider, and the approval of each class of Members so long as the two classes voting structure described in the Bylaws remains in effect.

DATED: December 17, 1990.


PETER D. SOLOMON

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.


PETER D. SOLOMON

Palm Desert Regency Estates

Required Rules and Regulations (Operating
Rules) Section 4525 (a)(1)



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**REGENCY ESTATES
HOMEOWNERS ASSOCIATION
RULES AND REGULATIONS July 2016**

The Board of Directors has adopted the following Rules and Regulations for the Regency Estates Homeowners Association. All homeowners and their guests are required to comply with these rules while inside the complex. Unless otherwise stated, failure to comply will result in an initial fine of \$100 being levied against the homeowner. An additional fine of \$100 per month (or occurrence) will be levied until the violation is remedied.

PARKING

1. The speed limit for all vehicles inside the common area is 20 mph.
2. Overnight parking on streets is limited to 72 consecutive hours. Once a vehicle is determined to be in violation, a written notice will be placed on the vehicle advising the owner that he/she has 24 hours to move the vehicle off the street. Failure to do so will result in a \$100 fine being levied against the homeowner. A vehicle parked in the street in excess of 7 consecutive days will be towed, with all expenses incurred being charged to the homeowner.
3. Parking is not allowed on ANY street on Wednesday between the hours of 8:00 am and 11:00 am to facilitate street sweeping. Each violation will result in a \$25 fine per vehicle being levied against the homeowner.
4. Parking of boats, travel trailers, motor homes, and campers is limited to 24 hours for the purpose of loading and unloading only.
5. Double parking and parking in such a manner so as to block access to other homeowner's mailboxes or driveways shall not be permitted.
6. Open bed trucks with visible work material shall be parked in garage only.
7. All vehicles parked in the driveway are to be for every day use and maintained in a neat, attractive appearance. (No storage of vehicles or trailers in driveway is allowed.)

ARCHITECTURAL

1. All changes to the exterior of a property which includes (but is not limited to) changes in: driveways, paint colors, front doors, garage doors, trees and plant materials must be submitted through property management on an ARCH form for approval **prior** to making these changes.
2. All ARCH form submittals must be in writing to the board (care of property management) no less than 30 days prior to the planned start date of your project. Written submittals shall include a listing of all materials to be used and project dimensions. Photos, drawings, specification sheets, and supporting documents are to be included where appropriate.
3. Under no circumstances shall construction on the project commence until Board approval has been obtained. The Board has 30 days to consider and approve a project.
4. A construction schedule shall be submitted with the ARCH form. Otherwise, all work shall be completed within 30 days of the date of approval.
5. Failure to obtain the necessary approval shall constitute a violation and may therefore require modifications or removal of work at the expense of the owner. Unauthorized installations or modifications will result in an initial fine of \$100 with additional fines of \$100 per month until the unauthorized change is corrected or approved.
6. Major modifications may require the posting of a deposit as a completion bond in an amount to be determined by the Board of Directors.
7. The HOA may request copies of insurance from all contractors providing services within the association and may require the HOA to be named as an insured on the policy.
8. The HOA may require a copy of any permits required by the city to be furnished to the HOA.
9. Trees must be trimmed on a regular basis and kept in an aesthetically pleasing manner in keeping with HOA standards.
10. Trees may not be removed without prior Board approval. If a tree is removed without prior Board approval, the homeowner will incur fines and may be required to replace the tree with one of a similar size to the one removed.
11. All palm trees must be trimmed annually by July 15th.

12. Front lawns must be scalped and over seeded (reseeded) by November 20th each year. Failure to do so will result in an initial fine of \$100 with additional fines of \$100 per month until the lawn is reseeded or until the month of April, whichever comes first.
13. When a governing agency has imposed watering restrictions due to drought conditions, the over seeding requirement will be waived until such restrictions have been lifted. Homeowners are still required to maintain their yards in as neat and eye-pleasing condition as is practicable. (i.e. mow and edge the brown grass, deter weed growth, and prune all plants and trees).
14. When a home is placed in escrow with an outstanding architectural violation the Board of Directors may without additional notice levy a "restoration fine" against the seller in an amount determined to be commensurate with cost associated with correcting the violation.

PETS

1. Pets may not run free in the common area but must be kept on a leash.
2. No person shall be allowed to keep a pet that creates a nuisance for other homeowners.
3. Pet owners are required to clean up after their pet and dispose of all waste in a sanitary manner.
4. Owners who do not clean up after their pets will be fined \$100 for each offense.

BASKETBALL COURT

1. No skates, rollerblades, skateboards, bicycles, or hard-soled black shoes are allowed on the court.
2. Absolutely no hanging on the rim.
3. No playing between the hours of 10:00 pm and 6:00 am.
4. Use of the courts is restricted to owners and their guests.

TENNIS COURTS

1. All players must wear appropriate footwear (no hard soled black shoes).
2. When persons are waiting:
 - a. Those first in line shall be entitled to first available court.
 - b. Waiting persons must remain at the court.
 - c. One player may not hold courts alone.
3. When persons are waiting for a court, playing time is limited to one hour.
4. No glass containers are to be brought to the courts.
5. No skates, rollerblades, skateboards, or bicycles are allowed on the courts.
6. No pets are allowed on the courts.
7. No playing between the hours of 10:00 pm and 6:00 am.
8. Courts are for the use of homeowners and guests of homeowners only.

PARK

1. Park facilities may not be used between the hours of 10:00 pm and 6:00 am.
2. All trash must be disposed of in proper containers.

MISCELLANEOUS

1. Garage doors shall remain closed when not in immediate use.
2. Trash shall not be stored curbside until the evening prior to pick up. All bins **MUST** be returned to the garage or side yard from the street within 24 hours of trash pick up.
3. All portable basketball hoops must be stored on the owner's property when not in immediate use. (They may not be left curbside or in such a fashion as to obstruct pedestrian passage on the sidewalk overnight.)
4. All seasonal/holiday decorations must be removed within 30 days of the conclusion of the season/holiday.

Palm Desert Regency Estates

Required Bylaws Section 4525(a)(1)



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RESTATED BYLAWS

PALM DESERT REGENCY ESTATES

HOMEOWNERS ASSOCIATION

A Planned Residential Development

August 2015

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

TABLE OF CONTENTS

ARTICLE 1 - NAME, LOCAATION AND APPLICABILITY

- 1.1 Name
- 1.2 Principal Office
- 1.3 Application
- 1.4 Definitions
- 1.5 Membership Rights

ARTICLE 2 – MEETING OF MEMEBRS

- 2.1 Place of Member Meetings; Conduct
- 2.2 Annual Member Meetings
- 2.3 Special Member Meetings
- 2.4 Notice of Member Meetings
- 2.5 Informational Meetings

ARTICLE 3 – MEMBER VOTING RIGHTS

- 3.1 Voting Rights of Members
- 3.2 Single Class of Membership
- 3.3 Voting Eligibility
- 3.4 One Lot; One Ballot
- 3.5 Exercise of Vote
- 3.6 Voting by Written Ballot

ARTICLE 4 – BOARD OF DIRECTORS

- 4.1 Number; Qualifications
- 4.2 Nomination
- 4.3 Eligibility
- 4.4 Annual Election
- 4.5 Special Election
- 4.6 Term
- 4.7 Removal
- 4.8 Filling Vacancies
- 4.9 Compensation
- 4.10 Powers and Duties
- 4.11 Limitation on Powers
- 4.12 Financial Documentation; Preparation, Reporting and Review Responsibilities
- 4.13 Expending Reserve Funds
- 4.14 Disciplinary Actions Against Members

ARTICLE 5 – MEETINGS OF DIRECTORS

- 5.1 Regular Meetings
- 5.2 Special Meetings
- 5.3 Organizational Meeting
- 5.4 Quorum

- 5.5 Open Meetings
- 5.6 Electronic Participation in Meetings
- 5.7 Emergency Meetings
- 5.8 Executive Session
- 5.9 Adjournment
- 5.10 Action Without a Meeting
- 5.11 Board Deliberation Regarding Member Discipline
- 5.12 Meeting Minutes

ARTICLE 6 – OFFICERS

- 6.1 Enumeration of Officers
- 6.2 Appointment and Term
- 6.3 Duties
- 6.4 Resignation and Removal
- 6.5 Compensation
- 6.6 Delegation

ARTICLE 7 – BOOKS AND RECORDS

- 7.1 Required Books and Records
- 7.2 Inspection Rights

ARTICLE 8 – NONLIABILITY AND INDEMNIFICATION

- 8.1 Limitation on Liability of Association's Directors and Officers
- 8.2 Indemnification of Association
- 8.3 Indemnification by Association of Directors, Officers, Employees and Other Agents
- 8.4 Approval of Indemnity by Association
- 8.5 Advancement of Expenses
- 8.6 Insurance

ARTICLE 9 - AMENDMENTS

RESTATED BYLWS OF
PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
A Planned Residential Development

ARTICLE 1 – NAME, LOCAITON AND APPLICABILITY

1.1. **Name.** The name of the association is PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION (hereinafter referred to as the “Association”). The Association is organized under the California General Nonprofit Mutual Benefit Corporation Law.

1.2. **Principal Office.** The principal office of the Association is located within the County of Riverside, California. The Board shall have full power and authority to change the principal office of the Association from one location to another in the County of Riverside, California. Any such change shall be adopted by a resolution of the Board and noted in the meeting minutes.

1.3 **Application.** These Restated Bylaws are applicable to the residential Development known as Palm Desert Regency Estates, located at Palm Desert in Riverside County, California. These Restated Bylaws are also applicable to all Members of the Association and all tenants, employees, and other persons who use the facilities of the Development in any manner.

1.4. **Definitions.** Unless otherwise specified in these Restated Bylaws, the definitions set forth in Article I of the Restated Declaration of Covenants, Conditions and Restrictions for Palm Desert Regency Estates Homeowners Association, recorded on _____ as Instrument No. _____ of Official Records of the County Recorder of Riverside County (hereinafter “Restated Declaration”), apply to these Restated Bylaws.

1.5 **Membership Rights.** The qualifications for membership are set forth in Section 3.2 of the Restated Declaration and are hereby incorporated by reference.

ARTICLE 2 -MEETINGS OF MEMBERS

2.1 **Place of Member Meetings; Conduct.** All meetings of the Members shall be held at the principal office of the Association or a place designated by the Board which shall be as close to the Development as reasonably possible. If no meeting place is designated, the meetings shall be held at the principal office of the Association. No meeting of the Members shall, unless unusual conditions exist, be held outside of Riverside County, California. Meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Board may adopt by resolution.

2.2 **Annual Member Meeting.** The annual meeting of the Members shall be held

on a date and time established by the Board, so long as the annual meeting is held within the month of March ("Annual Meeting"). The purpose of the Annual Meeting shall be solely for the installation of newly elected Directors, for reports from officers, committees and staff, and for questions and comments from Members regarding matters of common interest or concern to the Association, its Members and the Palm Desert Regency Estates community in general.

2.3 Special Member Meetings. Special meetings of the Members may be called for any lawful purpose by a majority of a quorum of the Board, the President of the Association, or by a written request signed by Members representing at least five percent (5%) of the voting power of the Association. The special Member meeting shall be held not less than thirty-five (35) nor more than ninety (90) days after adoption of the resolution or receipt of the request by an officer of the Association. Only that business stated in the notice of meeting given pursuant to Section 2.4 of these Restated Bylaws shall be transacted at the special meeting.

2.4 Notice of Member Meetings. The Secretary of the Association shall give written notice of any Member meeting to each Member of record in accordance with the following:

2.4.1 Except as otherwise provided in this Article, the notice shall be given at least twenty (20) but not more than ninety (90) days before the meeting, by first class mail, by personal delivery or by newsletter in accordance with *California Corporations Code* §5016 and any other successor statute related thereto, as well as any other method permitted by California law.

2.4.2 The notice shall be addressed to the Member at the address appearing on the books of the Association, or the address supplied by the Member to the Association for this purpose. If there is no such address, notice shall be given at the principal office of the Association. When there is more than one (1) record Owner of a Lot ("Co-Owners"), only one of them shall be entitled to notice under this provision. It shall be up to the Co-Owners to designate the Member entitled to notice and, failing to do so, then it shall be provided to the first name listed on the Association's records for said Lot.

2.4.3 The notice shall state the place, date, and time of the meeting.

2.4.4 Voting at a meeting of the Members shall be as provided in Section 3.5.2 below. Except as noted in Article 3 below, the quorum for meetings of Members shall be twenty-five percent (25%) of the voting power of the Association.

2.5 Informational Meetings. At the request of the Board of Directors, the Association may conduct informational meetings for the Members from time to time.

ARTICLE 3-MEMBER VOTING RIGHTS

3.1 Voting Rights of Members. Subject to the conditions and requirements set forth in the First Restated Declaration, Members may exercise the voting rights which are set forth below:

3.1.1 Election of Directors. Members have the right to vote to elect Directors of the Association, as provided in this Article 3. There is no quorum requirement for an election of Directors.

3.1.2 Regular Assessment Increases. Regular Assessment increases greater than twenty percent (20%) of the Regular Assessment for the preceding fiscal year requires approval by Members, as provided in Section 4.2 of the First Restated Declaration. For purposes of this subsection 3.1.2, a quorum shall mean a majority of the voting power of the Association and Member approval shall mean the affirmation by at least a majority of the valid votes cast by written ballot when the number of valid written ballots cast equals or exceeds a quorum.

3.1.3 Special Assessments. A Special Assessment greater than five percent (5%) of budgeted gross expenses for the fiscal year in which the Special Assessments are levied requires approval by the Members, as provided in Section 4.3 of the First Restated Declaration. For purposes of this subsection 3.1.3, a quorum shall mean a majority of the voting power and Member approval shall mean the affirmation by at least a majority of the valid votes cast by written ballot when the number of valid written ballots cast equals or exceeds a quorum.

3.1.4 Recall of Directors. Members have the right to recall Director(s) as provided in Section 4.7.2 below. For Member approval of a recall, the quorum requirement is a majority of the voting power of the Association.

3.1.5 Certain Board Actions. Member approval is required before the Board can exercise the powers enumerated in Section 4.11 below. Member approval shall require the affirmation by at least a majority of the valid votes cast by written ballot when the number of valid written ballots cast equals or exceeds a quorum requirement of a majority of the voting power of the Association.

3.1.6 Amendments to the First Restated Declaration. Amendments to the First Restated Declaration require Member approval pursuant to Article XVII of the First Restated Declaration, by a majority of the voting power of the Association.

3.1.7 Amendments to these Restated Bylaws. Members must approve amendments to these Restated Bylaws as provided in Article 9 below.

3.1.8 **Other Matters:** Member approval for other matters shall require the affirmation by at least a majority of the valid votes cast by written ballot when the number of valid written ballots cast equals or exceeds a quorum requirement of twenty-five percent (25%) of the voting power of the Association.

3.2 **Single Class of Membership.** The Association shall have one class of voting Membership comprised of Owners of Lots.

3.3 **Voting Eligibility.**

3.3.1 **Record Date.** Members of record are Owners holding a Membership as of the close of business on a record date established by the Board in advance, such date to be not more than sixty (60) days before the day on which the written ballots are mailed, notwithstanding any transfer of Membership after the record date. In the absence of Board action to establish a record date for written balloting, the record date shall be seven (7) business days before the date scheduled for mailing of the written ballots.

3.3.2 **Members in Good Standing.** Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's residential Lot and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Governing Documents. A Member's good standing shall be determined as of the record date established in accordance with Section 3.3.1 above.

3.3.3 **Foreclosure.** Any mortgagee who acquires title to a Lot pursuant to a judgment of foreclosure or a trustee sale shall automatically become entitled to exercise all voting rights which the Owner of said Lot would otherwise have had.

3.3.4 **Assignment of Voting Rights.** The right to vote is not transferable or assignable, except in connection with the transfer of a Member's ownership interest in the Lot to which the Membership is appurtenant, including a transfer pursuant to a contract of sale. If an Owner has leased or rented the Owner's Lot, the Owner shall retain the right to vote as a Member.

3.4 **One Lot, One Ballot.**

3.4.1 Ownership of a Lot includes a single vote for each issue on the ballot to be voted upon in the Association election and one vote for each vacancy on the Association's Board of Directors. Lot co-owners are deemed to be one Member for voting purposes.

3.4.2 A vote cast by a Member of a multi-owner Lot will be deemed to have the approval of the other Owners of that Lot. Only one ballot may be cast for each Lot. If more than one ballot is received, or if any ballot is contested in writing by another

co-owner, no ballot will be counted.

3.5 Exercise of Vote.

3.5.1 By Written Ballot. Written ballots are required for those issues described in Section 3.1 above. Unless otherwise indicated, such votes require a quorum of twenty-five percent (25%) of the voting power of the Association and must be accomplished as provided in Section 3.6 below.

3.5.2 At Meetings of Members. Voting at meetings of Members shall be limited to (i) advisory, non-binding votes to poll the Members in attendance with respect to a matter or issue of interest to the Association and its Members; or (ii) motions on procedural matters relating to the conduct of that meeting.

3.5.3 Proxy Voting. Proxy voting is not permitted.

3.5.4 Cumulative Voting. Cumulative voting is prohibited.

3.6 Voting by Written Ballot.

3.6.1 Written Ballots. Any matter or issue requiring the vote of the Members, including the election of Directors, shall be by written ballot without the necessity of calling a meeting of the Members, so long as the procedures and requirements for action by written ballot set forth in this Section 3.6 are satisfied, as well as the election rules adopted by the Board of Directors from time to time.

3.6.2 Ballot Schedule. The Board shall issue the call for a written ballot vote and establish the mailing and due dates of the balloting period. Unless otherwise determined by the Board, the due date of ballots for the election of Directors shall be two days before the Annual Meeting.

3.6.3 Distribution of Written Ballots. Unless the Board reserves the right to extend the period for the return of ballots as provided in Section 3.6.5(b), below, written ballots shall be mailed (or delivered in any other manner permitted by California and Federal law) to all Members who are eligible to vote not more than ninety (90) days prior to the date and time the ballots are to be received to be counted, but no less than thirty (30) days prior to such date.

3.6.4 Requirements for Valid Member Action by Written Ballot.

(a) For all matters other than election of Directors, Member approval by written ballot shall only be valid if: (A) the number of votes cast by written ballot within the time established for return of the ballots equals or exceeds the quorum requirement specified in the Governing Documents, and (B) the number of affirmative valid votes cast during the prescribed balloting period equals or exceeds the number of

affirmative votes required for approval.

(b) For Director elections, there is no quorum requirement. Members are entitled to cast one vote for each vacant position on the Board. The nominees receiving the greatest number of valid votes, up to the number of vacancies, shall be elected.

3.6.5 Content of Written Ballots and Information Materials.

(a) **Ballots for Director Elections.** Written ballots used in any election of Directors shall set forth the names of those nominees who have been certified by the Inspector(s) of Election as being Members in Good Standing. The written ballot shall specify the time and date by which the written ballot must be received by the Association in order to be counted.

(b) **Ballots for other Matters.** The provisions of this Section 3.6.5(b) shall not apply to the election of Directors. Any written ballot distributed to the Members to vote on any issue shall set forth the proposed action and provide an opportunity for the Member to specify approval or disapproval of the proposal. The written ballot shall indicate (A) the percentage of affirmative votes necessary to approve the measure submitted for membership approval and the number of responses needed to meet the quorum requirement for valid action, and (B) the date and time by which the written ballot must be received by the Association in order to be counted. The date fixed for the return of ballots may only be extended if the Association notifies the Members on the face of the written ballot or in the balloting materials originally sent to Members, that the Board is reserving the right to extend the balloting time period. In no event shall any extension or extensions exceed a total of one hundred twenty (120) additional days.

(c) **Information Materials.** The information materials accompanying the ballots shall include voting instructions and such other information as may be prescribed by the Board.

(d) **Authenticating Ballots, and Lost (or Otherwise Unusable) Ballots.** The Board of Directors shall establish a procedure, which must be followed by the Inspector of Elections, for authenticating the ballots cast by Members (such as a numbering system or other form of authentication), as well as a procedure which must be followed when a homeowner requests a replacement ballot for lost or otherwise unusable ballots. This section shall apply to all written ballots, whether for Board of Director elections or any other ballot distributed to the membership.

3.6.6 Balloting Procedures.

(a) **Inspector of Elections.** The Inspector of Elections shall determine the eligibility of the voters, and shall conduct and supervise the ballot process

in accordance with California State law, these Restated Bylaws, the election rules and any resolutions by the Board of Directors. Any report or certificate made by the Inspector of Elections shall be prima facie evidence of the facts therein.

(b) **Voting by Mail or Personal Delivery.** Any Member may return the written ballot by mail or personal delivery to the address set forth in the information materials for return of the ballots, and such written ballot must be received no later than the time and date indicated on the written ballot and/or in the accompanying information materials.

(c) **No Revocation of Written Ballot.** Once cast, a written ballot may not be revoked.

3.6.7 Tabulation of Votes. At the close of the balloting period, written ballots shall be tabulated by the Inspector of Elections and his/her designees in public at a properly noticed open meeting of the Board of Directors.

3.6.8 Notification of Results of Balloting Process. Upon completion of the tabulation of ballots, the results shall be certified by the Inspector of Elections to the Board and notification of the results shall be given to the Members as soon as practicable, except as may be otherwise provided in the Governing Documents. For ballots other than Board elections, if the number of valid ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirement for Member approval, the Board shall so notify the Members. The Inspector of Elections' certification of the result of the balloting process shall be retained as permanent records of the Association.

3.6.9 Storage of Ballots. Following tabulation, all ballots, inclusive of election of Directors shall be sealed and stored by the Inspector of Election for nine (9) months. Thereafter, the ballots shall be stored by the Association for an additional one (1) year, after which the ballots themselves may be destroyed.

3.6.10 Additional Procedures. The Board may adopt such additional reasonable procedures as it deems necessary or appropriate to assure fairness in any balloting process.

ARTICLE 4 – BOARD OF DIRECTORS

4.1 Number; Qualifications. The affairs of this Association shall be managed and its duties and obligations performed by an elected Board of Directors, consisting of five (5) persons. Members of the Board must be Members of the Association and meet all the eligibility requirements set forth in Section 4.3.

4.2 Nomination. Nominations for election to the Board of Directors may be

made by any of the following:

4.2.1 A nominating committee appointed by the Board, provided the Board receives the committee's nomination or nominations at least seventy-five (75) days prior to the Annual Meeting of Members;

4.2.2 A written self-nomination delivered to the Association in care of the Association's community association manager or as indicated in the Association's election rules, at least forty-five (45) days prior to the Annual Meeting. The written self-nomination shall identify the nominee, containing that person's written consent to serve as a Director and must meet the eligibility requirements identified in Section 4.3 below. In light of this self-nomination process, there shall be no nominations from the floor at any annual or special member meeting;

4.2.3 The Board, which may make nominations at any time.

4.3 Eligibility. Candidates for nomination for election to the Board of Directors shall meet the following minimum standards in order to qualify to be a Board member:

4.3.1 Must be a Member in Good Standing as that term is defined in Section 3.3.2 of these Restated Bylaws;

4.3.2 Own a minimum twenty-five percent (25%) interest in his/her Lot either as a fee simple Owner or, if ownership is in the form of a trust or business entity, a minimum twenty-five percent (25%) beneficial interest in the trust or business entity. The Board may establish rules, regulations, and procedures from time to time to assist the Nominating Committee in verifying this eligibility requirement of beneficial interests in trusts or business entities; and

4.3.3 Must be the only Member of the Residential Lot running for election to the Board of Directors and/or serving on the Board of Directors. The nominating committee shall verify that all candidates meet the eligibility standards set forth in this Section. However, any candidate determined by the nominating committee to not meet the eligibility standards may appeal the committee's decision to the Board of Directors, but must do so in writing and no later than ten (10) days after the Committee mails or delivers its ruling to the candidate.

4.4 Annual Election. The annual election of Directors shall be conducted by secret written ballot in accordance with *California Civil Code* §5115 or any successor statute thereto, this Section 4.4 and Article 3. At each annual election of the Association, the Members shall fill, by election, all vacant positions on the Board. Except for uncontested director elections as enumerated in Section 4.4.1 below, the ballots shall be

mailed by first class mail (or delivered in any other manner permitted by California and Federal law) to all Owners who are eligible to vote, at least thirty (30) days before the date of the Annual Meeting. All ballots for election of Directors must be received by the Inspector(s) of Election on or before 5:00 p.m. the day before the Annual Meeting in order to be counted. Any ballot received thereafter shall be invalid and shall not be counted. Each Owner shall be entitled to his/her/its respective voting rights for each Lot owned within the Development. Cumulative voting is prohibited. The results of the Board election shall be announced at the Annual Meeting. The nominees receiving the highest number of votes shall take office immediately following the Annual Meeting. In the event that there is a tie vote between nominees, the tie shall be broken by a drawing of lots, which drawing shall be conducted by the Inspector of Elections.

4.4.1 Notwithstanding anything in these Restated Bylaws to the contrary (and in light of the substantial cost of conducting an annual election of directors), in the event the number of nominees is equal to or less than the number of vacant positions on the Board that are up for election ("Uncontested Director Election"), then the Inspector of Elections shall declare (at the next regularly scheduled Board of Directors meeting after the close of nominations) an Uncontested Director Election and such nominees will be elected without any balloting, as such balloting is described in Section 4.4 above. The Inspector of Elections will announce and declare such nominees in the Uncontested Director Election elected at the Annual Meeting and they shall take their seats immediately thereafter. Furthermore, at any Uncontested Director Election the membership shall have deemed to have elected to apply any excess operating funds to the following year's assessments to avoid negative tax consequences (to the extent there are any excess operating funds). Moreover, in light of the fact that Annual Meetings are informational and that no Member action can be taken at an Annual Meeting, there shall be no need for Members to approve the minutes of any Annual Meeting; as such, the Association shall provide the membership with the minutes of the last Annual Meeting with the documentation distributed to the membership with the annual policy statement.

4.5 Special Election. In the case of a special election called to fill a vacancy caused by a removal of a Director(s) by the Owners, all ballots for election of Directors must be received by the Inspector(s) of Election on or before 5:00 p.m. the day before the Board meeting which has been scheduled to count the ballots. Distribution and receipt of ballots, as well as the voting, tie-breaking and announcement of results for a special election shall be handled in the same manner as provided for in Annual Elections.

4.6 Term. Except as provided for in Section 4.8 herein, each Board member shall serve for a two (2) year term on a staggered basis, with three (3) Directors being elected in odd years and two (2) Directors being elected in even years. Directors shall serve no more than three (3) consecutive terms. Thereafter, a former director, having served three terms (six years) shall not be eligible to be a candidate for election to the Board for one (1) year, unless, however, there are no eligible candidates running for election in which case no term limits will apply. Each director shall hold office until the election of his/her successor or

until the director's death, resignation, removal, or judicial adjudication of mental incompetence.

4.7 Removal. Directors may be removed as follows:

4.7.1 The Board on a majority vote of at least three directors may declare vacant the office of a director on the occurrence of any of the following events:

- (a) The director is declared of unsound mind by a final order of Court;
- (b) The director is convicted of a felony; or
- (c) The director has failed to attend three (3) regular meetings of the Board in any twelve-month period
- (d) The director has become delinquent in the payment of any assessment for a period in excess of forty-five (45) days. In this regard, the director who is delinquent for over forty-five (45) days shall be given a minimum of fifteen (15) days' written notice to pay any such delinquency, and only upon the failure of such director to pay such delinquency shall the Board declare vacant the office of such director.
- (e) The director fails to meet the eligibility requirements set forth in Section 4.3 of these Restated Bylaws.

4.7.2 One (1) or more directors may be removed prior to the expiration of their terms, without cause, as provided below. Any removal without cause of the entire Board shall be approved by the vote of the Members representing a majority of a quorum of the membership.

Notwithstanding the foregoing, unless the entire Board is removed from office by the vote of the Members, an individual director shall not be removed prior to the expiration of his or her term of office if the number of votes cast against the removal, or not consenting in writing to the removal, would be sufficient to elect the director at an election at which the same total number of votes cast and the entire number of directors authorized at the time of the director's most recent election were then being elected.

4.8 Filling Vacancies. Except for vacancies created by removal of a Board member by the Owners pursuant to Section 4.7.2 of these Bylaws, vacancies in the Board of Directors shall be offered to the nominee(s) receiving the successively next highest number of votes in the previous election. If said nominee(s) decline the offer by the Board of Directors to fill the vacancy in accordance with this provision, then the vacancy shall be filled by a vote of a majority of the remaining directors, even though they may constitute less than a quorum. Should a vacancy occur within the last ninety (90) days prior to an annual election, the seat will remain vacant until the time of the election. Each person so selected shall be a Director until the next annual election at which point, an election will be held to elect a Director to fill the balance of the unexpired term. Vacancies created by removal of a Board member by the Owners pursuant to Section 4.7.2 of these Bylaws shall be filled consistent with the special election requirements set forth in Section 4.5 herein.

4.9 Compensation. No director shall receive any compensation for any service he or she may render to the Association; provided, however, that a director may be reimbursed for actual out of pocket expenses incurred by the director in the performance of his or her duties.

4.10 Powers and Duties. The Board shall exercise for the Association all powers and duties vested in or delegated to the Board or the Association by the Governing Documents and the *California Corporations Code* governing nonprofit mutual benefit corporations. Said powers and duties shall be subject to the limitations of the Governing Documents, and shall include, but not be limited to, the following:

4.10.1 To select, appoint and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, the Articles, the Restated Declaration and these Restated Bylaws, to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

4.10.2 To maintain the Development and the Common Area in the manner described in the Restated Declaration, but subject to the limitations on the power of the Board specifically described therein and in these Bylaws;

4.10.3 Formulating Rules and Regulations for the use and operation of the Lots, the Common Area common facilities owners or controlled by the Associations;

4.10.4 Enforcing the applicable provisions of the Governing Documents and any other instruments governing the ownership, management, and control of the Development;

4.10.5 Initiating and executing disciplinary proceedings against Members for violations of provisions of the Governing Documents in accordance with procedures

set forth in Section 4.14 herein;

4.10.6 Paying taxes and assessments that are, or could become, a lien on all or a portion of the Common Area;

4.10.7 Fixing and establishing the fiscal year for the Association, including the power to modify the fiscal year;

4.10.8 Procuring and maintaining public liability and fire insurance with extended coverage on the Common Area as required by the terms of this Declaration. The Association shall also have the authority to procure and maintain any other type of insurance which the Association determined is in the best interest of the Association and its Members;

4.10.9 Contracting for goods and services for the Common Area facilities, and interests of the Association, subject to the limitations set forth in Section 4.11 herein;

4.10.8 Borrowing money, incurring indebtedness and executing promissory notes or other evidences of debt for the Association, provided, however, that no action of the Board shall be taken that will cause a deed of trust or mortgage to be placed on any of the Common Areas of the Association without the approval of a majority of a quorum of the Owners;

4.10.9 Creating committees pursuant to resolutions adopted by a majority of the Board; provided that if a committee will exercise any power or authority of the Board, it shall consist of two (2) or more directors to serve at the pleasure of the Board (such committees with delegated Board power must consist solely of Board members). No directors need serve on any committee which does not exercise any power or authority of the Board (*e.g.*, social committees);

4.10.10 Delegating its authority, duties, and responsibilities to its officers, employees, committees, or agents, including a general manager, property manager, or professional management agent;

4.10.11 Authorizing the withdrawal of monies from the Association's reserve accounts, upon the signatures of two (2) directors;

4.10.12 Entering any Lot to perform necessary construction, maintenance, inspection for compliance with the Governing Documents, and/or emergency repair work for the benefit of the Common Area, Association Property, or the Members in the aggregate;

4.10.13 Filling vacancies on the Board, except for a vacancy created by the removal of a director by Members;

4.10.14 Extending the time for return of ballots pursuant to Section 3.6.5(b) herein, by majority approval of the Board; and

4.10.15 Providing any Owner with the following documents within ten (10) days of the mailing or delivery of a written request therefor and receipt of the costs to prepare and reproduce said documents:

- (a) A copy of the Governing Documents;
- (b) A copy of the most recent financial statement;
- (c) A written statement from an authorized representative of the Association specifying (i) the amount of the Association's current Regular, Special, and/or other assessments and fees; (ii) the amount of any assessments levied on the Owner's Lot that are unpaid on the date of the statement; and (iii) the amount of late charges, interest, and costs of collection that, as of the date of the statement, are or may be made a lien on the Owner's Lot pursuant to the Restated Declaration;
- (d) A statement noting any change in the Association's current assessments and fees which have been approved by the Board, but which have not become due and payable as of the date disclosure is provided pursuant to this Section.

4.11 Limitation on Powers. Notwithstanding the provisions of Section 4.10, the Board shall be prohibited from taking any of the following actions, except with the Member approval via a ballot measure pursuant to Section 3.1.5 of these Restated Bylaws:

4.11.1 Entering into a contract to furnish goods or services for the Common Area or the Association Property for a term longer than one (1) year with the following exceptions:

- (a) A management contract approved by the Federal Housing Administration of Veterans Administration;
- (b) A contract with a public utility if the rates charged are regulated by the Public Utilities Commission, provided that the term shall not exceed the shortest term for which the utility will contract at the regulated rate;
- (c) Prepaid casualty and/or liability insurance of not more than three (3) years duration, provided that the policy provides for short rate cancellation by the insured;
- (d) Agreements for internet and video/cable services and equipment not exceeding five (5) years in duration;

(e) Agreements for the gate and camera services, as well as access systems (such as transponders, license plate recognition system, etc.) and/or sale or lease of burglar alarm and fire alarm equipment, installation, and services not exceeding five (5) years' duration; and

(f) Agreements for trash pick up and other trash services not exceeding three (3) years in duration. A contract for a term not to exceed three (3) years that is terminable by the Association without cost, penalty or other obligation upon not more than ninety (90) days' written notice of termination to the other party;

4.11.2 Incurring aggregate expenditures for new capital improvements to the Common Area (that otherwise did not exist previously) in any fiscal year in excess of three percent (3%) of the gross budgeted expenses of the Association for that fiscal year. This section shall not limit expenditures for repair, maintenance and replacement of reserve line items;

4.11.3 Selling during any fiscal year property of the Association having an aggregate fair market value in excess of ten percent (10%) of the gross budgeted expenses of the Association for that fiscal year;

4.11.4 Borrowing money, incurring indebtedness and executing therefor promissory notes or other evidences of debt for the Association in excess of ten percent (10%) of the gross budgeted expenses of the Association for that fiscal year; or

4.11.5 Filling a vacancy on the Board created by the removal of a director by the Members.

4.11.6 Upon dissolution of the Association, to distribute Association assets in accordance with the law.

4.12 Financial Documentation; Preparation, Reporting and Review Responsibilities. With regard to the preparation, reporting and review of the Association's financial documentation, the Board shall have the following responsibilities:

4.12.1 Preparing an annual budget report for each fiscal year and distributing a copy thereof to each Owner not less than thirty (30) and not more than ninety (90) days prior to the beginning of the fiscal year, unless California law provides a different time line, in which case the statute shall control.

(a) The estimated revenue and expenses on an accrual basis;

(b) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 5565 of the *California Civil Code*, based only on assets held in cash or cash equivalents, which shall be printed in bold type and

include all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component;

(ii) As of the end of the fiscal year for which the study is prepared: (1) the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components, and (2) the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain those major components; and

(iii) The percentage that the amount determine for purposes of clause (2) of subparagraph (ii), above, is of the amount determined for purposes of clause (1) of subparagraph (ii), and above;

(iv) The current deficiency in reserve funding expressed on a per Lot basis.

The summary of the Association's reserves disclosed pursuant to this Section shall not be admissible in evidence to show improper financial management of the Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision;

(c) A statement as to all of the following:

(i) Whether the Board, consistent with the reserve funding plan, has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date and duration of the assessment;

(ii) The mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms;

(iii) Whether the Board of Directors of the Association has determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repairs or replacement; and

(iv) Whether the Association has any outstanding loans within an original term of more than one (1) year, including the payee, interest rate, amount outstanding, annual payment and when the loan is scheduled to be retired.

(d) A general statement addressing the procedures used for the

calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain, or other components identified by the Board. The report shall include, but need not be limited to, reserve calculations made using the formula described in Paragraph 4 of subsection (b) of *California Civil Code* §5570, and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

(e) In lieu of the distribution of the annual policy statement, the Board may elect to distribute a summary of the statement to each Owner with a written notice that the statement is available at the business office of the Association or designated location and that copies will be provided upon written request and at the expense of the Association. The Association shall provide the copy to the Owner within five (5) working days of the receipt of the Owner's written request.

4.12.2 Preparing and distributing an annual report, within one hundred twenty (120) days after the close of each fiscal year, consisting of the following:

- (a) A balance sheet as of the end of the fiscal year;
- (b) An operating (income and expense) statement for the fiscal year;
- (c) A statement of changes in financial position for the fiscal year;
- (d) For any fiscal year in which the gross income to the Association exceeds \$75,000.00, a copy of the review or audit, if applicable, of the annual financial statement prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. If this report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared without independent audit or review from the books and records of the Association; and

4.12.3 Within thirty (30) to ninety (90) days before the end of its fiscal year, the Board shall distribute an annual policy statement that provides the members with information about association policies. The annual policy statement shall include all of the following information:

- (a) The name and address of the person designated to receive official communications to the association.
- (b) A statement explaining that a member may submit a request to have notices sent to up to two different specified addresses.

- (c) The location, if any, designated for posting of a general notice.
- (d) Notice of a member's option to receive general notices by individual delivery.
- (e) Notice of a member's right to receive copies of meeting minutes.
- (f) The statement of assessment collection policies.
- (g) A statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.
- (h) A statement describing the association's discipline policy, if any, including any schedule of penalties for violations of the governing documents.
- (i) A summary of dispute resolution procedures.
- (j) A summary of any requirements for association approval of a physical change to a Residential Lot.
- (k) The mailing address for overnight payment of assessments.
- (l) Any other information that is required by law or the governing documents or that the board determines to be appropriate for inclusion.

The annual policy statement shall be made available to the members pursuant to *California Civil Code Section 5320*.

4.12.4 Causing to be conducted at least once every three (3) years a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the Community. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. This study shall, at a minimum, include:

- (a) Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years;
- (b) Identification of the probable remaining useful life of the components identified in (a), above, as of the date of the study;

(c) An estimate of the cost of repair, replacement, restoration or maintenance of the components identified in (a), above, during and at the end of their useful life; and

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain the components identified in (a), above, during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

(e) A reserve funding plan that indicates how the Association plans to fund the contribution identified in Section 3.11.4(d) above, to meet the Association's obligation for the repair and replacement of all major components with an expected remaining life of thirty (30) years or less, not including those components that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan shall be adopted by the Board at an open meeting before the membership of the Association. If the Board of Directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board that is consistent with the procedure described in *California Civil Code* §5605 (or any successor statute thereto).

As used herein, the term "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain; and

4.12.5 Reviewing the following on at least a quarterly basis:

- (a) A current reconciliation of the operating and reserve accounts of the Association;
- (b) The actual reserve revenues and expenses for the current year to date compared to the budget for the current year;
- (c) An income and expense statement for the operating and reserve accounts of the Association;
- (d) The most current account statements prepared by the financial institution where the Association has its operating and reserve accounts.

4.12.6 Distributing a summary of the Association's property, general liability, earthquake, flood and fidelity insurance policies, which distribution shall not be less than thirty (30) nor more than ninety (90) days preceding the beginning of the Association's fiscal year, that includes all of the following information:

- (a) The name of the insurer.
- (b) The type of insurance.
- (c) The policy limits of the insurance.
- (d) The amount of deductibles, if any.

4.12.7 Notifying its Members, as soon as reasonably practicable, by first-class mail if any of the policies described in paragraph 4.12.6 have lapsed, been canceled and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the Association receives any notice of nonrenewal of a policy described in paragraph 4.12.6, the Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse. To the extent that any of the information required to be disclosed pursuant to paragraph 4.12.6, is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all of its Members. The summary distributed pursuant to paragraph 4.12.6 shall contain, in at least 10-point boldface type, the following statement: "This summary of the Association's policies of insurance provides only certain information, as required by subdivision (e) of §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."

4.12.8 Notifying the Members of the Association in writing at the time that the annual budget report required in *Civil Code* Section 5300 is distributed, or at the time of any general mailing to the entire membership of the association, of their right to have copies of the minutes of meetings of the Board of Directors, and how and where those minutes may be obtained.

4.13 Expending Reserve Funds. The Board may not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

The foregoing notwithstanding, the Board may reallocate monies in the reserve account for different specific line items of major components which the Association is obligated to repair, restore, replace, or maintain, as long as said reallocation is based upon a written finding by the Board of Directors, which explains the reason for the reallocation and includes the opinion(s) of professionals and/or experts confirming the need for the reallocation.

Additionally, notwithstanding the above, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses, if the Board has provided notice of intent to consider the transfer in a notice of meeting, which shall be provided as specified in *California Civil Code* §4920. The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Development, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this Section. This special assessment is subject to the limitation imposed by *California Civil Code* §5605. The Board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of that decision, and of the availability of an accounting of those expenses, in the next available mailing to all Members of a notice or report addressed and mailed or delivered to a Member as part of a newsletter, magazine or other article regularly sent to Members. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's office.

4.14 Disciplinary Actions Against Members.

4.14.1 The Board shall have the right to discipline a Member and/or his/her/its family, tenants, residents, co-owners, guests and/or invitees ("Invitees") for violation of any of the provisions of the Restated Declaration or Restated Bylaws (or any amendments thereto), Rules and Regulations, and Architectural and Landscape

Regulations/Guidelines (hereafter "Governing Documents") by (i) suspending the Member's rights and privileges, including voting rights, and the rights and privileges to use the Common Area and/or facilities, rights and privileges to video/internet services (if the Association has in existence a bulk television and/or internet service agreement), remote entry system (transponders, license plate recognition systems and/or clickers), as well as other use privileges granted to Owners in good standing, and/or (ii) imposing a monetary penalty.

4.14.2 The Board shall have the right to suspend the voting rights of any Member, video/internet service to a Residential Lot (but only if the Association has entered into a bulk television and/or internet service agreement for the Property), remote entry system (transponders, license plate recognition systems and/or clickers), and the rights of any Member, and the Invitees deriving rights from any Member, to use and enjoy the Common Area for any period during which the Member is delinquent in the payment of any assessment or monetary penalty, or as otherwise provided in the Governing Documents.

4.14.3 In connection with the general power of enforcement described above, the Board may discipline a Member for violations by the Member and/or his/her/its Invitees of any of the provisions of the Governing Documents, subject to the following limitations:

(a) The accused Member shall be given an opportunity to be heard and shall be given notice of a hearing before the Board of Directors in executive session, where the imposition of a suspension of membership privileges, monetary penalty, or both will be considered with respect to any alleged violation. Said notice shall be given not less than ten (10) days prior to the hearing;

(b) Notwithstanding the foregoing, under circumstances involving conduct that constitutes either (i) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Members, or (ii) a traffic or fire hazard, or (iii) a threat of material damage to, or destruction of, the Common Area, the Board or its agents may undertake immediate corrective or disciplinary action and conduct a hearing as soon thereafter as reasonably possible, if either (1) requested by the offending Member within five (5) days following the Association's action(s), or (2) on its own initiative;

(c) The amount of any monetary penalty shall be established from time to time for each type of violation in an amount to be determined by the Board, and a schedule thereof shall be distributed to the Members by personal delivery or first class mail. Distribution of additional schedules is not required unless there are any changes to an existing schedule;

(d) Except for nonpayment of any assessments, including monetary penalties, any suspension of a Member's privileges shall not exceed six (6) months for each violation. For nonpayment of any assessment, suspension of the Member's privileges shall continue until the Member remits payment of all monies due, including any collection costs.

ARTICLE 5-MEETINGS OF DIRECTORS

5.1 **Regular Meetings.** Regular meetings of the Board of Directors shall be held as determined by the Board of Directors, provided however, that meetings are held at a minimum of every other month at a time and place within the Development or within the Coachella Valley as fixed by resolution of the Board. Any meeting room selected by the Board shall be as close as possible to the Development. Except for an emergency meeting, notice of the time, place and agenda of the meeting shall be posted at a prominent place or places within the Common Area, if possible, four days in advance or as otherwise permitted by law, and shall be communicated to the directors not less than seventy-two (72) hours prior to the meeting; provided, however, that prior to or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him/her of the time and place thereof.

5.1.1 Board meetings shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Board may adopt by resolution. Additionally, the Board must follow the following requirements in conducting its Board meetings:

(a) Except as described in paragraphs 5.1.1(b) through (d) below, inclusive, the Board of Directors of the Association may not discuss or take action on any item at a nonemergency meeting unless the item was placed on the agenda included in the notice that was posted and distributed pursuant to this Section 5.1. This provision does not prohibit a resident who is not a member of the Board from speaking on issues not on the agenda.

(b) Notwithstanding Section 5.1.1(a), a member of the Board of Directors, a managing agent or other agent of the Board of Directors, or a member of the staff of the Board of Directors, may do any of the following:

(i) Briefly respond to statements made or questions posed by a person speaking at an open Board meeting as described in Section 5.5 below.

(ii) Ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities, whether in response to questions posed by a Member of the Association or based upon his or her own initiative.

(c) Notwithstanding Section 5.1.1(a), the Board of Directors or a member of the Board of Directors, subject to rules or procedures of the Board of Directors, may do any of the following:

(i) Provided a reference to, or provide other resources for factual information to, its managing agent or other agents or staff.

(ii) Request its managing agent or other agents or staff to report back to the Board of Directors at the subsequent meeting concerning any matter, or take action to direct its managing agent or other agents or staff to place a matter of business on a future agenda.

(iii) Direct its managing agent or other agents or staff to perform administrative tasks that are necessary to carry out this provision.

(d) Notwithstanding Section 5.1.1(a), the Board of Directors may take action on any item of business not appearing on the agenda posted and distributed pursuant to Section 5.1 under any of the following conditions (provided before discussing any item pursuant to this paragraph, the Board of Directors shall openly identify the item to the members in attendance at the meeting):

(i) Upon a determination made by a majority of the Board of Directors present at the meeting that an emergency situation exists. An emergency situation exists if there are circumstances that could not have been reasonably foreseen by the Board, that require immediate attention and possible action by the Board, and that, of necessity, make it impracticable to provide notice.

(ii) Upon a determination made by the Board by a vote of two-thirds (2/3) of the Board members present at the meeting, or, if less than two-thirds (2/3) of total membership of the Board is present at the meeting, by a unanimous vote of the members present, that there is a need to take immediate action and that the need for action came to the attention of the Board after the agenda was posted and distributed pursuant to Section 5.1.

(iii) The item appeared on an agenda that was posted and distributed pursuant to Section 5.1 for a prior meeting of the Board of Directors that occurred not more than thirty (30) days before the date that action is taken on the item and, at the prior meeting, action on the item was continued to the meeting at which the action is taken.

5.1.2 As used in this section, "meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

5.2 **Special Meetings.** Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two (2) directors other than the President. The notice shall specify the time and place of the meeting and the nature of any

special business to be considered. Notice of any special meeting shall be provided to the Members in the manner provided for notice of regular meetings and shall be sent to all directors not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

5.3 **Organizational Meeting.** Immediately after the Annual Meeting, described in Section 2.2, herein, or as soon thereafter as reasonably practicable, the Board shall meet to elect the officers of the Association and conduct any other business of the Association as the Board, in its discretion, shall determine is necessary.

5.4 **Quorum.** A majority of the Board shall constitute a quorum and if a quorum is present, the decision of majority of the directors present shall be the act of the Board.

5.5 **Open Meetings.** Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of the majority of the quorum of the Board. The Board of Directors shall set aside a time during any meeting of the Board for Members to speak, except for meetings of the Board held in executive session. A reasonable time limit for all Members of the Association to speak to the Board shall be established from time to time by the Board of Directors.

5.6 **Electronic Participation in Meetings.** Members of the board may participate in a meeting through use of conference telephone, electronic video screen communications, or other communications equipment. Participation in a meeting, through the use of conference telephone, pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) pursuant to this paragraph constitutes presence in person at that meeting if all of the following apply:

(a) Each member participating in the meeting can communicate with all of the other members concurrently.

(b) Each member is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection, to a specific action to be taken by the corporation.

(c) Association adopts and implements some means of verifying both of the following: (i) A person participating in the meeting is a director or other person entitled to participate in the board meeting; and (ii) all statements, questions, actions, or votes by, the board are taken or cast only by the directors and not by persons who are not directors, were made by that director and not by another person not permitted to participate as a director.

(d) As it relates to a telephone conference in which a majority of the

members of the Board, in different locations, are connected by electronic means, through audio or video or both, the notice of any such teleconferences shall be posted in the same manner as required for regular Board meetings (or, if applicable, executive sessions). Additionally, for Board meetings that are not executive sessions, the notice of the teleconference meeting shall identify at least one physical location so that Members of the Association may attend and at least one member of the Board of Directors or representative designated by the Board of Directors shall be present at that location. Participation by Board members in a telephone conference meeting constitutes presence at that meeting as long as all Board members participating in the meeting are able to hear one another' and Members of the Association speaking on matters before the Board.

5.7 Emergency Meetings. An emergency meeting of the board may be called by the president of the Association, or by any two members of the board other than the president, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the board, and which of necessity make it impracticable to provide notice as required by Section 5.1 above.

5.8 Executive Session. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to meet with its legal counsel, or discuss and vote upon (a) litigation in which the Association is or may become involved, (b) matters that relate to the formation of contracts with third parties, (c) personnel matters, (d) member discipline, and (e) meet with a member related to a payment plan for the member's delinquent assessments. The nature of any and all business to be considered in executive session shall first be announced in open session. In the event the executive session does not follow an open session, the Board may conduct an executive session if the nature of any and all business considered in such executive session is announced at the next regularly scheduled Board meeting. Nothing herein contained shall be construed to obligate the Board to first call an open meeting before meeting in executive session. An executive session which does not follow an open meeting may be called and noticed in the same manner as a special meeting. Except for emergency meetings, the notice of time, place and agenda of the executive session shall be posted in a prominent place or places within the common area two (2) days in advance or as otherwise permitted by laws. Any matter related to the issues enumerated in this Paragraph discussed in executive session shall be generally noted in the Association minutes of the next Board meeting. The term *generally noted in the Association minutes* means that the date and time of the executive session shall be indicated with a list of the topic(s) discussed under the allowed categories enumerated in this Section.

5.9 Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment shall be given, prior to the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

5.10 Action Without a Meeting. Notwithstanding *California Corporations Code*

§7211, the Board of Directors shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail except for emergency meetings as that term is defined in Section 5.7 above for any emergency meeting, any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents may be conveyed by copy, facsimile and/or e-mail and shall be filed with the minutes of the proceedings of the Board. Written consent by e-mail for emergency meetings shall be acceptable and constitute written consent provided each Director who has indicated e-mail approval confirms receipt of the proposed Board action and forwards a reply back to the Association, confirming receipt of the proposed Board action and approval of same (which reply shall be attached to the Board action via unanimous written consent as that Director's consent to the intended Board action). An explanation of the action taken shall be communicated by any means the Board deems appropriate.

5.11 Board Deliberation Regarding Member Discipline. In any matter relating to the disciplining of a Member, the Board shall meet in executive session if requested by that Member, and the Member shall be entitled to attend that portion of the executive session in which the Board discusses the discipline of that Member.

5.12 Meeting Minutes. Except as specified in Section 5.8 related to the minutes for executive sessions, the Board shall keep accurate written minutes of its meetings and shall retain them in the permanent records of the Association. 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 executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary of minutes shall be distributed to any Member upon request and upon reimbursement for the costs in making that distribution. Members shall be notified in writing at the time that the budget is distributed, or at the time of any general mailing to the entire membership, of their right to have copies of the minutes of meeting of the Board, and how and where those minutes may be obtained. The Board may, but is not obligated to, keep minutes of executive sessions. However, if minutes of any executive session are taken, said minutes are confidential and shall be kept in a secure place in a separate minute book. Only members of the Board of Directors and those employees designated by the Board, as well as other designated representatives of the Association (such as, Association's corporate counsel and certificate public accountant) shall be entitled to review executive session minutes. It is the intent of the Board that executive session minutes shall generally note the nature of any discussion and any action taken by the Board related thereto. Executive session minutes shall not be considered the type of minutes or Association "books and records" which are normally available to the membership under *California Corporations Code* §8333, provided, however, that the agendas for executive sessions are available for Member inspection upon written request for same.

ARTICLE 6 — OFFICERS

6.1 **Enumeration of Officers.** The officers of this Association shall be a

President, a Vice- President, a Secretary, and a Treasurer. The Board may appoint such additional officers as it may, in its sole discretion, determine necessary or desirable. Any number of offices may be held by the same person except for the offices of (a) President and Treasurer, and (b) President and Secretary. The President, Vice President, Secretary and Treasurer must be members of the Board of Directors. However, all other officers need not be members of the Board.

6.2 **Appointment and Term.** The officers shall be elected annually by the Board. Any vacancies shall be filled by the Board. Each officer shall hold his or her office at the pleasure of the Board.

6.3 **Duties.** Unless otherwise delegated by the Board, the duties of each officer follow shall be as follows:

6.3.1 The President shall:

- (a) Preside over all meetings of the Members and of the Board;
- (b) Sign as President all deeds, contracts, and other written instruments that have been approved by the Board, unless the Board, by duly adopted resolution, authorizes the signature of a lesser officer;
- (c) Oversee the work of contracted vendors, unless the Board, by duly adopted resolution, delegates that responsibility to another officer or Member of the Association;
- (d) Call meetings of the Board whenever he or she deems it necessary, in accordance with any rules and notice requirements imposed by the Board and the Governing Documents. The notice period shall be not less than seventy-two (72) hours except in the case of emergencies;
- (e) Have, subject to the approval of the Board, general supervision, direction, and control of the affairs of the Association; and
- (f) Discharge any other duties required of him or her by the Board.

6.3.2 The Vice President shall:

- (a) Act in the place and in the stead of the President in the event of his or her absence, inability, or refusal to act; and
- (b) Exercise and discharge any other duties required of him or her by the Board. In connection with any such additional duties, the Vice-President shall be responsible to the President.

6.3.3 The Secretary shall:

- (a) Keep a record of all meetings and proceedings of the Board and of the Members;
- (b) Serve all required notices of meetings of the Board and the Members;
- (c) Keep current records showing the names and addresses of all Members; and
- (d) Sign as Secretary all deeds, contracts, and other written instruments that have been approved by the Board, if the instruments that have been approved by the Board and signed by the President require a second Association signature and the Board has not passed a resolution authorizing another officer to sign in the place and stead of the Secretary.

6.3.4 The Treasurer shall:

- (a) Receive and deposit all of the funds of the Association in any bank or banks selected by the Board;
- (b) Be responsible for and supervise the maintenance of books and records to account for Association funds and other Association assets;
- (c) Disburse and withdraw Association funds in the manner specified by the Board; and
- (d) Prepare and distribute the financial statements for the Association required by the Restated Declaration

6.4 **Resignation and Removal.** The Board may remove any officer from office either with or without cause. An officer may resign at any time by giving notice to the Board, the President or the Secretary. The resignation shall take effect at the date of receipt of the notice or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation by the Board shall not be necessary to make it effective.

6.5 **Compensation.** An officer shall not receive any compensation for any service he or she may render to the Association; provided, however, that any officer may be reimbursed for actual out of pocket expenses incurred by the officer in the performance of his or her duties. This section shall not apply to any employee who may be appointed an officer of the Association.

6.6 **Delegation.** With Board approval, an officer may delegate his or her powers and duties to any committee, employee or agent of the Association, including, but not limited to the property manager.

ARTICLE 7 — BOOKS AND RECORDS

7.1 **Required Books and Records.** The Association shall maintain at its principal office:

7.1.1 Copies of the Governing Documents as last amended;

7.1.2 Adequate and correct books and records of account;

7.1.3 Written minutes of the proceedings of its Members, of its Board, and of committees of its Board (excluding executive session minutes and all executive session agendas); and

7.1.4 A membership register containing each Member's name, mailing address and voting rights.

7.2 **Inspection Rights.** The above books and records shall be made available for inspection as follows:

7.2.1 The Association shall make available Association records and enhanced Association records for the time periods and within the time frames provided in *California Civil Code* §5200, *et seq.*, as amended from time to time, or any successor statute thereto ("Statutory Inspection Rights") for inspection and copying by a Member of the Association or the Member's representative designated in writing to the Association. For purposes of this Section, the terms "association records" and "enhanced association records," as well as the fees that the Association can charge for

said records shall be in accordance with the Statutory Inspection Rights. The Association may withhold or redact information from the Association records and enhanced association records consistent with the Statutory Inspection Rights.

7.2.2 Every director shall have the absolute right to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association at any reasonable time. The right of inspection by a director includes the right to make extracts and copies of documents with the exception of secret written ballots, which shall only be reviewed by Inspectors of Election, the management company, or the Association's corporate counsel and/or the Association's CPA.

ARTICLE 8 — NONLIABILITY AND INDEMNIFICATION

8.1 **Limitation on Liability of Association's Directors and Officers.** No directors, committee members or officers of the Association (collectively and individually referred to as the "Released Party") shall be responsible to any Owner, or member of an Owner's family, any of the Owner's tenants, guests, servants, employees, licensees, invitees, or any other person for:

8.1.1 Any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required by the Governing Documents, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association reserve accounts for repair, replacement and maintenance of Common Areas and enforcement of the Governing Documents.

8.1.2 Any loss or damage suffered by reason of theft or otherwise of any article, vehicle or other item of personal property which may be stored by such Owner or other person within any Lot or Exclusive Use Common Area or for any injury to or death of any person or loss or damage to the property of any person caused by fire, explosion, the elements or any other Owner or person within the Development, or by any other cause, unless the same is attributable to his or her own willful or wanton act or gross negligence. It is the intent of this Section to provide volunteer directors and officers with protection from liability to the full extent permitted by *California Civil Code* Section 5800, or comparable superseding statute, and to the extent this provision is inconsistent with said section, the *Civil Code* shall prevail.

8.2 **Indemnification of Association.** Each Owner shall be liable to the Association for any damage to the Common Areas and/or Association Property

caused by the negligence or willful misconduct of the Owner or his or her family, guests, invitees or lessees. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury or property damage occurring within any Lot owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage. This Section is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this Section.

8.3 Indemnification by Association of Directors, Officers, Employees and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its directors, officers, committee members, employees, and other agents described in *California Corporations Code* §7237, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in *California Corporations Code* §7237 and including an action by or in the right of the Association, by reason of the fact that such person is or was a person described by that Section. "Expenses", as used in this Section, shall have the same meaning as in *California Corporations Code* §7237(2).

8.4 Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with *California Corporations Code* §7237(e), whether the applicable standard of conduct set forth in *California Corporations Code* §7237(b) or §7237(c) has been met, and if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under *California Corporations Code* §7237(e) whether the applicable standard of conduct set forth in *California Corporations Code* §7237(b) or §7237(c) has been met, and if it has, the Members present at the meeting in person or by proxy shall authorize indemnification.

8.5 Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a director, officer, employee or agent seeking indemnification under Sections 8.2 and 8.3 of this Article in defending any proceeding covered by those Sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

8.6 Insurance. The Association shall have the power to purchase and

maintain insurance on behalf of its directors, officers, employees or other agents against other liability asserted against or incurred by any director, officer, employee or agent in such capacity or arising out of the director's, officer's, employee's or agent's status as such.

ARTICLE 9 — AMENDMENTS

These Restated Bylaws may be amended by the vote or written consent of an affirmative vote of a majority of the voting power of all Members of the Association. Notwithstanding any contrary ' provision in this Section, the percentage of the voting power necessary to amend a specific clause or provision of these Restated Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that specific clause or provision. An addition or amendment to this document shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Notwithstanding the above, if the Restated Bylaws include a reference to a *Civil Code* or *Corporations Code* section that has been renumbered by the Legislature, then the Board of Directors may adopt a Board resolution to amend the Restated Bylaws to correct the technical statutory cross reference within the Association's Restated Bylaws and, thereafter, distribute a corrected Restated Bylaws to the membership.

CERTIFICATION

We, the undersigned, do hereby certify:

That we are the duly elected officers of Palm Desert Regency Estates Homeowners Association, a California nonprofit mutual benefit corporation. That the foregoing Restated Bylaws constitute the Restated Bylaws of the Association, as duly adopted by the vote or written consent of at least a majority of the voting power of the Members eligible to vote.

IN WITNESS WHEREOF, we have subscribed our names on the date hereunder written.

PALM DESERT REGENCY ESTATES
HOMEOWNERS ASSOCIATION, A California
Nonprofit Mutual Benefit Corporation

Dated: 2/19/16

Dated: 2/19/16

By: [Signature]
(President)

By: [Signature]
(Secretary)

State of California)
County of Riverside)

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

On February 19, 2016 before me, Patricia M Moeller Notary
(here Insert name and title of the officer)
personally appeared Jerry Carlson and Kathy Wilmonsky

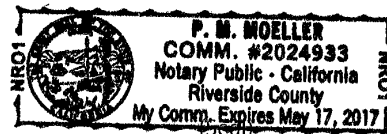
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he~~ ~~she~~ ~~they~~ executed the same in ~~his~~ ~~her~~ ~~their~~ authorized capacity~~(ies)~~, and that by ~~his~~ ~~her~~ ~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the
State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

PM Moeller



OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document
titled/for the purpose of By law Amendment
containing 85 pages, and dated _____.

The signer(s) capacity or authority is/are as:

- ☐ Individual(s)
☐ Attorney-in-Fact
☒ Corporate Officer(s)

President
Secretary
Title(s)

- ☐ Guardian/Conservator
☐ Partner - Limited/General
☐ Trustee(s)
☐ Other: _____

representing: Regency Estates
Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
☒ form(s) of identification ☐ credible witness(es)

Notarial event is detailed in notary journal on:

Page # 14 Entry # _____

Notary contact: _____

Other

- ☐ Additional Signer(s) ☒ Signer(s) Thumbprint(s)
☐ _____

Palm Desert Regency Estates

Required Annual Budget Report or
Summary including Reserve Study Sections
5300 and 4525(a)(1)



CondoCerts



*The Coachella Valley's Community
Management Company*

68950 Adelina Rd
Cathedral City, CA 92234
(760) 325-9500 office
(760) 325-9300 fax

www.PPMinternet.com

Personalized Property Management Covid 19 Office Policy

Dear Homeowner,

As we conclude 2020 and look forward to what will hopefully be a reopening of businesses at some time in 2021, we at Personalized Property Management Company want to assure you of our ongoing efforts to continue to provide you with excellent service.

We are mandated by Riverside County to limit our in office gatherings to 10 or fewer people so most of our staff works remotely. However, we have scheduled times for each of us to be in the office to tackle those tasks that cannot be completed from home. Board meetings remain online or via telephone. Our office remains open Monday through Friday from 8:00 AM to 4:00 PM. Our afterhours answering service remains at the ready to meet your emergency needs when the office is closed. It is recommended that when you have a need to visit our office, you call ahead to be sure the person you want to see will be in when you arrive. Of course you need not make an appointment to drop off a payment or other communication.

2020 has been like no year any of us have ever experienced. The challenges we have faced as a country have strained every level of our society, yet we are hopeful for a brighter tomorrow. We are extremely appreciative for the opportunity to serve you and assist your community and we hope that you stay safe and healthy. We look forward to seeing you again in our offices as soon as permitted.

We wish you a very happy, healthy, and prosperous 2021!

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Warfield".

Richard Warfield, President

On Behalf of

The Staff of Personalized Property Management Company

HOA MANAGEMENT * DEVELOPER SERVICES * ACCOUNTING * CONSULTING * REAL ESTATE

REGENCY ESTATES HOMEOWNERS ASSOCIATION



*The Coachella Valley's Community
Management Company*

68950 Adelina Road
Cathedral City, CA 92234
Phone: (760) 325-9500
Fax: (760) 325-9300

September, 2020

Dear Homeowner,

As required by the Civil Code, the Board of Directors have reviewed the current year's budget compared to income and have determined there is no need for an increase in the monthly assessments in order for the Association to meet monthly operating expenses.

The monthly assessment will remain \$190.00 per unit per month.

ANNUAL BUDGET REPORT

Civil Code § 5300 creates minimum disclosure requirements by consolidating various disclosures under this "Annual Budget Report", which consists of the following Statements or Disclosures:

~2020-21 Operating Budget - *Enclosed*

~Summary of Reserves - *Enclosed*

~Reserve Funding Plan - *Enclosed*

~Assessment and Reserve Funding Disclosure Summary Form - *Enclosed*

~Major Component Repair Statement

In accordance with Civil Code § 5300(b)(4) and as of the date of this letter the Board has chosen not to defer any maintenance and will undertake replacement of any major component with a remaining life of 30 years or less as scheduled.

~Anticipated Special Assessment

In accordance with Civil Code section 5300(b)(5) and as of the date of this letter the Board does not anticipate that a special assessment will be required to repair, replace or restore any major components or to provide adequate reserves.

~Reserve Funding Mechanism Statement

In accordance with Civil Code section 5300(b)(6) the Board uses regular assessments to fund reserves to repair or replace major components.

~Procedures for Calculating Reserves Statement – *(Included in Reserve Funding Disclosure Summary)*

~Outstanding Loan Statement

In accordance with Civil Code section 5300(b)(8) The Association does not have any outstanding loans.

~Insurance Summary – *Enclosed*

~Foreign Check Processing

Checks received from a foreign bank account are an added expense to process and a fee of \$25 will be charged to the owner's account when such checks are received as payment to the HOA or management.

A copy of the full reserve study is available upon request.

ANNUAL POLICY STATEMENT

In an effort to clarify requirements relating to policy disclosures, Civil Code section 5310 consolidates the various requirements. The Annual Policy Statement is a disclosure of the following:

~Association's Designated Recipient to receive official communication – *Civil Code §§ 5310(a)(1), 4035*

*Board of Directors
c/o Personalized Property Management
Attn: Rich Warfield
68950 Adelina Road
Cathedral City, CA 92234*

~Right of Notice to Two addresses

As provided in Civil Code §4040(b) Upon receipt of a request by a member, pursuant to §5260, identifying a secondary address for delivery of notices of the following types, the association shall deliver an additional copy of those notices to the secondary address identified in the request

~General Notice Location –*Pursuant to Civil Code §§ 5310(a)(3), 4045(a)(3):*

The location designated for posting of the General Notice is: Gate bulletin boards

~Right to Receive General Notice by Individual Delivery

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

~Right to Receive Board Minutes

Upon written request to the Associations managing agent and reimbursement of the association's costs for making that distribution. In accordance with Civil Code § 4950(b) the minutes or summary of minutes of the Board meeting, other than an executive session are available to members within 30 days of the meeting.

~Assessment Collection Policy - *Enclosed*

~Notice Assessment & Foreclosure Default Policy - *Enclosed*

~Governing Document Enforcement and Fine Policy - *Enclosed*

~Dispute Resolution Procedure Summary (IDR & ADR) - *Enclosed*

~Architectural Guidelines and Procedures – *Enclosed*

~Charges for Documents Civil Code 4530 & 4525 - *Enclosed*

~Overnight Payment Mailing Address – *Civil Code §§ 5310(a)(11), 5655*

*Personalized Property Management
68950 Adelina Road
Cathedral City, CA 92234*

The Board of Directors is obligated to uphold and enforce the CC&R's which in turn requires the Board to maintain, preserve and enhance the value and lifestyle of the Association and its property for the benefit of all Owners.

PLEASE REVIEW ALL OF THE ENCLOSED DOCUMENTS CAREFULLY.

Sincerely,

**REGENCY ESTATES HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS**



*The Coachella Valley's Community
Management Company*

68950 Adelina Rd
Cathedral City, CA 92234
(760) 325-9500 office
(760) 325-9300 fax

www.PPMinternet.com

September 2020

Dear Homeowner-

We are pleased to continue to serve the homeowners of the Regency Estates Homeowners Association and your Board of Directors by providing the management services for your wonderful community. Our entire staff is dedicated to providing the attention necessary to enhance your enjoyment of the community, and to ensure that homeowner concerns are promptly addressed. Together with your Board of Directors we attempt to make your experience the best it can be!

When problems arise that may require management attention, i.e., sprinklers, lights, or any other common area concerns, please contact our office as soon as possible. The telephone number is (760) 325-9500. Our regular office hours of operation are 8:00 a.m. - 4:00 p.m., Monday through Friday; we are closed from 12:00 p.m. - 1:00 p.m. for lunch. If an emergency develops after these hours, our twenty-four hour answering service will contact the appropriate service person and/or the property manager for resolution of the issue. We have structured our office to provide you prompt service as follows:

- A.) **RICH WARFIELD- COMMUNITY MANAGER** – Rich is a certified community manager with many years of experience in the community management industry. He interacts with and takes direction from your Board of Directors on community matters and is the primary contact on matters concerning your Association.
- B.) **MARK SEE – MAINTENANCE SUPERVISOR**- This important position/department takes homeowner requests for maintenance (i.e. landscape concerns, lighting, etc.) Each Homeowner request is logged into our database and a work order is created for future reference. *Should you have a maintenance need or concern, please ask for Mark.*
- C.) **FRONT DESK RECEPTION** – Our receptionist answers telephone calls, distributes gate cards, keys, etc. and assists homeowners with all in-office requests. The reception desk is handled by a variety of our administrative staff from time to time.
- D.) **ACCOUNTS PAYABLE & RECEIVABLE** – These positions are responsible for assisting in coordinating vendor payments and homeowner assessments.

In the event that you phone our office and reach the voice mail for any of the above staff members, we ask you always leave a message. That person is most likely already on the phone with another Homeowner. Each voice mail call is logged and returned in a timely manner. We have organized our office in this fashion to free-up your Manager's time to be out on property, serving the community. We thank you for this opportunity and look forward to a continued, positive and productive relationship with your Association.

Sincerely,

Richard Warfield

Richard Warfield
President
Personalized Property Management Company

HOA MANAGEMENT * DEVELOPER SERVICES * ACCOUNTING * CONSULTING * REAL ESTATE

Reserve Summary

(As required by California Civil Code Section 5565)

REGENCY ESTATES HOMEOWNERS ASSOCIATION

SCT Reserve Consultants, Inc. is pleased to provide this Level I Reserve Study (Site Visit Full Report). In order to comply with the California Civil Code, specifically the Davis-Stirling Common Interest Development Act, Section 5565, we are providing the following information to the Homeowners within REGENCY ESTATES HOMEOWNERS ASSOCIATION.

The following study has been prepared with several assumed factors taken into account: a 3.00% inflation rate; a 1.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

As of November 30, 2019, the estimated ending reserve fund balance is \$235,750 and the estimated current replacement cost is \$972,940 for the portfolio of reserve components. The projected future replacement cost of the portfolio is \$1,265,089, calculated at an annually compounded inflation rate of 3.00%. The Association's level of funding which is based upon the estimated ending reserve fund balance divided by the reserve components' fully funded amount is 34.12%. This is referred to as Percent Funded. The Association would be 100.00% funded if there were \$690,891.00 in the reserve fund.

The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is \$4,947.18. This is calculated by subtracting the ending balance (\$235,750) from the 100% funded figure (\$690,891.00), then divided by the number of ownership interests (92). There is currently no requirement to be fully funded.

Our original analysis of the cash flow for this association indicated future inadequate funding if there were no annual increases to the Reserves. It is our understanding the Board of Directors will allocate a total of \$4,245 per month starting in 2020 (\$46.14 per unit per month for each of the 92 ownership interests) towards the reserve fund. To offset the future cash shortfall we recommend and have included increases of 15.00% starting in 2021 for 6 years, 3.00% starting in 2027 for 5 years, (54.90%) starting in 2032 for 1 year and 3.00% starting in 2033 for 17 years. The increase is scheduled to take effect in the year 2021. The Board of Directors may change the amount; however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

The following table represents additionally required information pursuant to the Davis-Stirling Common Interest Development Act, Section 5565.

Fiscal Year: December 1, 2019 through November 30, 2020

Category	Estimated Remaining Useful Lives	Estimated Current Replacement Cost	Fund Balance on Nov 30, 2019	Estimated Reserve Allocation	Estimated Special Assessment Allocation	Estimated Interest
Access System	1 to 6	\$32,100	\$7,871	\$1,700.80	\$0.00	\$69.36
Asphalt/Concrete/Pavers	0 to 11	\$595,020	\$152,877	\$33,033.18	\$0.00	\$1,347.04
Electrical/Lights	5 to 18	\$123,390	\$23,817	\$5,146.24	\$0.00	\$209.86
Entry Structure	6 to 6	\$2,100	\$498	\$107.70	\$0.00	\$4.39
Fence/Gates/Walls	5 to 32	\$79,600	\$7,628	\$1,648.19	\$0.00	\$67.21
Irrigation	6 to 6	\$5,000	\$808	\$174.52	\$0.00	\$7.12
Landscape	0 to 4	\$22,560	\$9,832	\$2,124.49	\$0.00	\$86.63
Mailboxes	12 to 12	\$11,960	\$1,490	\$322.03	\$0.00	\$13.13
Paint	0 to 9	\$27,900	\$7,022	\$1,517.36	\$0.00	\$61.88
Park Amenities	0 to 11	\$16,910	\$12,202	\$2,636.57	\$0.00	\$107.52
Signage	11 to 16	\$18,400	\$3,591	\$775.86	\$0.00	\$31.64
Water Features	2 to 9	\$38,000	\$8,113	\$1,753.05	\$0.00	\$71.49
Totals:		\$972,940	\$235,750	\$50,940	\$0	\$2,077

The complete reserve study is available by request from the Association.



Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending November 30, 2020

(As illustrated by California Civil Code Section 5570(a))

(1) The regular assessment per ownership interest is \$ 190.00 per month, of which approximately \$46.14 is allocated to reserves, monthly.

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. **NOT APPLICABLE***

(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 board and/or members: **SEE ANSWER BELOW TO QUESTION #4 WHICH SUGGESTS THERE WILL BE INCREASES IN REGULAR ASSESSMENTS FOR RESERVE FUNDING.**

Date assessment will be due:	Amount per ownership interest per month or year:	Purpose of the assessment:
(Intentionally left blank)	(Intentionally left blank)	(Intentionally left blank)

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. **NOT APPLICABLE***

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

Yes X No X

Yes, if the Association follows the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below*.

No, if the Association does not follow the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below*.

**Note: The information contained within the reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding future events based on information provided by and supplied to the Association's Board of Directors and/or management. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the data of this disclosure summary. Therefore, the actual replacement cost and remaining life may vary from the reserve study and the variation may be significant. Additionally, inflation and other economic events may impact the reserve study, particularly over a thirty (30) year period of time which could impact the accuracy of the reserve study and the funds available to meet the association's obligation for repair and/or replacement of major components during the next thirty (30) years. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God cannot be accounted for and are excluded when assessing life expectancy of the components. The reserve study only includes items that the Association has a clear and express responsibility to maintain, pursuant to the Association's CC&Rs.*

(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 yet been approved by the Board or the members?

Approximate date assessment(s) will be due:	Amount per ownership interest per month:
15.00% starting in 2021 for 6 years, 3.00% starting in 2027 for 5 years, (54.90%) starting in 2032 for 1 year and 3.00% starting in 2033 for 17 years	(Current amount) X (the increases)

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

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5550, the estimated amount required in the reserve fund at the end of the current fiscal year is **\$683,946.21**, as of **November 30, 2020**, based in whole or in part on the last reserve study or update prepared by **SCT RESERVE CONSULTANTS, INC.** The projected reserve fund cash balance at the end of the current fiscal year is **\$231,987.25**, resulting in reserves being **33.92%** percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required amount is **\$56,780**. (See explanation below).

Explanation: *Cash Flow Methodology - a method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.*

SCT Reserve Consultants, Inc.



Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending November 30, 2020

(As illustrated by California Civil Code Section 5570(a))

(continued)

7) See below: **30-Year Reserve Funding Plan Table**...Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5550 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$(see "100% Funded" column below), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$(see "Cash Flow Balance with Funding Plan" column below), leaving the reserve at (see "Percent Funded" column below) percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$(see "Cash Flow Balance with Funding Plan" column below), leaving the reserve at (see "Percent Funded" column below) percent funding. Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 1.00% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00% per year.

30-Year Reserve Funding Plan Table

Fiscal Year: December 01, 2019 - November 30, 2020							
Year	End of Year			Revenue		Expenditures	
	100% Funded	Cash Flow (Balance with Funding Plan)	Percent Funded (EOY)	Contribution, Interest, Spec Assess	Contribution Unit/Month	Contribution % Change	Components, Taxes, Deferred Exp
2019	\$690,891	\$235,750	34.12%				
2020	\$683,946	\$231,987	33.92%	\$53,017	\$46.14		\$56,780
2021	\$717,365	\$276,034	38.48%	\$61,042	\$53.06	15.00%	\$16,995
2022	\$757,345	\$335,802	44.34%	\$70,377	\$61.02	15.00%	\$10,609
2023	\$801,358	\$410,418	51.22%	\$81,172	\$70.18	15.00%	\$6,556
2024	\$530,098	\$136,214	25.70%	\$90,157	\$80.70	15.00%	\$364,361
2025	\$556,686	\$210,021	37.73%	\$104,050	\$92.81	15.00%	\$30,242
2026	\$574,488	\$287,512	50.05%	\$120,118	\$106.73	15.00%	\$42,628
2027	\$627,991	\$412,371	65.67%	\$124,859	\$109.93	3.00%	\$0
2028	\$353,354	\$121,198	34.30%	\$125,759	\$113.23	3.00%	\$416,932
2029	\$327,262	\$142,792	43.63%	\$129,577	\$116.62	3.00%	\$107,983
2030	\$377,046	\$263,938	70.00%	\$134,586	\$120.12	3.00%	\$13,439
2031	\$330,953	\$254,400	76.87%	\$138,506	\$123.73	3.00%	\$148,044
2032	\$338,368	\$250,234	73.95%	\$63,814	\$55.80	(54.90%)	\$67,980
2033	\$391,661	\$305,398	77.98%	\$66,178	\$57.47	3.00%	\$11,014
2034	\$435,542	\$350,387	80.45%	\$68,525	\$59.20	3.00%	\$23,536
2035	\$490,309	\$408,270	83.27%	\$71,047	\$60.97	3.00%	\$13,165
2036	\$453,894	\$348,748	76.83%	\$72,514	\$62.80	3.00%	\$132,035
2037	\$510,458	\$411,510	80.62%	\$75,158	\$64.69	3.00%	\$12,396
2038	\$568,326	\$475,042	83.59%	\$77,923	\$66.63	3.00%	\$14,391
2039	\$591,398	\$494,775	83.66%	\$80,334	\$68.63	3.00%	\$60,601
2040	\$606,391	\$511,216	84.30%	\$82,762	\$70.69	3.00%	\$66,320
2041	\$653,664	\$566,144	86.61%	\$85,623	\$72.81	3.00%	\$30,695
2042	\$710,476	\$633,757	89.20%	\$88,690	\$74.99	3.00%	\$21,077
2043	\$780,142	\$721,342	92.46%	\$92,026	\$77.24	3.00%	\$4,441
2044	\$753,738	\$695,075	92.22%	\$94,358	\$79.56	3.00%	\$120,626
2045	\$793,655	\$737,833	92.97%	\$97,378	\$81.95	3.00%	\$54,620
2046	\$830,649	\$778,799	93.76%	\$100,488	\$84.40	3.00%	\$59,522
2047	\$909,541	\$883,081	97.09%	\$104,282	\$86.94	3.00%	\$0
2048	\$924,911	\$913,644	98.78%	\$107,483	\$89.54	3.00%	\$76,920
2049	\$938,884	\$939,359	100.05%	\$110,693	\$92.23	3.00%	\$84,978
30-Year Sum:				\$2,772,496			\$2,068,887



REGENCY ESTATES HOMEOWNERS ASSOCIATION

Professionally Managed by

PERSONALIZED

**PROPERTY
MANAGEMENT**

*The Coachella Valley's Community
Management Company*

68950 Adelina Road
Cathedral City, CA 92234
Phone: (760) 325-9500
Fax: (760) 325-9300

DEPARTMENT OF VETERANS AFFAIRS (VA)

Civil Code: 5300(b)(10)-(11)

As of the date of this mailing the VA status of the Association is as follows:

Certification by the Federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is not a condominium project. The association of this common interest development is not certified by the federal Department of Veterans Affairs.

Please refer to the VA website for current information: <http://www.va.gov>

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FEDERAL HOUSING ADMINISTRATION (FHA)

Civil Code: 5300(b)(10)-(11)

As of the date of this mailing the FHA status of the Association is as follows:

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is not a condominium project. The association of this common interest development is certified by the Federal Housing Administration.

Please refer to the FHA Website for current information: <http://portal.hud.gov>

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HOMEOWNER'S INSURANCE INFORMATION **Individual Liability Policies and Loss Assessment Coverage** **CIVIL CODE SECTION 5300(B)(9)**

It is very important that you explore your own risks with a knowledgeable insurance agent and purchase coverage to protect you from liability caused by an accident occurring in your own unit, the common area, and/or any exclusive use common area (such as patios, garages, carports), and to protect you from any liability or insurance gaps in coverage between the Association's coverage and your own. We also recommended that you inquire about Loss Assessment and Earthquake Loss Assessment Coverage. The cost of an endorsement for loss assessment is minimal and provides protection to individual unit owners from any extraordinary special assessments, such as excess liability over the Association's insurance proceeds or an extraordinary expense incurred by the Association, allocated to the owners through a special assessment (such as special assessments to pay or rebuilding costs which exceed insurance proceeds from an earthquake or fire loss)

The Association will notify you as soon as reasonably practical if any of the Association's policies are cancelled and not immediately replaced or if there is a significant change in the coverage (reduction or the deductible). If a policy is issued to replace a policy and there is no lapse in coverage, the Association will notify you in its next annual mailing to members.

The attached summary of the association's policies of insurance provides only certain information as required by *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, 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.

State law requires that community associations disclose to the individual homeowners the extent of liability coverage carried by the Association.



REGEN-2

OP ID: BE

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/31/2020

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).

PRODUCER LaBarre/Oksnee Insurance PD License # 0C84283 30 Enterprise #180 Aliso Viejo, CA 92656 Becky Hayes		CONTACT NAME: LaBarre Oksnee Insurance PHONE (A/C, No, Ext): 800-698-0711 FAX (A/C, No): 949-588-1275 E-MAIL ADDRESS:	
INSURED Regency Estates Homeowner Assn c/o Personalized Property Mgmt 68950 Adelina Road Cathedral City, CA 92234		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Great American Group	NAIC #
		INSURER B: Philadelphia Indemnity Ins. Co	18058
		INSURER C: Firemans Fund Insurance Co.	21873
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES

CERTIFICATE NUMBER:

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 type="checkbox"/> OCCUR						
B	<input checked="" type="checkbox"/> D&O \$1,000,000	X		PAC3133041-01	09/01/2020	09/01/2021	EACH OCCURRENCE \$ 1,000,000
				PCAP012202	09/01/2020	09/01/2021	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
	GEN'L AGGREGATE LIMIT APPLIES PER:						
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						
	OTHER:						
A	<input type="checkbox"/> 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	X		PAC3133041-01	09/01/2020	09/01/2021	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
							BODILY INJURY (Per person) \$
							BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB						
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE			SUO00032271991-23287-4	09/01/2020	09/01/2021	EACH OCCURRENCE \$ 5,000,000
	DED <input checked="" type="checkbox"/> RETENTION \$ 0						AGGREGATE \$ 5,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/>
	If yes, describe under DESCRIPTION OF OPERATIONS below.						E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$
A	Property Coverage			PAC3133041-01	09/01/2020	09/01/2021	2500 ded \$101,000*
B	Fidelity Bond	X		PCAC011729-0120	09/01/2020	09/01/2021	1000 ded 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The Association has 92 units. Common areas only & insured to Guaranteed Replacement Cost. Building Ordinance or Law Coverage included. Management Company is Additionally Insured on the General Liability, D&O Liability and Fidelity Bond. Bond includes funds transfer and computer fraud

CERTIFICATE HOLDER

PERSONA

Personalized Property
Management
68950 Adelina Road
Cathedral City, CA 92234

CANCELLATION

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
Becky Hayes

Association Rules & Regulations

Palm Desert Regency Estates

Includes
Architectural Guidelines
Association Collection Policy

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

**REGENCY ESTATES
HOMEOWNERS ASSOCIATION
RULES AND REGULATIONS July 2016**

The Board of Directors has adopted the following Rules and Regulations for the Regency Estates Homeowners Association. All homeowners and their guests are required to comply with these rules while inside the complex. Unless otherwise stated, failure to comply will result in an initial fine of \$100 being levied against the homeowner. An additional fine of \$100 per month (or occurrence) will be levied until the violation is remedied.

PARKING

1. The speed limit for all vehicles inside the common area is 20 mph.
2. Overnight parking on streets is limited to 72 consecutive hours. Once a vehicle is determined to be in violation, a written notice will be placed on the vehicle advising the owner that he/she has 24 hours to move the vehicle off the street. Failure to do so will result in a \$100 fine being levied against the homeowner. A vehicle parked in the street in excess of 7 consecutive days will be towed, with all expenses incurred being charged to the homeowner.
3. Parking is not allowed on ANY street on Wednesday between the hours of 8:00 am and 11:00 am to facilitate street sweeping. Each violation will result in a \$25 fine per vehicle being levied against the homeowner.
4. Parking of boats, travel trailers, motor homes, and campers is limited to 24 hours for the purpose of loading and unloading only.
5. Double parking and parking in such a manner so as to block access to other homeowner's mailboxes or driveways shall not be permitted.
6. Open bed trucks with visible work material shall be parked in garage only.
7. All vehicles parked in the driveway are to be for every day use and maintained in a neat, attractive appearance. (No storage of vehicles or trailers in driveway is allowed.)

ARCHITECTURAL

1. All changes to the exterior of a property which includes (but is not limited to) changes in: driveways, paint colors, front doors, garage doors, trees and plant materials must be submitted through property management on an ARCH form for approval **prior** to making these changes.
2. All ARCH form submittals must be in writing to the board (care of property management) no less than 30 days prior to the planned start date of your project. Written submittals shall include a listing of all materials to be used and project dimensions. Photos, drawings, specification sheets, and supporting documents are to be included where appropriate.
3. Under no circumstances shall construction on the project commence until Board approval has been obtained. The Board has 30 days to consider and approve a project.
4. A construction schedule shall be submitted with the ARCH form. Otherwise, all work shall be completed within 30 days of the date of approval.
5. Failure to obtain the necessary approval shall constitute a violation and may therefore require modifications or removal of work at the expense of the owner. Unauthorized installations or modifications will result in an initial fine of \$100 with additional fines of \$100 per month until the unauthorized change is corrected or approved.
6. Major modifications may require the posting of a deposit as a completion bond in an amount to be determined by the Board of Directors.
7. The HOA may request copies of insurance from all contractors providing services within the association and may require the HOA to be named as an insured on the policy.
8. The HOA may require a copy of any permits required by the city to be furnished to the HOA.
9. Trees must be trimmed on a regular basis and kept in an aesthetically pleasing manner in keeping with HOA standards.
10. Trees may not be removed without prior Board approval. If a tree is removed without prior Board approval, the homeowner will incur fines and may be required to replace the tree with one of a similar size to the one removed.
11. All palm trees must be trimmed annually by July 15th.

12. Front lawns must be scalped and over seeded (reseeded) by November 20th each year. Failure to do so will result in an initial fine of \$100 with additional fines of \$100 per month until the lawn is reseeded or until the month of April, whichever comes first.
13. When a governing agency has imposed watering restrictions due to drought conditions, the over seeding requirement will be waived until such restrictions have been lifted. Homeowners are still required to maintain their yards in as neat and eye-pleasing condition as is practicable. (i.e. mow and edge the brown grass, deter weed growth, and prune all plants and trees).
14. When a home is placed in escrow with an outstanding architectural violation the Board of Directors may without additional notice levy a "restoration fine" against the seller in an amount determined to be commensurate with cost associated with correcting the violation.

PETS

1. Pets may not run free in the common area but must be kept on a leash.
2. No person shall be allowed to keep a pet that creates a nuisance for other homeowners.
3. Pet owners are required to clean up after their pet and dispose of all waste in a sanitary manner.
4. Owners who do not clean up after their pets will be fined \$100 for each offense.

BASKETBALL COURT

1. No skates, rollerblades, skateboards, bicycles, or hard-soled black shoes are allowed on the court.
2. Absolutely no hanging on the rim.
3. No playing between the hours of 10:00 pm and 6:00 am.
4. Use of the courts is restricted to owners and their guests.

TENNIS COURTS

1. All players must wear appropriate footwear (no hard soled black shoes).
2. When persons are waiting:
 - a. Those first in line shall be entitled to first available court.
 - b. Waiting persons must remain at the court.
 - c. One player may not hold courts alone.
3. When persons are waiting for a court, playing time is limited to one hour.
4. No glass containers are to be brought to the courts.
5. No skates, rollerblades, skateboards, or bicycles are allowed on the courts.
6. No pets are allowed on the courts.
7. No playing between the hours of 10:00 pm and 6:00 am.
8. Courts are for the use of homeowners and guests of homeowners only.

PARK

1. Park facilities may not be used between the hours of 10:00 pm and 6:00 am.
2. All trash must be disposed of in proper containers.

MISCELLANEOUS

1. Garage doors shall remain closed when not in immediate use.
2. Trash shall not be stored curbside until the evening prior to pick up. All bins **MUST** be returned to the garage or side yard from the street within 24 hours of trash pick up.
3. All portable basketball hoops must be stored on the owner's property when not in immediate use. (They may not be left curbside or in such a fashion as to obstruct pedestrian passage on the sidewalk overnight.)
4. All seasonal/holiday decorations must be removed within 30 days of the conclusion of the season/holiday.

APPLICATION FOR ARCHITECTURAL IMPROVEMENTS
(submit form at least 30 days prior to the implementation of the proposed improvements)

RETURN FORM TO: Regency Estates Homeowners Association
C/o Personalized Property Management Co.
68950 Adelina Rd.
Cathedral City, CA. 92234

(PLEASE PRINT CLEARLY)

Date _____

Owner _____

Property Address _____

Daytime Phone number _____ Evening Phone Number _____

DESCRIPTION OF PROPOSED PAINT PROJECT - HOA COLOR PALLETTE NUMER: _____
STUCCO COLOR: _____ GARAGE COLOR: _____ FRONT DOOR COLOR: _____
TRIM COLOR: _____ OTHER COLOR(describe use): _____

DESCRIPTION OF OTHER PROPOSED IMPROVEMENTS (attach set of plans) _____

ESTIMATED DATE OF COMPLETION OF PROJECT _____

I understand that my proposed improvements may require a permit from the City/County Building department or other government agencies and I will obtain all required permits before commencing any work. I agree I will do no work that will change the existing drainage patterns. I am aware that any changes may result in substantial damage to adjacent properties. I am aware the HOA will do it's best to review this application in an expedient manner, but may take up to 30 days to review this ARCH form.

I will assume the responsibility for any work under the above proposed improvement that my contractors or I complete, which may, in the future, adversely affect properties. I will assume responsibility for all future maintenance of this addition or improvement.

Owner's Signature

The adjacent OWNERS have reviewed the proposed improvements (not necessary if using the HOA approved paint color palette). We understand that neighbor objections do not in themselves cause denial. The Architectural Committee may contact neighbors to consider their objections, if necessary.

(Adjacent Neighbor Signature) Print Name _____

(Adjacent Neighbor Signature) Print Name _____

(Adjacent Neighbor Signature) Print Name _____

FOR OFFICE USE ONLY

Date received _____ Submitted to Board of Directors on _____

Approved _____ Denied _____

Conditional Approval _____

Decision Letter sent on: _____

Comments: _____

Regency Estates Architecture Review Committee/ARC Synthetic Turf Installation Requirements

Synthetic Turf will be allowed for general landscaping in the front yards under the following criteria:

1. Installation must comply with, and homeowners and contractors must agree to and sign off on, "ARC Synthetic Turf Installation Requirements."
2. The synthetic turf product will be first-quality turf and meet the following minimum criteria:
 - a. Blade height will be between 1.5" to 2-1/8".
 - b. Face weight will be 70 ounces per square yard or greater.
 - c. Blade shape will be 'S' shaped, 'C' shaped or 'Omega' shaped.
 - d. Backing weight will be at least 26 ounces per square yard.
 - i. Backing type will have at least 2 layers with a polyurethane secondary coating weighing 20 ounces per square yard or more.
 - e. Yarn type will be polyethylene.
 - f. Color will be approved based on the sample provided.
3. Base Materials <http://www.asgi.us/2394/base-artificial-grass-lawn.html>
 - a. Road base with fines silica sand will be used.
 - b. The base material will have a 70 – 30 ratio of solid mass to fines.
 - c. Solid mass will be crushed hard stone granite (5/8 to 3/4 inch in size)
 - d. Fines will be granular silica material with low levels of clay or lime.
 - e. Material will be "new" and not reclaimed or repurposed.
 - f. DG will not be used as synthetic turf base due to drainage issues.
 - g. 2-3" of base shall be used.
 - h. Synthetic turf will be nailed down and not stapled.
4. Dividing Curbing Material
 - a. No bender board will be used to separate the synthetic turf from other landscape ground coverings, including neighboring properties with natural grass.
 - b. Concrete curbing, rock or other material shall be used to separate the synthetic turf from landscape ground coverings, including but not limited to: dg, rocks, dirt, and natural grass.
5. Installing Contractor
 - a. The contractor must have a C-27 landscape license and a D-12 synthetic turf license.
 - b. A copy of these regulations will be given to the supplying and installing contractor.
 - c. Installing contractor should sign and return this form to the HOA.
6. Proper Maintenance and Replacement
 - a. Hard water will discolor synthetic turf over time. Care should be taken to minimize overspray from all irrigations systems, including neighboring properties. If discoloring occurs homeowners should be aware that there are over the counter products that, when applied, will return the turf to its original color.
 - b. Homeowners should take care of their synthetic turf by raking and washing down any dust or debris as needed.
 - c. Synthetic turf has a lifespan for appearance. At the end of its useful life, the HOA shall require it to be replaced.

Revised 08-13-2015

7. ARC Submittal

- a. Homeowners shall submit a plan showing the area where the synthetic turf will be used, other materials used in the landscape design, and materials used for separations between the synthetic turf and the other materials, including the neighboring yards.
- b. A 12 inch by 12 inch sample product of the selected material shall be provided by the homeowner.
- c. Homeowners shall submit a specific product information sheet with the manufacturer's name and location.
- d. A copy of the warranty certificate with a minimum of 8 year warranty against fading and fiber degradation will be provided to the HOA.
- e. The installing contractors C-27 and D-12 contractor license numbers will be provided to the HOA.

If the selected synthetic turf does not comply with the above specifications, the homeowner may submit a variance request with the application. Additional information about the product may be requested by the board prior to approval of the plan.

Home owner _____

Address _____

Installing Contractor _____

Contractor License # _____

Classification/s _____

Signature _____

Date _____

REGENCY ESTATES HOMEOWNERS ASSOCIATION
ASSESSMENT COLLECTION POLICY AND STANDARDS FOR PAYMENT PLANS

Effective: November 2013

(Civil Code Reference Changes Effective January 1, 2014)

Revised: November 20, 2014

(Civil Code Reference Changes Effective January 1, 2020)

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 of Directors 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, and payment plan standards:

1. **Due Dates:** Regular assessments are due and payable on the first day of each month. 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. Owners shall be responsible for all such amounts unless it is determined that all assessments were paid on time to the Association.
3. **Late Charges:** Unpaid assessments are delinquent 15 days after they are due. A late charge of \$10.00 OR 10% will be charged for any assessment which is not paid in full within 15 days of the due date.
4. **Interest:** Interest on the balance due will accrue at the rate of 12% per annum commencing thirty (30) days after the assessment becomes due.
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. **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.
7. **Right to Submit Secondary Address:** Owners may submit a written request to the Association to use a secondary address. Any such request must be mailed to the Association (at the address indicated below) in a manner that shall indicate that the Association has received it (e.g., via certified mail). (CC §4040(b).) 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.
8. **Suspension of Privileges:** Without prejudice to its right to continue with and/or take other collection action, in the event an assessment is not paid within 15 days of its due date, an owner's membership rights, including, but not limited to rights of use and enjoyment of the recreational common areas and common facilities may be suspended after notice and a hearing pursuant to Corporations Code §7341. The Association will not deny an owner or occupant physical access to his or her separate interest by way of any such suspension of privileges. (CC §4510)
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 §5650(a), 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 director of the Association pursuant to the Association's Internal Dispute Resolution Policy adopted pursuant to CC §5910.

11. **Right to Request a Payment Plan:** Owners may submit a written request to meet with the board to discuss a payment plan. If such request is mailed within 15 days of the postmark of the pre-lien notice, the board will meet with the owner, in executive session, within 45 days of the postmark of such request, unless there is no regularly-scheduled meeting of the board within that period of time, in which case the board may designate a committee of one or more directors to meet with the owner. 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. **Standards for Payment Plans:** Payment plans will be considered on a case-by-case basis. Generally, no payment plan may exceed six (6) months in duration. Fees and/or costs may be charged for the administration of any payment plan, and may vary based upon the duration of the payment plan. Any request for a payment plan which exceeds six months in duration must be accompanied by a written explanation of the reason for the request, which includes documentation of the owner's special circumstances, financial hardship, and ability to make the payments requested. If a lien has not been recorded prior to the time that any payment plan is entered into, one may be recorded during the repayment period to secure the debt while the payment plan is pending. Payment plans must provide for full payment of the delinquent amounts, in addition to the amounts which will accrue during the repayment period, including any regular and/or special assessments, and any fees and/or costs related to the administration of the payment plan and/or for the recording and/or release of any lien. Once a payment plan is entered into, additional late charges will not accrue for so long as the owner complies with the terms of the payment plan. In the event of a default in any payment agreement, the Association will resume collection efforts from the time prior to entering into the payment plan.
13. **Partial Payments:** Owners may make partial payments without a written payment plan as described in paragraph 12 above; provided, however, that any such partial payment shall:
 - a. Not stop any collection action;
 - b. Not invalidate any assessment lien already filed;
 - c. Not stop an already existing non-judicial foreclosure action;
 - d. Not obviate the obligation to pay all collection fee and costs inclusive of late charges, interest, management fees/bookkeeping fees, title charges, lien fees and costs, trustee's fees and /or attorney's fees; and
 - e. Further require (due to the additional bookkeeping and other administrative expenses incurred with a partial payment) that any Owner who submits a partial payment (without an approved payment plan as described in paragraph 16 above) will incur an administrative expense for each partial payment tendered and received by, or on behalf of the Association.
14. **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. The owner will be charged a fee for such lien. No lien will be recorded unless a majority of the members of the board of directors approves the decision to record the lien at an open board meeting.
15. **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. Any lien recorded by the Association will remain as an encumbrance against the Property until the debt secured thereby is satisfied.
16. **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 dispute resolution in accordance with the Association's Internal Dispute Resolution Policy, or in alternative dispute resolution with a neutral third party pursuant to CC §5935. 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.
17. **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 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.
18. **Notice to Owner of Decision to Foreclose:** If the board of directors 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.
19. **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.

20. **Right to Inspect Records:** Owners have the right to inspect certain Association records pursuant to Corporations Code §8333 to verify the debt.

21. **Association's Addresses:** The mailing address for overnight payment of assessments is:

Personalized Property Management
68-950 Adelina Road
Cathedral City, CA 92234

22. **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.

REGENCY ESTATES HOMEOWNERS ASSOCIATION

Professionally Managed by

PERSONALIZED

**PROPERTY
MANAGEMENT**

*The Coachella Valley's Community
Management Company*

68950 Adelina Road
Cathedral City, CA 92234
Phone: (760) 325-9500
Fax: (760) 325-9300

Extract from California Civil Code section 5730 Notice Regarding Assessments and Foreclosure

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 non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial 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 non-judicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 Part 5 of Division 4 of the Civil Code. When using judicial or non-judicial 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 non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) Chapter 8 of Part 5 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, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

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

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

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 5665 of the Civil Code)

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

REGENCY ESTATES HOMEOWNERS ASSOCIATION

Professionally Managed by



*The Coachella Valley's Community
Management Company*

68950 Adelina Road
Cathedral City, CA 92234
Phone: (760) 325-9500
Fax: (760) 325-9300

ALTERNATIVE DISPUTE RESOLUTION

Beginning January 1, 1994, California law provides that when the owner of a separate interest (a Homeowner) or the common interest development (CID)/association brings an action:

- a) solely for declaratory relief or injunction relief; or
- b) either of those in conjunction with a claim for monetary damages; (Other than Association Assessments, not to exceed \$5,000)
relating to the enforcement of the governing documents of the association,
they shall endeavor to submit the matter to alternative dispute resolution
(ADR).

What this means, in general, is that in those prescribed types of disputes, before filing a lawsuit, an attempt must be made to settle. This must be done in a semi technical manner. The method of beginning the attempt at ADR is to serve on the opposing party a Request for Resolution. With certain exceptions, the law requires a certificate be filed with any civil action, certifying compliance with the above stated requirements.

Please be advised that the statement above is intended to be only the broadest of interpretations and merely to advise that such a law exists. There are a number of other factors involved, including attorney's fees; arbitration or mediation costs; and the results of not conforming to this law (*Civil Code § 5925 through 5965*).

The California legislature has also provided that each year your Association must send out a summary of this law and that summary must specifically include the following excerpt of the law:

“Failure by any member of the association to comply with the pre-filing requirements of § 5930 of the *Civil Code* may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents”.

As you can see, failure to comply with this law may prejudice your rights. We strongly urge each one of you to carefully read the statute and consult with an attorney prior to commencing any litigation regarding the enforcement of the governing documents.

REGENCY ESTATES HOMEOWNERS ASSOCIATION

Professionally Managed by



*The Coachella Valley's Community
Management Company*

68950 Adelina Road
Cathedral City, CA 92234
Phone: (760) 325-9500
Fax: (760) 325-9300

INTERNAL DISPUTE RESOLUTION PROCEDURE

The California Legislature has adopted new regulations codified in *Civil Code Sections 5900 through 5920*, which require Associations to adopt fair, reasonable and expeditious dispute resolution procedures, effective January 1, 2005. This is separate and apart from, and precedes, the formal ADR (Alternative Dispute Resolution) requirements set forth in *Civil Code Section 5925 through 5965*. The Association has adopted the following procedures as required under such law:

1. The Association or an Owner may invoke the procedures herein by submitting a request to the other to meet and confer in an effort to resolve any existing dispute. The request must be in writing.
2. An Owner may refuse a request to meet and confer made by the Association with the understanding that further enforcement action may be taken if the dispute is not resolved. The Association may not refuse a request by an Owner to meet and confer.
3. The Association's Board of Directors shall designate a Board member to meet and confer with an Owner.
4. The designated Board member and the Owner shall meet promptly at a mutually convenient time and place. The parties shall explain their positions to each other and attempt, in good faith to resolve the dispute.
5. Any resolution of the dispute agreed to by the parties shall be set forth in writing and signed by the Owner and the designated Board member on behalf of the Association.
6. An agreement reached under this procedure is binding on the Owner and the Association and is enforceable in court if both of the following conditions are met:
 - a. The agreement is not in conflict with law or the Association's governing documents.
 - b. The agreement is consistent with the authority granted by the Board of Directors to the designated Board member or is ratified by the Board.
7. Owners will not be charged a fee to participate in this process.

**CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY
CIVIL CODE §4530* and § 4525***

Document Civil Code Section Included	Civil Code Section	Fee For Document	**Included	Not Available / <u>Not Applicable</u> / Directly Provided by Seller & confirmed in writing
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	10.00	✓	
CC&Rs	Section 4525(a)(1)	55.00	✓	
Bylaws	Section 4525(a)(1)	30.00	✓	
Operating Rules / Architectural Guidelines	Section 4525(a)(1)	20.00	✓	
Age restrictions, if any	Section 4525(a)(2)			✓
Rental Restrictions, if any	Section 4525(a)(9)			*Reference Governing Doc's
Annual Budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)	25.00	✓	
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	20.00	✓	
Financial statement review	Sections 5305 and 4525 (a)(3)	15.00	✓	
Assessment enforcement policy (Collection Policy)	Sections 5310 and 4525(a)(4)	15.00	✓	
Insurance summary	Sections 5300 and 4525(a)(3)	5.00	✓	
Regular assessment	Sections 4525(a)(4)		✓	
Special assessment	Sections 4525(a)(4)			✓
Emergency assessment	Sections 4525(a)(4)			✓
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)			✓
Approved changes to assessments	Sections 5300 and 4525(a)(4), (8)			✓
Settlement notice regarding common area defects	Sections 4525a)(6), (7) and 6100			✓
Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100			✓
Notice(s) of violation	Sections 5855 and 4525(a)(5)			✓
Required statement of fees (Demand)	Section 4525	130.00		
Minutes of regular meetings of the board of directors conducted over the previous 12 months, if requested.	Section 4525(a)(10)	50.00		
**Total fees for these documents (also listed in the statement provided via Condocerts)		<u>\$375.00</u>		
Demand 1 day Rush Fee		\$250		
Demand 4 day Rush Fee		\$125		

* 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. 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.

Palm Desert Regency Estates

Required CC&Rs Section 4525(a)(1)



CondoCerts

RECORDING REQUESTED BY:

Regency Estates Homeowners
Association

WHEN RECORDED RETURN TO:

Jennifer L. James, Esq.
74-478 HWY 111 #253
Palm Desert, CA 92260

2016-0075430

02/26/2016 08:24 AM Fee: \$ 271.00

Page 1 of 83

Recorded in Official Records
County of Riverside
Peter Aldana
Assessor-County Clerk-Recorder



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**FIRST RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRCITIONS FOR
REGENCY ESTATES HOMEOWNERS ASSOCIATION**

A Planned Residential Project

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

TABLE OF CONTENTS

RECITALS

ARTICLE I. DEFINITIONS

ARTICLE II. THE PROJECT

- 2.1 Property Subject to This First Restated Declaration
- 2.2 Binding Effect on Successors in Interest
- 2.3 Property Rights in the Common Area
- 2.4 Owner's Nonexclusive Easements of Enjoyment
- 2.5 Equitable Servitudes
- 2.6 Prohibition Against Partition
- 2.7 Presumption Regarding Boundaries of Residential Lots
- 2.8 Prohibition Against Severance of Elements

ARTICLE III. HOMEOWNERS ASSOCIATION

- 3.1 Organization of the Association
- 3.2 Association Membership
- 3.3 One Class of Membership
- 3.4 Voting Rights of Members
- 3.5 Assessments
- 3.6 Transfer of Memberships
- 3.7 Powers and Duties of the Association
- 3.8 Association Rules
- 3.9 Breach of Rules or Restrictions
- 3.10 Limitation on Liability of Association's Directors and Officers
- 3.11 Exculpatory Clause

ARTICLE IV. ASSESSMENTS

- 4.1 Assessments Generally
- 4.2 Regular Assessments
- 4.3 Special Assessments
- 4.4 Special Individual Assessments
- 4.5 Assessments to Address Emergency Situations
- 4.6 Purpose and Reasonableness of Assessments
- 4.7 Exemption of Portions of the Project From Assessments
- 4.8 Notice and Procedure for Member Approval Under Sections 4.2 and 4.3
- 4.9 Maintenance of Assessment Funds
- 4.10 Collection of Assessments; Enforcement of Liens
- 4.11 Transfer of Lot by Sale or Foreclosure
- 4.12 Priorities
- 4.13 Unallocated Taxes
- 4.14 Assignment of Rents

ARTICLE V. USE RESTRICTIONS

- 5.1 General

- 5.2 Single-Family Residential Use
- 5.3 Leasing
- 5.4 Conduct in the Project
- 5.5 Interior Improvements
- 5.6 Common Areas
- 5.7 Prohibition of Noxious Activities
- 5.8 Temporary Structures
- 5.9 Household Pets
- 5.10 Signs
- 5.11 Business Activities
- 5.12 Trash Disposal
- 5.13 Storage
- 5.14 Clotheslines
- 5.15 Burning
- 5.16 Machinery and Equipment
- 5.17 Diseases and Pests
- 5.18 Vehicle Restrictions
- 5.19 Use of Private Streets in Common Area
- 5.20 Accountability
- 5.21 Activities Affecting Insurance
- 5.22 Restriction in Further Subdivision and Severability
- 5.23 Variances
- 5.24 Restrictions on Alterations
 - 5.24.1 Window Coverings
 - 5.24.2 Fences or Enclosures
- 5.25 Enforcement of Property Use Restrictions
- 5.26 Delegation of Use
- 5.27 Obligation of Owners

ARTICLE VI. REPAIR AND MAINTENANCE

- 6.1 Common Area Maintenance
- 6.2 Owner Maintenance Responsibilities
 - 6.2.1 Required Maintenance of Yard Areas
 - 6.2.2 Utility Lines Servicing Owner's Lot
 - 6.2.3 Maintenance of Lot
- 6.3 Association's Recovery of Costs of Certain Repairs and Maintenance
- 6.4 Cooperative Maintenance Obligations
- 6.5 Maintenance of Party Walls

ARTICLE VII. ARCHITECTURAL CONTROL

- 7.1 Architectural Committee Approval of Improvements
- 7.2 Committee Membership
- 7.3 Duties of Committee
- 7.4 Meetings
- 7.5 Architectural Rules
- 7.6 Basis for Approval of Improvements

- 7.7 Time Limits for Approval or Rejection; Right of Appeal to the Board
- 7.8 Proceeding with Work
- 7.9 Failure to Complete Work
- 7.10 Inspection of Work by Architectural Committee
- 7.11 Enforcement of Architectural Review and Approval Requirements
- 7.12 Variances
- 7.13 Compliance Certificate
- 7.14 Limitation on Liability
- 7.15 Compliance with Governmental Regulations
- 7.16 Reconstruction of Residence

ARTICLE VIII. MINIMUM IMPROVEMENT STANDARDS

- 8.1 Building Plans
- 8.2 Compliance with Approved Plans and Applicable Improvement Requirements
- 8.3 Licensed Contractor
- 8.4 Site and Drainage Review
- 8.5 Restrictions on Exterior Lighting
- 8.6 Hours of Permitted Construction Activity
- 8.7 Antennas, Aerials, and Satellite Dishes

ARTICLE IX. EASEMENTS

- 9.1 Encroachment Easements
- 9.2 Common Area
- 9.3 Blanket Utility Easements
- 9.4 Maintenance Easements
- 9.5 Boundary Changes
- 9.6 Party Wall Easements
- 9.7 Other Easements
- 9.8 No Interference with Easements
- 9.9 Establishment of Easements

ARTICLE X. INSURANCE

- 10.1 Duty to Obtain Insurance; Types
- 10.2 Waiver of Claims Against Association
- 10.3 Notice of Expiration Requirements
- 10.4 Insurance Premiums
- 10.5 Trustee for Policies
- 10.6 Actions as Trustee
- 10.7 Annual Insurance Review
- 10.8 Required Waiver

ARTICLE XI. DAMAGE OR DESTRUCTION

- 11.1 Bids and Determination of Available Insurance Proceeds
- 11.2 Reconstruction Without Election
- 11.3 Reconstruction By Consent
- 11.4 Rebuilding Not Authorized

- 11.5 Cost of Repair
- 11.6 Rebuilding Procedure
- 11.7 Destruction Affecting Lots and Residences
- 11.8 Appraiser

ARTICLE XII. CONDEMNATION

- 12.1 Definition of Taking
- 12.2 Representation by Association in Condemnation Proceeding
- 12.3 Award for Common Area
- 12.4 Inverse Condemnation
- 12.5 Notice to Members

ARTICLE XIII. BREACH AND DEFAULT

- 13.1 Remedy at Law Inadequate
- 13.2 Nuisance
- 13.3 Attorney Fees
- 13.4 Cumulative Remedies
- 13.5 Failure Not a Waiver
- 13.6 Rights and Remedies of the Association
- 13.7 Court Action
- 13.8 Assessment Collection Actions

ARTICLE XIV. RIGHTS OF INSTITUTIONAL HOLDERS OF MORTGAGES

- 14.1 Notices of Actions
- 14.2 Rights of Institutional Holders Upon Foreclosure
- 14.3 Consent of Institutional Holders
- 14.4 Amendments to Documents
- 14.5 Additional Rights of Institutional Holders
- 14.6 Information
- 14.7 Priority of Mortgage Lien
- 14.8 Insurance
- 14.9 Priority on Distribution of Proceeds
- 14.10 Special FNMA-FHLMC Provisions
- 14.11 Consent

ARTICLE XV. NOTICES

- 15.1 Mailing Addresses
- 15.2 Personal Service on Co-Owners and Others
- 15.3 Deposit in United States Mail

ARTICLE XVI. NO PUBLIC RIGHTS IN THE PROJECT

ARTICLE XVII. AMENDMENT OF DECLARATION

- 17.1 Amendment of the Declaration Generally
- 17.2 Restatements

ARTICLE XVIII. GENERAL PROVISIONS

- 18.1 Term
- 18.2 Annexation of Additional Property
- 18.3 Construction
- 18.4 Dissolution
- 18.5 Common Plan Declaration
- 18.6 Rights of the County of Riverside

Palm Desert

**FIRST RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
REGENCY ESTATES HOMEOWNERS ASSOCIATION**

A Planned Residential Project

Palm Desert

✓
The Master Declaration of Covenants, Conditions, and Restrictions for Regency Estates Homeowners Association, recorded on December 14, 1990, as Instrument No. 454080, of the Official Records of Riverside County, California ("Master Declaration"); First Amendment to Master Declaration of Covenants, Conditions and Restrictions for Regency Estates Homeowners Association, recorded on December 27, 1990, as Instrument No. 465698; Second Amendment to Master Declaration of Covenants, Conditions and Restrictions for Palm Desert Regency Estates Homeowners Association, recorded on January 3, 1991, as Instrument No. 3337; (collectively referred to as "Original Declaration"), and any other amendments, which affect all of the Project described and commonly known as Regency Estates Homeowners Association are hereby amended and restated in its entirety to read as follows:

RECITALS

A. The Original Declaration established PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION ("Association") to oversee, manage, maintain and operate the real property ("Project") subject to the Original Declaration, plus all annexations to the Project. The Project subject to this Declaration is legally described in Exhibit "A" to this First Restated Declaration.

B. The Project was originally conveyed, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Original Declaration referred to above, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Project and all of which shall run with the Project and be binding on all parties having or acquiring any right, title, or interest in such real property, or any part thereof, and their heirs, successors, and assigns and shall inure to the benefit of each Owner thereof.

C. The Project is a "Planned Project" as defined in *Civil Code* Section 4175, with ninety-two (92) Lots, which are shown, defined and described on the recorded subdivision map for the Project. The Owners purchased the Lots subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-ways, liens, charges and equitable servitudes as set forth in this Declaration.

D. The Association now desires to amend and restate the Original Declaration and replace it in its entirety this First Restated Declaration, and that upon recordation of same, the Project shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges contained in this First Restated Declaration which shall run with the Project and be binding on all parties having or acquiring any right, title or interest in any part of the Project, their heirs, successors and assigns, and shall inure to the benefit of each Owner.

E. Article XVIII of the Master Declaration provides that it may be amended by the affirmative assent or vote of a majority of the total voting power of the Association. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the affirmative vote or written consent of at least the required percentage of Association Members has been obtained.

F. As so amended and restated, the easements, covenants, restrictions, and conditions set forth herein shall constitute equitable servitudes and covenants that run with the land comprising the Project and shall be binding on all parties having or acquiring any right, title, or interest in the Project or any portion thereof and shall inure to the benefit of each Owner thereof.

ARTICLE I - Definitions

Section 1.1. "**Architectural Committee**" or "**Committee**" means the committee created in accordance with the Article of this Declaration entitled "Architectural Control."

Section 1.2. "**Architectural Rules**" means the rules, regulations and/or guidelines which have been or shall be adopted by the Board and amended from time to time.

Section 1.3. "**Articles**" means the Articles of Incorporation of the Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 1.4. "**Assessment**" means any Regular, Special, Reimbursement, or Emergency Assessment made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of this Declaration.

Section 1.5. "**Association**" means Palm Desert Regency Estates Homeowners Association, a California nonprofit mutual benefit corporation, and its successors and assigns. The Association is an "association" as defined in *Civil Code* Section 4080.

Section 1.6. "**Board of Directors**" or "**Board**" means the Board of Directors of the Association.

Section 1.7. "**Bylaws**" means the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.8. "**Common Area**" means all portions of the Project except the Lots located thereon, and shall include all common recreational facilities as well as all other land, structures and facilities within the Project which are conveyed to the Association for the use and enjoyment of the Owners.

Section 1.9. "**Common Expense**" means any use of Association funds authorized by the Governing Documents and includes, without limitation:

(a) All expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations, or reconstruction of the Common Area, Common Facilities, and any portions of the Lots that the Association is obligated to maintain or repair;

(b) All expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors;

(c) Any amounts reasonably necessary for reserves for maintenance, repair, and replacement of the Common Areas and Common Facilities and any portions of the Lots that the Association is obligated to maintain or replace and for nonpayment of any Assessments; and

(d) The use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board of Directors as provided in this Declaration, the Bylaws, and the other Governing Documents of the Project.

Section 1.10. "**Common Facilities**" means the gates, tennis courts, basketball court, trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures, and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area and owned by the Association.

Section 1.11. "**County**" means the County of Riverside, State of California, and its various departments, divisions, employees, and representatives.

Section 1.12. "**Declarant**" means the original developer of the Project.

Section 1.13. "**Emergency Assessment**" means an Assessment that the Association is authorized and empowered to impose under the limited circumstances defined in Civil Code §5610 and Section 4.5.

Section 1.14. "**First Restated Declaration**" or "**Declaration**" means this instrument, as it may be amended from time to time. The "**Original Declaration**" means and refers to the document referenced in the Preamble to this First Restated Declaration together with all amendments and annexations thereto adopted before adoption of this First Restated Declaration.

Section 1.15. "**Governing Documents**" is a collective term that means and refers to this First Restated Declaration and to the Articles, the Bylaws, and the Association Rules (including any Architectural Rules adopted under Section 7.1).

Section 1.16. "**Improvement**" means the types of construction or improvement projects undertaken by Owners that must first be reviewed and approved by the

Association's Board of Directors or duly appointed Architectural Committee under Article VII. Specifically, the term "Improvement" includes, without limitation, the construction, installation, alteration, or remodeling of any Residences; changes in previously approved exterior color schemes or roofing materials for residences and other structural improvements, walls, retaining walls, decks, swimming pools, outdoor spas, antennas, television satellite reception dishes, sports courts, landscaping (other than landscaping installed by the Declarant or like-kind), landscape structures, skylights, solar heating equipment, spas, poles, utility lines, fences, gazebos, or any other structure of any kind.

In no event shall the term "Improvement" be interpreted to include improvement projects that are restricted entirely to the interior of any Residence.

Section 1.17. **"Institutional Holder"** means and refers to any beneficiary of a deed of trust or mortgagee of a mortgage which encumbers a Lot and which is a bank or savings and loan association or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 1.18. **"Lot"** or **"Residential Lot"** means any parcel of real property designated by a number on the Subdivision Map, excluding the Common Area. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other Improvements constructed or to be constructed on a Lot.

Section 1.19. **"Majority of a Quorum"** means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or casting written ballots equals or exceeds the minimum quorum requirement for Member action, as specified in the Bylaws of the Association or by statute.

Section 1.20. **"Member"** means every person or entity who holds a membership in the Association.

Section 1.21. **"Mortgage"** means any security device encumbering all or any portion of the Project, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 1.22. **"Owner"** means any person, firm, corporation, or other entity that owns a fee simple interest in any Lot. If a Lot is transferred or conveyed to a trust, the Owner is the trustee or the co-trustees of such trust. Except when the context otherwise requires, the term "Owner" shall include the family, guests, tenants, and invitees of an Owner

Section 1.23. **"Owner of Record"** includes an Owner and means any person, firm, corporation, or other entity in which title to a Lot is vested as shown by the Official Records of the Office of the County Recorder. If a Lot is transferred or conveyed to a trust, the Owner is the trustee or the co-trustee of such trust.

Section 1.24. **"Party Wall"** is defined in Section 6.5(a).

Section 1.25. **“Project”** means the common interest community that was created under the Original Declaration (as amended and restated herein) and the other Governing Documents for Palm Desert Regency Estates. At times herein, the terms “Project” and “Palm Desert Regency Estates” are used interchangeably.

The Project includes all parcels of real property (Common Area and Lots) described in Exhibit A attached to this First Restated Declaration, together with all structures, utilities, Common Facilities, and other Improvements located thereon and all appurtenances thereto. The term “Project” shall also include any additional real property that is hereafter annexed to the real property described in Exhibit “A” and made subject to this Declaration under Section 18.2.

Section 1.26. **“Record”** (and “Recording” and “Recorded” and “Recordation”) means, with respect to any document, the recordation or filing of such document in the Office of the Riverside County Recorder.

Section 1.27. **“Regular Assessment”** means an Assessment levied against an Owner and his or her Lot in accordance with this Declaration.

Section 1.28. **“Reserves”** means those Common Expenses for which Association funds are set aside under Article IV of this First Restated Declaration and Civil Code §5550 for funding the periodic painting, maintenance, repair, and eventual replacement of the major components of the Project that the Association is obligated to maintain, repair, and replace under this Declaration that would not reasonably be expected to recur on an annual or less frequent basis. The amounts required to properly fund Reserves shall be determined annually by the Board in accordance with the standards prescribed by maintenance cost guidelines prepared in accordance with Civil Code §§5300 and 5550 and prudent property management practices generally applied in “common interest developments” (as that term is defined in Civil Code §4100) in the geographic region in which the Project is located.

Section 1.29. **“Residence”** means a private, single-family dwelling constructed on a Lot.

Section 1.30. **“Association Rules”** or **“Rules”** means the rules, regulations, and policies adopted by the Board of Directors, under Section 3.8 as the same may be in effect from time to time. Without limiting the foregoing, the Association Rules shall also include any Architectural Rules adopted under Section 7.5 and any rules relating to Association disciplinary procedures adopted under Section 13.6(d)(v).

Section 1.31. **“Single-Family Residential Use”** means occupancy and use of a Residence for single-family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single-family residential dwellings.

Section 1.32. **“Special Assessment”** means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.3.

Section 1.33. **“Special Individual Assessment”** means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.4.

Section 1.34. **“Subdivision Map”** means the final subdivision map for any portion of the Project.

Section 1.35. **“Voting Power”** means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue, or proposal properly presented to the Members for approval at any time a determination of voting rights is made. To be part of the Voting Power, a Member must be in good standing, as defined in the Bylaws or the Association Rules.

ARTICLE II – The Project

Section 2.1. Property Subject to This First Restated Declaration. The entire Project shall be subject to the provisions of this First Restated Declaration, which is hereby declared to:

(a) Be for the benefit and protection of the Project and to enhance the desirability, value, and attractiveness of the Project and improvements comprising the Project;

(b) Be for the benefit of the Owners;

(c) Run with the land and be binding on all parties having or acquiring any right, title, or interest in the Project or any portion thereof;

(d) Inure to the benefit of every portion of the Project and any interest therein; and

(e) Inure to the benefit of and be binding on each Owner or any successor in interest to an Owner who should subsequently obtain or hold an interest in any portion of the real property comprising the Project.

Section 2.2. Binding Effect on Successors in Interest. Each conveyance, transfer, sale, assignment, lease, or sublease made by any Owner of a Lot in the Project shall be deemed to incorporate by reference all of the provisions of this First Restated Declaration. All present and future Owners, tenants, and occupants within the Project shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same shall be amended from time to time unless a particular provision of the Governing Documents is specifically restricted to one or more classes of persons (e.g., Owners, tenants, invitees). The acceptance of a deed to any Lot, the execution of a lease, sublease, or contract of sale with respect to any Lot, or the entering into occupancy of any Residence shall make the provisions of this First Restated Declaration binding on such persons, and they shall thereafter be obligated to observe and comply with all Governing Documents.

Section 2.3. Property Rights in the Common Area.

(a) Ownership of Common Area. The Association holds fee simple title to the Common Area.

(b) Rights of Owners in Common Area. The interest of each Lot Owner in and to the use and enjoyment of the Common Area and the Common Facilities shall be appurtenant to the Lot owned by the Owner and shall not be sold, conveyed, or otherwise transferred by the Owner separately from the ownership interest in the Lot. Any sale, transfer, or conveyance of such Lot, whether by deed, gift, devise, or operation of law, shall transfer the appurtenant right to use and enjoy the Common Area and Common Facilities. The rights of all Owners in the Common Area shall be further subject to the requirements and restrictions set forth in Section 2.4.

Section 2.4. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas within the Project, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration, including, without limitation, the following:

(a) The right of the Association to limit the number of guests of Members who may use any recreational Common Facilities.

(b) The right of the Association to adopt Association Rules, as provided in Section 3.7, regulating the use and enjoyment of the real property and improvements comprising the Project for the benefit and well-being of the Owners in common and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or tenant, to initiate disciplinary action against the violating Owner or tenant in accordance with Section 13.6. Such action may include the levying of fines and/or the temporary suspension of the voting rights and/or the right to use the Common Facilities other than the private roads within the Project.

(c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and Common Facilities and, as security for any such loan, to assign or pledge the Association's right to collect payments or assessments or to enforce or foreclose a lien for the nonpayment of assessments to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of the charter or license; see also Section 4.9(e).

(d) Subject to the rights of the Institutional Holders described in Article XIV, the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least a majority of the Voting Power of the Members consenting to such dedication or transfer has been Recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. The instrument approving the dedication may be executed in counterparts as long as each counterpart is executed in Recordable form.

(e) All easements affecting the Common Area that are described in Article IX.

(g) The right of the Association to suspend the rights and easements of use and enjoyment of the recreational facilities, if any, located on the Common Area, of any Member, and the persons deriving such rights and easements from any Member, for any period during which the payment of any assessment against such Member and his Lot remains delinquent; and, after notice and hearing with an opportunity to be heard, to impose monetary penalties or suspend such use rights and easements for a reasonable period of time as determined by the Board for any violation of this Declaration, the Articles, Bylaws or rules and regulations of the Association, it being understood that any suspension for either nonpayment of any assessment or breach of such restrictions shall not constitute a waiver or discharge of the Member's obligation to pay assessments or comply with the restrictions.

(h) The right of the Association to levy a reasonable charge of the use of any recreational facilities located on the common area;

(i) The right of the Association to grant concessions for snack bars and other commercial activities relating to the use and enjoyment of the Common Area by the Members, provided that any such contract shall be subject to the restrictions on contracts described elsewhere in the Governing Documents.

Section 2.5. Equitable Servitudes. The covenants and restrictions set forth in this First Restated Declaration shall be enforceable equitable servitudes and shall inure to the benefit of and bind all Owners. These servitudes may be enforced by any Owner or by the Association or by both.

Section 2.6. Prohibition Against Partition. There shall be no judicial partition of the Common Area or any part thereof, whether by deed, gift, devise, or operation of law, and each Owner, for his or her own benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interest, and causes of action for a judicial partition of any ownership interest in the Common Area and further covenants that no action for judicial partition shall be instituted, prosecuted, or reduced to judgment.

Section 2.7. Presumption Regarding Boundaries of Residential Lots. In interpreting deeds, declarations and plans the existing physical boundaries of a Residential Lot shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed, final tract map, or this First Restated Declaration. This presumption applies regardless of settling or lateral movement of the building and regardless of minor variances between boundaries shown on the final tract map or described in the deed and those of the building as constructed or reconstructed.

Section 2.8. Prohibition Against Severance of Elements. Any conveyance, judicial sale, or other voluntary or involuntary transfer of a Residential Lot shall include all interests and appurtenances as shown in the original deed of conveyance. Any conveyance, judicial sale, or other voluntary or involuntary transfer of the Owner's entire estate shall also include the Owner's membership interest in the Association, as provided

in Article 3.2 herein. Any transfer that attempts to sever those component interests shall be void.

ARTICLE III - Homeowners Association

Section 3.1. Organization of the Association. The Association is incorporated as a nonprofit corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The Association is created for the purpose of managing the Project and is charged with the duties and granted the powers prescribed by law and set forth in the Governing Documents.

Section 3.2. Association Membership. Every Owner of a Lot in the Project shall be a Member of the Association, and the membership shall be appurtenant to, and may not be separated from, ownership of the Lot or Lots. Sole or joint ownership of a Lot shall be the sole qualification for membership in the Association; provided, however, that a Member's voting rights or privileges to use the Common Area, or both, may be regulated or suspended as provided in this First Restated Declaration, the Bylaws or Association Rules. A person or entity shall be deemed an Owner of a Lot only upon Recordation of deed, contract of sale or other document conveying the Lot to him. Each Owner shall remain a Member until his/her/its ownership in all Lots in the Project ceases, at which time his/her/its membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or receipt of a deed in lieu thereof.

Section 3.3. One Class of Membership. The Association shall have one class of membership, and the rights, duties, obligations, and privileges of the Members shall be as set forth in the Governing Documents.

Section 3.4. Voting Rights of Members. Each Member shall be entitled to one vote for each Lot owned by that Member. When more than one person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Section 13.6.

Section 3.5. Assessments. The Association shall have the power to establish, fix, and levy Assessments against the Owners of Lots within the Project and to enforce payment of such Assessments in accordance with Article IV. Any Assessments levied by the Association against its Members shall be levied in accordance with and under the provisions of this First Restated Declaration (see particularly Section 4.10).

Section 3.6. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged, or alienated in any way, except on the sale of the Lot to which it is appurtenant, and then only to the purchaser. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the case of a sale, the membership appurtenant to the transferred Lot shall

pass automatically to the purchaser on the Recordation of a deed evidencing the transfer of title. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use under Section 5.1 do not thereby become Members, although the tenant and his or her family and guests shall at all times be subject to the provisions of all Governing Documents.

Section 3.7. Powers and Duties of the Association.

(a) Powers, Generally. The Association shall have the responsibility of owning, managing, and maintaining the Common Areas and Common Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations on the exercise of such powers as are expressly set forth in the Governing Documents. With the exception of those matters requiring approval of the Members under the Governing Documents or California law, the affairs of the Association shall be conducted and all corporate powers shall be exercised by the Board of Directors and such officers and agents as the Board may elect, hire, or appoint. The Association and its Board of Directors shall have the power to do any and all lawful things that may be authorized, required, or permitted to be done under and by virtue of the Governing Documents and to do and perform any and all acts that may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety, or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in Article 4.10 of the Bylaws.

(b) Association's Limited Right of Entry.

(i) Right of Entry, Generally. Without limiting the foregoing description of the Association's powers, but in addition thereto, the Association and its agents shall have the right and power to enter any Lot to perform the Association's obligations under this Declaration, including:

(A) Obligations to enforce the architectural and land use restrictions of Articles V and VII;

(B) Any obligations with respect to construction, maintenance, and repair of adjacent Common Facilities; or

(C) Any necessary repairs that an Owner has failed to perform that, if left undone, will pose a threat to, or cause an unreasonable interference with, any portion of the Project or the Owners in common.

(ii) Limitations on Exercise of Right. The Association's right of entry under this subparagraph (b) shall be subject to the following limitations:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Lot when entry is required onto any adjoining Lots or Common Area. The Association's work may be performed under such circumstances whether or not the Owner or resident is present.

(B) In all nonemergency situations involving routine repair and/or maintenance activities, the Association, or its agents, shall furnish the Owner or resident with at three (3) days notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry, and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the person(s) residing on the Lot.

(C) In all nonemergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed by

Section 3.8. Association Rules.

(a) Rule-Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact, and amend rules and regulations of general application to the Owners (Association Rules). The Association Rules may concern, but need not be limited to:

(i) Matters pertaining to the maintenance, repair, management, and use of the Common Area and Common Facilities by Owners, their tenants, guests, and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area and Common Facilities.

(ii) Architectural control and the rules of the Architectural Committee under Section 7.5.

(iii) The conduct of disciplinary proceedings in accordance with Section 13.6.

(iv) Regulation of parking, pet ownership, signs, and other matters subject to regulation and restriction under Article V.

(v) Collection and disposal of refuse.

(vi) Minimum standards for the maintenance of landscaping or other Improvements on any Lot.

(viii) Collection of delinquent Assessments.

(ix) Any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences, and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall prevail. All Association Rules shall be adopted, amended, and repealed (as the case may be) in good faith and in substantial compliance with this Declaration and California Civil Code §§4340–4370.

(b) Distribution of Rules. A copy of the Association Rules, as they may from time to time be adopted, amended, or repealed, shall be mailed or otherwise delivered to each Owner (i) within 15 days after a new Association Rule is adopted or an existing Association Rule is amended (in which case only the new Rule or amendment need be distributed) or (ii) within 10 days after receipt of a written request from an Owner for a copy of the Rules. The Association Rules may be maintained in electronic form, and Owners who request a copy of the Rules under Civil Code §4530 may receive the Rules in that format at their election. Rule changes may also be distributed by inclusion in a periodical that is circulated primarily to Association Members or in a mailing of Association invoices or newsletters to the Members.

(c) Adoption and Amendment of Rules.

(i) Requirement of Prior Notice to Members of Certain Operating Rules or Amendments Thereto. Civil Code §4340(a) defines an “Operating Rule” as an Association Rule or regulation that applies generally to the management and operation of the Project or to the conduct of the business and affairs of the Association. Civil Code §4340(b) defines a “Rule Change” as any adoption, amendment, or repeal of an Operating Rule by the Board of Directors. The Board shall provide the Members with written notice at least 30 days before the Board takes action to implement one of the types of Operating Rules (or Rule Changes involving such Operating Rules) identified in Civil Code §4355. The notice must include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change. This requirement of prior notice to the Members applies only to Operating Rules that relate to one or more of the following subjects:

- (A) Use of the Common Areas of the Project;
- (B) Use of any Lot in the Project (including Architectural Rules that govern the improvement or alteration of Lot Improvements);
- (C) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties;
- (D) Any standards for delinquent Assessment payment plans;

(E) Any procedures adopted by the Association for resolution of disputes;

(F) Any procedures for reviewing and approving or disapproving a proposed physical change to an Owner's Lot or the Common Area; and

(G) Any procedures for the conduct of elections.

Civil Code §4355(b) specifically excludes from the requirement of prior notice to Members the following actions of the Board, regardless of whether those actions may be construed as being Association Rules or "Operating Rules," as defined in the Civil Code: (1) decisions regarding maintenance of the Common Areas or Common Facilities; (2) a decision on a specific matter that is not intended to apply to all Members generally; (3) establishing the amount of an Assessment; (4) adoption of a Rule Change that is required by law (if the Board of Directors has no discretion regarding the substantive effect of the Rule Change); and (5) issuance of a document that merely repeats existing law or the Governing Documents.

With respect solely to Operating Rules and/or Rule Changes listed in subparagraphs (A) through (G), Civil Code §4365 gives Members owning 5 percent (5%) or more of the Lots in the Project the right to demand that a special meeting of the Members be called to reverse a proposed Rule Change, as long as the request for the special meeting is delivered to the Association within thirty (30) days after the Members are given notice of the Rule Change. If a proper and timely demand for a special meeting to vote to rescind an Operating Rule or Rule Change is tendered to the Association, the Board shall establish the date, time, and location of the meeting and provide notice thereof to the Members in accordance with Corporations Code §7511(c).

So long as a quorum of the Members is present at any such meeting, the Rule Change can be reversed on the affirmative vote of a Majority of a Quorum of the Members, with each Member having one vote on the matter for each Lot owned. If the Members vote to reverse an Operating Rule or a Rule Change, the Board may not take action to readopt the Operating Rule or Rule Change for a period of 1 year after the date of the special meeting when reversal of the Operating Rule or Rule Change was approved, provided, however, that this provision is not intended to preclude the Board from adopting a different Operating Rule or Rule Change on the same subject as the Rule Change that was successfully reversed. As soon as possible following the close of voting on any proposal to reverse an Operating Rule or Rule Change, but not more than fifteen (15) days after the close of voting, the Board shall provide notice to each Member of the results of the Member vote by any means permitted by Civil Code §4045, which includes publication in a periodical that is circulated primarily to Members of the Association.

(ii) Minimum Content for Election Rules. Civil Code §5105 requires associations to adopt rules regarding the conduct of elections that do all of the following:

(A) Ensure that any candidate or Member advocating a point of view is provided access to Association media, newsletters, or internet websites during a campaign, as long as the access is reasonably related to that election. Equal access shall be provided to all candidates and Members advocating a point of view (whether or not endorsed by the Board). The Association may not edit or redact any content from these campaign communications, but it may include a statement specifying that the candidate or Member, and not the Association, is responsible for that content.

(B) Ensure access to the Common Area meeting space, if any exists, during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all Members advocating a point of view (whether or not endorsed by the Board), so long as use of the space is for a purpose that is reasonably related to the election.

(C) Specify the qualifications for candidates for election to the Board of Directors and any other elected position and the procedures for the nomination of candidates. A nomination or election procedure shall not be deemed reasonable if it disallows any Member of the Association from nominating himself or herself for election to the Board.

(D) Specify the qualifications for voting; the Voting Power of each membership; the authenticity, validity, and effect of proxies; and the voting period for elections, including the times at which polls will open and close.

(E) Specify a method of selecting one or three inspectors of election by the Board of Directors.

(F) Allow the inspector(s) to appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector(s) deem appropriate, provided that the persons are independent third parties.

(iii) Adoption of Other Association Rules. Except as provided in subparagraph (c)(i), with respect to certain Rule Changes that are subject to the prior notice and challenge provisions of Civil Code §§4340–4370, any other Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that the Board shall not adopt any Association Rule or amendment thereto until at least thirty (30) days after the proposed rule amendment has been distributed in writing to each Member, along with a description of the purpose and effect of the proposed Association Rule or amendment thereto. The notice describing the proposed rule or amendment shall also set forth the date, time, and location of the Board meeting at which action on the proposal is scheduled to be taken. Any duly adopted rule or amendment to the Association Rules shall become effective immediately following the date of

adoption thereof by the Board or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail or personal delivery.

(iv) Prohibition on Adoption of Certain Rules. In accordance with Civil Code §4730, any rule or regulation of an association that arbitrarily or unreasonably restricts an Owner's ability to market his or her Lot is void. Without limiting the foregoing, in no event shall the Association be entitled to impose an Assessment or fee in connection with the marketing of an Owner's Lot in an amount that exceeds the Association's actual and direct costs.

Section 3.9. Breach of Rules or Restrictions. Any breach of the Association Rules, of the Architectural Guidelines, or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIII.

Section 3.10. Limitation on Liability of Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the Released Party) shall be personally liable to any of the Members or to any other person for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents, provided that such Released Party has, on the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities, and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer Member of the Board or volunteer officer of the Association shall recover damages from such Board Member or officer if all of the following conditions are satisfied:

- (i) The Board Member or officer owns no more than two Lots;
- (ii) The act or omission was performed within the scope of the volunteer Board Member's or officer's Association duties;
- (iii) The act or omission was performed in good faith;

(iv) The act or omission was not willful, wanton, or grossly negligent; and

(v) The Association maintained, and had in effect at the time the act or omission occurred and at the time a claim is made, general liability insurance and directors' and officers' liability insurance for negligent acts in their capacities as such, with coverage of at least \$500,000.

The payment of actual expenses incurred by a Board member or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer Board member or officer for the purposes of this section. The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations under Civil Code §5800 and should not be construed to expand or limit the fiduciary duties owed by a Board member or officer. If Civil Code §5800 is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the need for further Member approval, to correspond to the amended or successor Civil Code provision.

Section 3.11. Exculpatory Clause. The Association shall not be held liable for damages, including but not limited to failures of common elements, unless the Association acts in a grossly negligent manner.

ARTICLE IV - Assessments

Section 4.1. Assessments Generally.

(a) Covenant to Pay Assessments. Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association (i) Regular Assessments; (ii) Special Assessments; (iii) Emergency Assessments; and (iv) Special Individual Assessments duly levied by the Association in accordance with this Article IV.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorney fees) for the collection thereof, shall be a debt and a personal obligation of the person who is the Owner of the Lot at the time the Assessment is levied. Each Owner who acquires title to a Lot (whether by conventional conveyance, judicial sale, trustee sale, or otherwise) shall be personally liable only for Assessments attributable to the Lot that become due and payable after the date that the person acquires title. Accordingly, when a person acquires title to a Lot, the new Owner shall not be personally liable for delinquent Assessments of prior Owners of the same Lot, unless the new Owner expressly assumes the personal liability of a prior Owner. However, if the acquired Lot is conveyed subject to a valid lien for delinquent Assessments (and related costs of collection (*i.e.*, the lien is not removed from record before close of escrow in the sale of the Lot)), the Association may continue to exercise its foreclosure remedies against the Lot, regardless of the

change of ownership, and/or the Association may pursue its collection remedies against the prior Owner, individually.

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorney fees) for the collection thereof, shall be a charge on the Lot of a delinquent Owner and may become a lien on the Lot against which such Assessment is made when a Notice of Delinquent Assessment is Recorded in the chain of title to the delinquent Owner's Lot in accordance with Civil Code §5675 and Section 4.10.15. Recordation of that Notice creates a lien on the Owner's Lot in favor of the Association. Any lien for unpaid Assessments created under the provisions of this Article may be subject to foreclosure to the extent and as provided in the Association's lien enforcement policies.

(d) No Avoidance of Assessment Obligations. All assessments shall be payable in the amount specified and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and power as provided in this Declaration. No Owner may exempt himself or herself from personal liability for Assessments duly levied by the Association, nor release the Lot from the liens and charges hereof, by waiver of the use and enjoyment of the Common Areas or any facilities thereon or by abandonment or nonuse of his or her Lot or any other portion of the Project.

(e) Limitation on Amount of Assessments. In accordance with Civil Code §5600(b), the Association shall not impose or collect an Assessment or fee that exceeds the amount necessary to defray the costs for which the Assessment or fee is levied.

(f) Uniform Rate of Assessment. Regular and Special Assessments shall be fixed at a uniform rate for all Lots and shall be levied against each Owner according to the ratio of the number of Lots within the Project owned by the assessed Owner to the total number of Lots subject to Assessments.

Section 4.2. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than thirty (30) days nor more than ninety (90) days before the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement, or additions to the Common Facilities) by preparing and distributing to all Members a budget satisfying the requirements of Section 4.12 of the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period specified in the first sentence of this Section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the Members' approval in accordance with Section 4.8.

(b) Establishment of Regular Assessment by Board; Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less

projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year, provided, however, that except as provided in Section 4.5 (relating to Emergency Assessments), the Board of Directors may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Association's immediately preceding fiscal year without the Members' prior approval in accordance with Section 4.8.

(c) Mailing Notice of Assessment. Not less than thirty (30) nor more than sixty (60) days before the beginning of the Association's fiscal year, the Board of Directors shall provide notice by first-class mail to the Owners of Lots, at the street address of each Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, of the amount of the Regular Assessment for the next succeeding fiscal year. This notice is in addition to the following notices that must also be distributed to the Members:

(i) The written notice required by Civil Code §5730 (general information regarding assessments, foreclosure rights, payment of assessments, and payment plans);

(ii) The form required by Civil Code §5570 (summarized information regarding the amount of the current Annual Assessment, additional assessments that have already been scheduled to be imposed or charged, and the calculation of capital replacement reserve replacement needs and reserve account funding requirements); and

(iii) The statement required by Civil Code §5310(a)(7) (describing the Association's policies and practices in enforcing lien rights or other legal remedies for the collection of delinquent assessment obligations).

These budgets and disclosure documents shall be delivered to the Members by one of the methods authorized by Civil Code §4035.

(f) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment levied under Section 4.3(a)(i) for that year, shall be assessed against each Owner and his or her Lot on account of the then-current fiscal year, and installment payments (as hereinafter provided) based on such automatic Assessment shall be payable on the regular payment dates established by the Board.

(g) Installment Payments. The Regular Assessment levied against each Owner and his or her Lot shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Board of Directors. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days following the due date as established by the Board.

Section 4.3. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b), the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for that fiscal year, then, except as prohibited by Section 4.2(a), the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit that the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) Capital Improvements. The Board may also levy Special Assessments for additional capital improvements within the Common Areas (*i.e.*, improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities) or to defray the costs of any other extraordinary, nonrecurring actions or undertakings that the Board, in its discretion, determines to be to the advantage and in the best interests of the Members as a whole. The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance and replacement repair of the Common Areas or the existing Common Facilities through Regular Assessments (including the funding of reasonable capital repair and replacement reserves) and to maintain adequate insurance on the Common Area and existing Common Facilities in accordance with Article X.

(iii) Requirements for Special Assessments Levied to Fund Multiyear Projects. Typically, Special Assessments shall be imposed only to fund a specific capital improvement project during a particular fiscal year. However, if the Board determines that a Special Assessment should be levied to fund a portion of a capital project that will, or is likely to, entail work and/or funding in more than one (1) fiscal year, this fact and a detailed disclosure of the intended scope and estimated costs of the project shall also be included in the Association's annual budget disclosures for the year in which the Special Assessment is imposed or, if the Special Assessment requires Member approval, in the solicitation materials distributed to the Members to vote on the proposal.

(iv) Major Capital Repair and Reconstruction Projects. As more particularly provided in Section 4.3, the Board shall be entitled to levy a Special Assessment to fund uninsured major repairs or reconstruction of Common Areas, subject to the membership approval requirements of Section 4.3.

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with Section 4.8: (i) any Special Assessments that, in the aggregate, exceed five percent (5%) of the Association's

budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied and (ii) any Special Assessments imposed under subparagraph (a)(i) of this Section when the Board has failed to distribute a budget to the Members within the time specified in Section 4.2(a). The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any emergency situation as defined in Section 4.5.

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided in subparagraph (b), the Special Assessment shall be divided among, assessed against, and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments under Section 4.1(f). The Board of Directors of the Association shall provide notice by first-class mail to each Owner of the imposition of a Special Assessment not less than thirty (30) nor more than sixty (60) days before the Special Assessment becomes due.

Special Assessments for purposes described in subparagraph (a)(i) of this Section shall be due as a separate debt of the Owner and a lien against his or her Lot and shall be payable to the Association in the same manner as the payment of Regular Assessments during the remainder of the then-current fiscal year. Special Assessments for purposes described in subparagraph (a)(ii) shall be due as a separate debt of the Owner and a lien against his or her Lot and shall be payable in full to the Association within thirty (30) days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment. Special Assessments levied under subparagraph (a)(iii) shall be payable in such reasonable installments as shall be established at the time the Special Assessment is levied. Special Assessments levied under subparagraph (a)(iv) and Section 4.3 shall be due as a separate debt of each Owner and a lien against the Owners' Lots at such time as required by the repair or reconstruction project, but in no event sooner than sixty (60) days after receipt of the Association's notice of levy of the Assessment.

Section 4.4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.3, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii), provided, however, that no Special Individual Assessments may be imposed against an Owner under this section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled under Section 13.6 and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Areas or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Areas or the Common Facilities is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests,

servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred by the Association in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses to (A) accomplish the payment of delinquent Assessments; (B) perform any repair, maintenance, or replacement to any portion of the Project that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion; or (C) otherwise bring the Owner, his or her tenants, and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorney fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Required Maintenance of Lots and Residences. If any Lot or Residence is maintained so as to become a nuisance, fire, or safety hazard for any reason, including, without limitation, e.g., the accumulation of trash, inoperable automobiles, improper weed or vegetation control, the Association shall have the right to enter the Lot, correct the offensive or hazardous condition, and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association shall be effected in accordance with Section 3.7(b).

(b) Payment of Special Individual Assessment. The Special Individual Assessment shall be due as a separate debt of the Owner, payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment.

(c) Limitation on Right to Lien Lots for Special Individual Assessments. The right of the Association to collect delinquent Special Individual Assessments through the use of lien and foreclosure remedies is subject to the limitations set forth in Section 4.10(b)(ix). However, Special Individual Assessments may be collected by the Association through the use of other legal processes, including, without limitation, an action in small claims court.

Section 4.5. Assessments to Address Emergency Situations.

(a) Authority of Board to Impose Emergency Assessments. The requirement of a membership vote to approve both (i) Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment and (ii) Special Assessments that, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied shall not apply to Assessments necessary to address emergency situations (Emergency

Assessments). For purposes of this section, an emergency situation includes, and is limited to, any of the following:

- (i) An extraordinary expense required by an order of a court.
- (ii) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities when a threat to personal safety is discovered.
- (iii) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the budget under Section 4.2(a), provided, however, that before the imposition or collection of an Assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of Assessment.

(b) Payment of Emergency Assessments. When levied by the Board, the Emergency Assessment shall be divided among, assessed against, and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments under Section 4.1(f). An Emergency Assessment shall be due as a separate debt of the Owner and shall be payable in full to the Association within thirty (30) days after the mailing of the notice of the Emergency Assessment or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Emergency Assessment. If an Emergency Assessment is not paid on or before the due date, the Assessment may be enforced in the manner provided in Section 4.10.

Section 4.6. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively to (a) promote the recreation, health, safety, and welfare of individuals residing within the Project; (b) promote the enjoyment and use of the Project by the Owners and their tenants, guests, and invitees; and (c) provide for the repair, maintenance, replacement and protection of the Common Areas and Common Facilities. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment and to constitute a separate, distinct, and personal obligation (with respect to which a separate lien may be created under Section 4.10(b)(v), except as limited by Section 4.10(b)(ix)) of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors, and assigns, provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 4.7. Exemption of Portions of the Project From Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Project dedicated and accepted by a local public authority;
- (b) The Common Area and Common Facilities; and
- (c) Any Lot owned by the Association.

Section 4.8. Notice and Procedure for Member Approval Under Sections 4.2 and 4.3. If Member approval is required in connection with any increase or imposition of Assessments under Sections 4.2 and 4.3, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members. The quorum required for such membership action shall be a majority of the Members. Any vote on an increase in the Regular Assessment or on the imposition of a Special Assessment that requires approval of the Members must be conducted by use of a secret ballot, and that balloting process shall be conducted using the same procedures for the casting of ballots in the election of directors under Section 3.6 of the Bylaws.

Section 4.9. Maintenance of Assessment Funds.

(a) Establishment and Maintenance of Association Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings, or money market accounts in a bank or other financial institution selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in FDIC-insured certificates of deposit, money market funds, or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by Civil Code §5510(a) and Section 4.10.11 of the Bylaws. Any interest received on deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b).

(b) Expenditure of Assessment Funds. Except as provided in this paragraph, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board's discretion, be (i) returned proportionately to the contributors thereof; (ii) reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations. In accordance with Civil Code §5510(b), except for temporary transfers of monies from reserve funds that are permitted

under subparagraph (d), the Board of Directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of (or litigation involving the repair, restoration, replacement, or maintenance of) major components of the Project that the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

(c) Separate Accounts; Commingling of Funds. Except as otherwise provided in subparagraph (d)(iii), to preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts, as long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided, however, that receipts and disbursements of Special Assessments made under Section 4.3 shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital improvement for which reserve funds for replacement are required to be maintained by the Association.

Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

(d) Reserve Funds.

(i) Required Study of Reserve Account Requirements. As more particularly provided in Section 4.12.4(d) of the Bylaws and as required by Civil Code §5550(a), at least once every three (3) years, as part of a study of the Association's reserve account requirements, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components of the Project that the Association is obligated to repair, replace, restore, or maintain. This three (3) year rolling study must also be reviewed annually by the Board and adjusted as appropriate. As used herein, the phrase "major components of the Project" includes those elements of the Project that the Association is obligated to maintain, repair, and eventually replace that have a remaining useful life of less than thirty (30) years. The study of the Association's reserve account requirements shall include all of the following:

(A) An identification of the probable remaining useful life of the major components;

(B) An estimate of the cost of repair, replacement, restoration, or maintenance of the major components during and at the end of their useful life;

(C) An estimate of the total annual contribution necessary to defray the cost of repairing, replacing, restoring, or maintaining the major components both during and at the end of their useful life (taking into account reserve funds on hand); and

(D) A reserve funding plan that will disclose to the Members how the Association plans to fund the contribution identified in subparagraph (C) to meet the Association's obligations for the repair and replacement of all major components of the Project, not including major components that the Association's Board has determined will not be replaced or repaired. If the plan includes a change in the amount of the Regular Assessment or imposition of a Special Assessment to provide adequate funding of reserve requirements, the funding plan shall disclose the schedule of the date and amount of that Assessment.

(ii) Adoption of the Reserve Funding Plan. The reserve funding plan that is required under subparagraph (i)(D) shall be adopted by the Board at an open meeting before the membership of the Association, and if the plan includes an increase in Assessments to properly fund the reserve accounts, approval of that increase shall be done as a separate action of the Board, with member approval for the action if required by Civil Code §5605. The Association shall provide its Members with a summary of the reserve funding plan adopted by the Board in accordance with Civil Code §§5300 and 5570. This summary shall include notice to the Members that the full reserve study plan is available on request. On receipt of a request from a Member, the Association shall provide that Member with a copy of the complete reserve plan.

(iii) Permitted Temporary Transfers of Reserve Funds. Notwithstanding the restrictions on the use of reserve funds set forth in subparagraph (b), the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided to the Members as specified in Civil Code §4920. The notice shall include the reasons why the transfer is needed, some of the options for repayment, and whether a Special Assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding, recorded in the Board's minutes, explaining the reasons why the transfer is needed and describing when and how the monies will be repaid to the reserve fund.

The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and on making a finding supported by documentation that a temporary delay would be in the best interests of the Project, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account and shall, if necessary, levy a Special

Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph (d). This Special Assessment is subject to the Member approval requirements of Civil Code §5605(b) and Section 4.3(b) if the aggregate amount of the Special Assessment exceeds five percent (5%) of the budgeted gross expenses of the Association for the year in which the Special Assessment is imposed. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of that decision and of the availability of an accounting of those expenses by general notice under Civil Code §4045. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's principal office.

(e) Limitations on Association's Authority to Assign or Pledge Assessment Obligations. The Association may not voluntarily assign or pledge to a third party its right to collect payments or Assessments or to enforce or foreclose a lien, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association. However, the restrictions imposed by this subparagraph (e) shall not restrict the right or ability of the Association to assign any unpaid obligations of a former Member to a third party for purposes of collection.

Section 4.10. Collection of Assessments; Enforcement of Liens. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board. Special Assessments, Special Individual Assessments, and Emergency Assessments shall be delinquent if not paid within the times prescribed in Sections 4.3(c), 4.4(b), and 4.5(b), respectively. When an Assessment becomes delinquent, the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing thirty (30) days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by Civil Code §§5600(b) and 5650 or comparable successor statutes. Once an assessment becomes delinquent, the Association may elect one or both of the following remedies:

(a) Enforcement of Owner's Personal Obligation to Pay Assessments. The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the Assessment, and in such action the Association shall be entitled to recover the delinquent Assessment or Assessments, accompanying late charges, interest, costs, and reasonable attorney fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in subparagraph (b).

(b) Imposition and Enforcement of Assessment Lien; Limitations. Except as otherwise provided in subparagraph (b)(ix) (which imposes limitations on the Association's right to utilize nonjudicial foreclosure remedies to collect certain Special Individual Assessments), the Association may impose a lien against the Owner's Lot for the amount of the delinquent Assessment or Assessments, plus any reasonable costs of collection (including reasonable attorney fees), late charges, and interest by taking the following steps:

(i) Issuance of Delinquency Notice; Contents. At least thirty (30) days before Recording a lien on the Owner's Lot to collect a delinquent Assessment, the Association shall notify the Owner in writing by certified mail (the "Delinquency Notice"), providing the following information:

(A) A general description of the Association's collection and lien enforcement procedures and the method of calculating the amount;

(B) A statement that the Owner of the Lot has the right to inspect the Association records under Civil Code §5205;

(C) The following statement in 14-point boldface type if printed or in capital letters if typed: "IMPORTANT NOTICE: IF YOUR LOT IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

(D) An itemized statement of the charges owed by the Owner, including items that indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorney fees, any late charges, and interest, if any.

(E) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection if it is subsequently shown that the Assessment was paid on time to the Association.

(F) The right of the notified Owner to request a meeting with the Board as provided in Civil Code §5665.

(G) The right to dispute the assessment debt by submitting to the Association a written request for dispute resolution under the Association's "meet and confer" program as required by Civil Code §§5900–5920.

(H) The right of the noticed Member to request alternative dispute resolution with a neutral third party under Civil Code §§5925–5965 before the Association may initiate foreclosure against the Owner's Lot, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure (as opposed to nonjudicial foreclosure).

(ii) Application of Payments. Any payments made by a delinquent Owner toward the delinquent Assessments that are in arrears shall first be applied to the Assessments that are owed at the time the payment is made; only after the Assessments owed are paid in full shall the payments be applied to the fees and the costs of collection, attorney fees, late charges, or interest. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received the payment on behalf of the Association. The Association shall provide its Members with a mailing address for overnight payment of Assessments.

(iii) Pre-Lien Offer to Meet and Confer With Owner or to Participate in ADR. Before Recording a lien for delinquent assessments, the Association must offer the Owner and, if so requested by the Owner, participate in dispute resolution under the Association's "meet and confer" program required by Civil Code §§5900–5920 or alternative dispute resolution with a neutral third party under Civil Code §§5925–5965. The decision to pursue 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 initiate a judicial foreclosure (as opposed to nonjudicial foreclosure).

(iv) Right of Owner to Propose Payment Plans. An Owner may also submit a written request to meet with the Board to discuss a payment plan for the delinquent assessment. This request must also be made within fifteen (15) days of the postmark of the Delinquency Notice. The Association shall provide the Owner with the standards for payment plans, if such standards have been adopted. So long as a timely request for a meeting has been tendered, the Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request for a meeting, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to Record a lien on the Owner's Lot to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. If the Owner defaults on any payment plan, the Association may resume its efforts to collect the delinquent assessments from the time before entering into the payment plan.

(v) Association Assessment Lien Rights. Except as provided in subparagraph (ix) (limiting the right to collect Special Individual Assessments by use of lien and foreclosure remedies), the amount of the Assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code §5650, shall be a lien on the Owner's Lot from and after the time the Association causes to be Recorded in the Office of the County Recorder a Notice of Delinquent Assessment. The Notice of Delinquent Assessment shall state the amount of the Assessment and other sums imposed in accordance with Civil Code §5650, a legal description of the Owner's Lot against which the Assessment and

other sums are levied, and the name of the Owner of Record of the Owner's Lot against which the lien is imposed. The itemized statement of the charges owed by the Owner that is required by subparagraph (b)(i)(D) of this Section 4.10 shall be Recorded together with the Notice of Delinquent Assessment. The decision to Record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board in an open meeting, and the vote shall be recorded in the minutes of the meeting. If the Association fails to abide by the pre-lien notice and other procedures set forth above, the Association must recommence the required notice process, with any resulting additional costs being borne solely by the Association.

For the lien to be imposed by nonjudicial foreclosure as provided in subparagraph (vii), the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by any officer of the Association or by the person designated by the Association for that purpose or, if no one is designated, by the president of the Association. A copy of the Recorded Notice of Delinquent Assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the Lot in the Association's records, and the notice shall be mailed no later than ten (10) calendar days after its Recordation. On receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices, including Notices of Delinquent Assessments and Notices of Default, required by Civil Code §§5600–5740 to the secondary address that is specified.

(vi) Priority of Assessment Liens. A lien created under subparagraph (v) or subparagraph (ix) shall be prior to all other liens Recorded against the Owner's Lot after the Notice of Delinquent Assessment, except as described in Section 4.12.

(vii) Enforcement of Assessment Liens. Subject to the limitations of this Section 4.10(b) and in particular this subparagraph (vii), after the expiration of thirty (30) days following the Recordation of a Notice of Delinquent Assessment, the Association's lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted under Civil Code §2934(a). Any sale by the trustee shall be conducted in accordance with Civil Code §§2924, 2924(b) and 2924(c) applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in Civil Code §§2924(c) and 2924(d). In addition to the requirements of Civil Code §2924, the Association shall serve a notice of default on the Owner's legal representative in accordance with Code of Civil Procedure §415.10. As used herein, the Owner's legal representative shall be the person whose name is shown as the Owner of the lien Lot on the records of the Association, unless the Owner has previously designated another person as the Owner's legal

representative in a writing mailed to the Association in a manner that indicates that the Association has received the designation.

The following specific limitations shall apply to the Association's authority to pursue foreclosure remedies as a means of collecting delinquent Assessments:

(A) The decision to initiate foreclosure of a lien for delinquent assessments that has been validly Recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board in an executive session and shall record the vote in the minutes of the next meeting of the Board that is open to attendance by the Members. The Board shall maintain the confidentiality of the Owner(s) of the Lot to which the delinquent Assessment pertains by identifying the matter in the minutes by the parcel number of the property rather than the name of the Owner(s). A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days before any public sale of the Lot in question.

(B) Before initiating a foreclosure for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution under the Association's "meet and confer" program as required by Civil Code §§5900–5920 or alternate dispute resolution with a neutral third party under Civil Code §§5925–5965. The decision to pursue 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 initiate judicial foreclosure (as opposed to nonjudicial foreclosure).

(C) If the Board votes to commence foreclosure proceedings to collect delinquent assessments under this subparagraph (vii), the Board shall provide notice of that decision by personal service to an Owner of the Lot who occupies the Residence on the Lot or to the Owner's legal representative. If the Owner does not occupy the Residence and Lot that are the subject of the foreclosure proceeding, the Board shall provide written notice to the Owner by first-class mail, postage prepaid, at the most current address for the Owner that is 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 Lot may be treated as the Owner's mailing address.

(D) Debts for Assessments, Regular or Special, may not be collected through judicial or nonjudicial foreclosure until the delinquent assessment amount, exclusive of any accelerated assessments, late charges, fees, costs of collection, attorney fees, and interest equals or exceeds \$1800.00 or the Assessments are more than twelve (12) months

delinquent. Delinquent Assessments in a smaller amount may not be collected through foreclosure but may be collected by any of the following other means: (1) a civil action in small claims court; (2) a lien on the Owner's Lot (subject to the restrictions on foreclosure of that lien); or (3) any other manner provided by law, other than foreclosure. If the Association elects to Record a lien for delinquent Assessments, before Recording the lien the Association must offer the Owner and, if so requested by the Owner, participate in dispute resolution in accordance with Civil Code §§5900–5920.

(viii) Foreclosed Owner's Right of Redemption. A nonjudicial foreclosure by the Association of an Owner's interest in his or her Lot to collect a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Lot may be redeemed from a foreclosure sale under this subparagraph (viii) (which reflects Civil Code §5715(b)) ends 90 days after the sale. In addition to the requirements of Civil Code §2924f, a notice of sale in connection with the Association's foreclosure of a Lot in the Project shall include a statement that the property is being sold subject to the right of redemption created by Civil Code §5715(b).

(ix) Authority to Use Lien and Foreclosure Remedies to Collect Special Individual Assessments. The following categories of Special Individual Assessments may be collected through the use of lien and foreclosure remedies in accordance with subparagraphs (v)–(viii): (A) Special Individual Assessments or other monetary charges imposed by the Association as a means of reimbursing the Association for costs incurred to repair damage to Common Areas and Common Facilities for which the Member or the Member's guests or tenants were responsible and (B) Special Individual Assessments imposed to recover late charges, reasonable costs of collection, and interest assessed in accordance with Civil Code §5650.

(x) Obligation to Record Lien Releases. If it is determined that a lien previously Recorded against a Lot was Recorded in error, the party who Recorded the lien, within twenty-one (21) calendar days, shall Record or cause to be Recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner with a declaration that the lien filing or Recordation was in error and a copy of the lien release or notice of rescission. If the determination that the lien was Recorded in error is the result of dispute resolution "meet and confer" proceedings conducted under Civil Code §§5900–5920 or alternative dispute resolution with a neutral third party under Civil Code §§5925–5965, the Association shall also be obligated to promptly reverse all late charges, fees, interest, attorney fees, costs of collection, costs imposed for the issuance of the notices required by law, costs of Recording the lien release, and all costs incurred in the mediation or alternative dispute resolution process.

In addition, within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall Record or

cause to be Recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner with a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(xi) Effect of Failure to Adhere to Statutory Lien and Foreclosure Procedures. If the Association fails to comply with the notice and other pre-lien procedures set forth in this Section 4.10(b) and Civil Code §§5650–5690 before Recording a lien, the Association shall recommence the required notice process before Recording a lien. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Lot Owner.

The provisions of this Section 4.10(b) are intended to comply with the requirements of Civil Code §§5650–5690 as in effect on the date that this First Restated Declaration is Recorded in the Official Records of County. If these sections of the Civil Code are amended or modified in the future in a way that is binding on the Association and causes this Section to be in conflict with applicable law, the provisions of this Section 4.10(b) automatically shall be amended or modified in the same manner by action of the Board of Directors without necessity of approval of the amendment by the Members, as long as all Members are given a copy of the Recorded amendment and the decision to approve the amendment is made at a duly noticed open meeting of the Board.

Section 4.11. Transfer of Lot by Sale or Foreclosure. The following rules shall govern the right of the Association to enforce its Assessment collection remedies following the sale or foreclosure of a Lot:

(a) Except as provided in subparagraph (b), the sale or transfer of any Lot shall not affect any Assessment lien that has been duly recorded against the Lot before the sale or transfer, and the Association can continue to foreclose its lien in spite of the change in ownership.

(b) The Association's Assessment lien shall be extinguished as to all delinquent sums, late charges, interest, and costs of collection incurred before the sale or transfer of a Lot under a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not under a deed in lieu of foreclosure). A "prior encumbrance" means any first Mortgage or other Mortgage or lien Recorded against the Lot at any time before Recordation of the Association's Assessment lien (see Section 4.12).

(c) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise shall relieve the new Owner of such Lot (whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party acquiring an interest in the Lot) from liability for any Assessments that thereafter become due with respect to the Lot or from the lien thereof.

(d) Any Assessments, late charges, interest, and associated costs of collection that are lost as a result of a sale or transfer of a Lot covered by subparagraph (b) shall be

deemed to be a Common Expense collectible from the Owners of all of the Lots, including the person who acquires the Lot and his or her successors and assigns.

(e) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise shall affect the Association's right to maintain an action against the foreclosed previous Owner personally to collect the delinquent Assessments, late charges, interest, and associated costs of collection incurred before and/or in connection with the sale or transfer.

Section 4.12. Priorities. When a Notice of Delinquent Assessment has been Recorded, such notice shall constitute a lien on the Lot prior and superior to all other liens except:

(a) All taxes, bonds, assessments, and other levies that by law would be superior thereto (under current law, association assessment liens are subordinate to other liens and encumbrances Recorded before Recordation of the Association's Notice of Delinquent Assessment); and

(b) The lien or charge of any first Mortgage of Record (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value, provided, however, that such subordination shall apply only to the Assessments that have become due and payable before the transfer of such property under the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance.

Section 4.13. Unallocated Taxes. If any taxes are assessed against the Common Area or the personal property of the Association rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed under Section 4.2, and if necessary, a Special Assessment may be levied against the Lots in accordance with Section 4.3(a) in an amount equal to such taxes to be paid in two installments, thirty (30) days before the due date of each tax installment.

Section 4.14. Assignment of Rents. Each Owner hereby presently assigns to the Association, absolutely and regardless of possession of the property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupancy of any or all parts of any Lot owned by the Owner, now existing or hereafter made for the purpose of collecting all Assessments due the Association under this Declaration that are in default. The Association hereby confers on each Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable, provided, however, that the Association, at its sole discretion, may revoke such authority at any time on written notice to the Owner of a default in the payment of any Assessment due hereunder. On revocation of such authority, the Association may, under court order or by court-appointed receiver, collect and retain such monies, whether past due and unpaid or current.

ARTICLE V – Use Restrictions

In addition to all other covenants contained herein, the restrictions established by law or Association Rules promulgated by the Board of Directors (consistent with this Declaration), the following restrictions are hereby imposed on the use of Lots, Common Areas, and other parcels within the Project.

Section 5.1 General. The use and enjoyment of the Project by Owners and their tenants, guests, invitees, or any other person deriving rights from such Owner, shall be subject to the covenants and restrictions contained in the Governing Documents. Each such person shall comply with the provisions hereof and be subject to any enforcement actions in the event of violations. Failure to comply with any such provisions, decisions, or resolution, shall be grounds for an action to recover sums due, for damages, for injunctive relief, or for any other remedy permitted by law or by the terms of this Declaration. Unless otherwise stated in the Governing Documents, the Association, through the Board of Directors, shall be responsible for the enforcement of these provisions.

Section 5.2. Single-Family Residential Use. The use of the individual Lots in the Project is hereby restricted to Single-Family Residential Use. Unless otherwise permitted by law, no Lot or any part thereof shall be used for any business, commercial, manufacturing, mercantile, storing, vending, or other nonresidential purposes, provided, however, that the Association shall have the right to provide or authorize such services on the Common Area as it deems appropriate for the enjoyment of the Common Area or for the benefit of the Members. In no event shall a Residence be occupied by more individuals than permitted by applicable zoning laws or governmental regulations.

Section 5.3. Leasing. No Owner shall lease his/her/its Residence for transient or hotel purposes or lease less than the entire Residence. Any lease or rental agreement shall be in writing and in accordance with and subject in all respects to the provisions of this Declaration, the Bylaws and Association Rules. Any lease or rental agreement must specify that tenants shall comply with this Declaration, the Bylaws and Association Rules and failure to abide by such provisions shall be a default under the lease or rental agreement, subject to unlawful detainer. Failure by an Owner to take legal action, including the institution of proceedings in unlawful detainer against the Owner's tenant who is in violation of this Declaration, the Articles, the Bylaws or the Association Rules within ten (10) days after receipt of written demand to do so from the Association, shall entitle the Association to commence an unlawful detainer action against the Owner's tenant. Any expenses incurred by the Association, including attorneys' fees and costs of suit, shall be paid by the Owner.

Section 5.4. Conduct in the Project. No Owner or resident shall obstruct or interfere with the enjoyment of occupants of other Residences or annoy them by unreasonable noises or otherwise, nor shall any nuisance be committed or permitted to occur in any Residence or upon the Common Area.

Section 5.5. Interior Improvements. No Owner shall undertake any activity or work with respect to the Owner's Residence that will impair the structural soundness or integrity of any adjoining Residence or impair any easement or hereditament or do any

act or allow any condition to exist in or around the Owner's Residence or Lot that will adversely affect any other Residences or their occupants. Any interior Improvements involving the structural components of the Residence other than nonload-bearing interior walls shall require prior architectural approval in accordance with Article VII.

Section 5.6. Common Areas. The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for aesthetic and recreational purposes by the Members, their tenants, families, and guests, subject to the provisions of the Governing Documents. No Improvement, excavation, or work that in any way alters any Common Area or Common Facility from its natural or existing state shall be made or done except by the Association, and then only in strict compliance with the provisions of this Declaration. There shall be no obstruction of the Common Area nor shall anything be stored in the Common Area without the prior written consent of the Association.

Section 5.7. Prohibition of Noxious Activities. No illegal, noxious, or offensive activities shall be carried out or conducted on any Lot or Common Area, nor shall anything be done within the Project that is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise, including but not limited to barking dogs, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles, or power tools, to emanate from an Owner's Lot or from activities within the Common Area that would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot or the Common Area.

Section 5.8. Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, garage, or other outbuilding shall be used on any Lot at any time as a Residence, either temporarily or permanently.

Section 5.9. Household Pets. The following restrictions regarding the care and maintenance of pets within the Project shall be observed by each Owner and resident:

(a) No insects or animals of any kinds shall be raised, bred, or kept on the Project except that a reasonable number of dogs, cats or other common household pets may be kept on each Lot, as long as the same are not kept, bred, or maintained for commercial purposes, or in violation of any other provision of this Declaration or other Association Rules. No other animals, livestock, or poultry of any kind shall be kept, bred, or raised on any Lot or in any Residence.

(b) Dogs shall only be allowed on the Common Area when they are leashed and otherwise under the supervision and restraint of their Owners.

(c) No household pet shall be left chained or otherwise tethered in front of a Residence or in the Common Area. Pet owners shall be responsible for the prompt removal and disposal of pet wastes deposited by their pets within the Project.

(d) Each person bringing or keeping a pet in the Project shall be solely responsible for the conduct of his or her pet(s). The Association, its Board, officers, employees, and

agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants, and contract purchasers for any damage or injury to persons or property caused by any pet.

(e) The Board shall have the right to establish and enforce additional rules and regulations defining in a uniform and nondiscriminatory manner what constitutes a "reasonable number" of pets, depending on their size, disposition, and/or maintenance requirements and impose standards for the reasonable control and keeping of household pets in, on, and around the Project to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Project by the other Owners and residents.

(f) The Board shall have the right to prohibit maintenance of any animal on any Lot in the Project which constitutes, in the opinion of the Board, a nuisance to other owners within the Project.

Section 5.10. Signs. No sign, poster, billboard, advertising device or other display of any kind shall be displayed on any Lot or posted within or on any portion of the Common Area except as permitted in the Rules and Regulations and/or required by California law. Real estate brokers' A-frame or other directional signs advertising Lots for sale or lease shall only be allowed within the Common Area or roadways within the Project in strict compliance with applicable Association Rules. The Architectural Committee, in its discretion, shall be entitled to regulate or prevent altogether the erection and maintenance of Owner's, agent's or broker's directional signs along roadways or on any Common Areas within the Project.

Section 5.11. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence, garage, or outbuilding or in any portion of any Lot without the prior written approval of the Board, provided, however, that the foregoing restriction shall not apply to the activities, signs, or activities of the Association in the discharge of its responsibilities under the Governing Documents. Furthermore, no restrictions contained in this section shall be construed in such a manner so as to prohibit any Owner from (a) maintaining his or her personal library in his or her Residence; (b) keeping his or her personal business records or accounts therein; (c) handling his or her personal or professional calls, correspondence, or electronic communications therefrom; (d) leasing or renting his or her Residence in accordance with Section 5.3; or (e) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration that are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization, as long as any such activity does not involve exterior signage or create customer traffic within the Project. The uses described in (a) through (e) are expressly declared to be customarily incidental to the principal residential use and not in violation of this section.

Section 5.12. Trash Disposal. No rubbish, trash, or garbage shall be allowed to accumulate on any portion of the Project, except in appropriate covered disposal containers and facilities located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Project, or any

portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity or to its occupants. Each resident's trash containers shall be placed at the curb adjacent to the resident's Lot no earlier than the evening before the scheduled trash collection date and shall be returned to the resident's garage or other enclosed trash container area on the resident's Lot no later than the evening of the scheduled trash collection date (not to exceed twenty-four (24) hours). Any extraordinary accumulation of rubbish, trash, garbage, or debris (such as debris generated on vacating the premises or during the construction of modifications and Improvements) shall be removed from the Project to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this section.

Section 5.13. Storage. Storage of personal property on any Lot shall be entirely within garages and enclosed storage areas.

Section 5.14. Clotheslines. No exterior clothesline shall be erected or maintained, and there shall be no drying or laundering of clothes on any Lot in a manner that is visible from any neighboring Lot or the Common Area.

Section 5.15. Burning. There shall be no exterior fires whatsoever, except barbecue fires that are located only on Lots and contained within receptacles designed for such purpose and that comply with California Fire Code regulations.

Section 5.16. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated, or maintained on or adjacent to any Lot, except such machinery or equipment as is usual or customary in connection with the use, maintenance, or repair of a private Residence or appurtenant structures within the Project.

Section 5.17. Diseases and Pests. No Owner shall permit any thing or condition to exist on his or her Lot or in his or her Residence that shall induce, breed, or harbor infectious plant diseases, rodents, or noxious insects.

Section 5.18. Vehicle Restrictions. The following vehicle restrictions shall apply within the Project:

(a) All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall be maintained in a closed position except as necessary to permit entry and exit of vehicles or to provide ventilation when the resident is in the garage area.

(b) In no event shall the garage area be used in a way that will preclude the parking of the Owner's or occupant's vehicles within the garage.

(c) No trailer, motor home, truck, commercial vehicle, camper or boat shall be stored, kept, constructed, reconstructed, repaired or maintained anywhere on the Project (including any public or private street) in such a manner as to be visible from any other Lot within the Project except for periods not to exceed seventy-two (72) hours for the purpose of loading and unloading. No dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored or allowed to remain on any Lot

(including any public or private street) in such a manner as to be visible from any other Lot within the Project, provided, however, that the provisions of this section shall not apply to emergency vehicle repairs.

(d) The Board shall have the authority to tow or restrain by use of devices such as the "Denver Boot," at the Owner's expense, any vehicle parked or stored in violation of this section. The Board shall post such notices or signs as may be required by law to effectuate this towing provision.

(e) The Board shall have the authority to promulgate further reasonable rules and restrictions of uniform application regarding the parking and/or operation of vehicles within the Project as may be deemed prudent and appropriate.

Section 5.19. Use of Private Streets in Common Area.

(a) Private streets within the Project shall not be used for recreational purposes, including "joy riding" or racing.

(b) All operators of motor vehicles, including motorcycles, within the Project subdivision must possess a valid California driver's license.

(c) All provisions of the California Vehicle Code must be honored at all times when operating any motor vehicle within the Project.

(e) The Association shall have the right to adopt reasonable rules regarding the control and use of the roads, vehicles operated thereon, and the speed of such vehicles. The Association is further authorized to delegate the discharge of its rights hereunder to a municipality or other governmental entity or to contract with a private security patrol company for such purposes so long as the private character of the roads is not jeopardized by such action.

Section 5.20. Accountability. Each Owner and resident shall be accountable to the remaining Owners and residents and their families, visitors, guests, and invitees for the conduct and behavior of their residents, guests, visitors, agents, employees and invitees and for any property damage caused by such persons.

Section 5.21. Activities Affecting Insurance. Nothing shall be done or kept on any Lot or within any Residence or within the Common Area that will increase the rate of insurance relating thereto on any policy maintained by the Association without the prior written consent of the Association, and no Owner shall permit anything to be done or kept on an Owner's Lot or in a Residence or within the Common Area that would cause any Improvements to be uninsurable against loss by fire or casualty or the perils of the extended coverage endorsement of the California Standard Fire Policy form, or result in the cancellation or suspension of insurance on any Residence or any part of the Common Area.

Section 5.22. Restriction on Further Subdivision and Severability. No Lot shall be further subdivided, nor shall less than all of any such Lot be conveyed by an Owner

thereof, nor shall any Owner of a Lot within the Project be entitled to sever that Lot from the Common Area portion of the Project.

Section 5.23. Variances. On application by any Owner, the Architectural Committee shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article if specific application of the restriction will, in the sole discretion of the Architectural Committee, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of Project contemplated by this Declaration. In considering and acting on any request for a variance, the Architectural Committee shall follow the procedures set forth in Section 5.12 for the granting of architectural variances.

Section 5.24. Restrictions on Alterations. No Owner shall construct any improvement or make any alterations or modifications to the exterior of the Residence without first obtaining the prior written consent of the Architectural Committee and required permits from the governmental body having jurisdiction.

5.24.1 Window Coverings. Window treatments subject to view from neighboring Lots, the Common Area, or other property must be neutral in color or lined in neutral color (neutral meaning little or no defined color), so as to preserve the aesthetic integrity and attractiveness of the Project as a whole. Curtains, drapes, shutters or blinds may be installed as window covers. No window shall be covered with aluminum foil, newspaper, sheets, paint, or other material not designed for use as a window cover.

5.24.2. Fences or Enclosures. No fences, awnings, ornamental screens, screen doors, sunshades, glass or screen enclosures or walls of any nature shall be erected or maintained on or around any portion of any Lot or structure or elsewhere within the Project, except those that are installed in accordance with the original construction of the Project, including those installed by Declarant in connection with the landscaping options offered to the initial Owners, and their replacements, or those authorized and approved by the Architectural Committee. All fences or walls, including Party Walls, installed in accordance with the original construction of the Project shall be replaced with fences or walls of like design and materials and no such fence or wall shall be removed without the approval of the Architectural Committee. No Owner shall alter the shape, size or construction or use any materials different from those used in the initial construction of any such fence or wall without the written consent of the Architectural Committee.

Section 5.25. Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action under Section 13.6, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying

condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

Section 5.26. Delegation of Use.

(a) Delegation of Use and Leasing of Residences. Any Owner may delegate his or her rights to use and enjoy the Common Area and Common Facilities to his or her family members, tenants, lessees, or contract purchasers who reside in the Residence, subject to the Rules and Regulations adopted by the Association, provided, however, that any rental or lease may only be to a single family for Single-Family Residential Use.

(b) Retained Rights of Owner-Lessors. During any period when a Residence has been rented or leased, the Owner-Lessor, his or her family, guests, and invitees shall not be entitled to use and enjoy any recreational Common Facilities within the Project. In other respects, nonresident Owners who are leasing their Residences shall have full rights to access the Residence to perform the Owner's responsibilities as a lessor. The restriction on recreational facility usage by Owner-Lessors shall not apply to any Owner-Lessor who is contemporaneously residing in another Residence within the Project.

Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-Lessor shall provide any tenant or lessee with a current copy of all Governing Documents and shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's or lessee's occupancy and use of the Residence.

(c) Waiver of Use. No member may exempt himself from personal liability for Assessments duly levied by the Association, or release his Lot from the liens, charges and other provisions of this Declaration the Articles, Bylaws and Association rules, by waiver of the use and enjoyment of the Common Area or the abandonment of his Lot.

(d) Requirements That Must Be Observed in All Residential Leases. The following specific limitations shall apply to all leases or tenancies of a Residence:

(i) No Residence may be leased or rented for a period of less than thirty (30) days;

(ii) The rental shall apply to not less than an entire Residence, including its appurtenant rights (except voting rights in the Association that may not be transferred to a tenant or lessee); and

(iii) Any rental shall be evidenced by a written lease or rental agreement that shall provide that the tenancy is subject to the terms of the Governing Documents and that any failure of the tenant to comply with the terms of any Governing Document relating to residential leases, property use restrictions, or the use and enjoyment of any portion of the Common Area and Common Facilities shall constitute a default under the lease or rental agreement and shall

entitle the Owner to terminate the tenancy on thirty (30) days written notice. The Owner-Lessor's right to terminate a lease or rental agreement because of the tenant's violation of the Governing Documents shall in no way restrict the right of the Association, the Declarant, or any Owner to enforce the Governing Documents in accordance with Article XIII, when the Owner's tenant is violating the Governing Documents.

(e) Discipline of Lessees. Subject to subparagraph (e), if any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances to preserve the quiet enjoyment of other Owners and residents of the Project. Without limitation, the Association's actions in response to a tenant's violation of the Governing Documents may include the imposition of fines and penalties against the Owner-Lessor of the Residence.

(f) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to any portion of the Project or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-Lessor (or the Owner's lessee or tenant) because of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied:

(i) The Owner has received written notice from the Board, the Association's property manager, or an authorized committee of the Board detailing the nature of the lessee's or tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter if the Owner believes that remedial or disciplinary action is unwarranted or unnecessary;

(ii) The Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and

(iii) The Owner has failed to prevent or correct the lessee's or tenant's objectionable actions or misconduct. Any hearing requested under this subparagraph shall be conducted in accordance with Section 13.6(e).

Section 2.27. Obligations of Owners. Owners of Lots within the Project shall be subject to the following obligations:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser or tenant residing in the Owner's Lot. Each Owner, contract purchaser, or tenant shall also notify the secretary of the Association of the names of all persons to whom such Owner, contract purchaser, or tenant has delegated any rights to use and enjoy the streets and Common Area of the Project and the relationship that each such person bears to the Owner, contract purchaser, or tenant.

(b) Contract Purchasers. A contract seller of a Lot (*i.e.*, an Owner who contracts to sell his or her Lot under an Agreement that transfers title to the buyer only on payment in full) must delegate his or her voting rights as a Member and his or her right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property subject to the contract of sale. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

(c) Notification to Prospective Purchasers.

(i) As more particularly provided in California Civil Code §4525, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser all of the following:

(A) A copy of the Governing Documents.

(B) If the Governing Documents contain a restriction limiting the occupancy, residency, or use of a Residence on the basis of age in a manner different from that provided in Civil Code §51.3, a statement that the restriction is only enforceable to the extent permitted by Civil Code §51.3 and a statement specifying the applicable provisions of Civil Code §51.3.

(C) A copy of the most recent documents distributed by the Association under California Civil Code §§5300–5320 (see Section 4.12 of the Bylaws).

(D) A true statement in writing from an authorized representative of the Association (delinquency statement) as to (1) the amount of the Association's current regular and special assessments and fees and (2) the amount of any assessments levied on the Owner's Lot that remain unpaid as of the date of the delinquency statement and any monetary fines or penalties levied on the Owner's Lot and unpaid as of the date of the delinquency statement. The delinquency statement shall also include true information on late charges, interest, and costs of collection that, as of the date of the delinquency statement, are or may become a lien against the Owner's Lot under Civil Code §§5650–5660.

(E) A copy or a summary of any notice previously sent to the Owner under Civil Code §5855 that sets forth any alleged violations of the Governing Documents that remain unresolved at the time of the request.

(F) A copy of the latest information described in Civil Code §6100.

(G) A statement disclosing any change in the Association's current Regular and Special Assessments and fees that have been approved by the

Board but have not become due and payable as of the date the information is provided.

(H) If the Governing Documents contain a provision that prohibits the rental or leasing of Residences in the Project to a renter, lessee, or tenant, a statement describing the prohibition.

(I) If requested by the prospective purchaser, a copy of the minutes of Board meetings, excluding meetings held in executive session, conducted over the previous twelve (12) months that were approved by the Board.

(ii) On written request, the association shall, within ten (10) days of the mailing or delivery of the request, provide the Owner of a separate interest, or any other recipient authorized by the Owner, with a copy of the requested documents specified in subparagraph (A).

(iii) The documents required to be made available under subparagraph (c)(i) may be maintained in electronic form and may be posted on the Association's website. If the Association maintains the documents in electronic form, requesting parties shall have the option of receiving the documents by electronic transmission. Delivery of the documents required by subparagraph (c)(i) shall not be withheld for any reason nor subject to any condition, except the payment of the fee authorized under subparagraph (iv).

(iv) The Association may collect a reasonable fee based on the Association's actual cost for the procurement, preparation, reproduction, and delivery of the documents requested under subparagraph (c)(i). Additional fees shall not be charged by the Association for the electronic delivery of the documents requested. On receipt of a written request, the Association shall provide, on the form described in Civil Code §4528, a written or electronic estimate of the fees that will be assessed for providing the requested documents. Fees for any documents required by this section shall be distinguished from other fees, fines, or assessments billed as part of the transfer or sales transaction. A cancellation fee for documents specified in subparagraph (c)(i) shall not be collected if either of the following applies:

(A) The request was canceled in writing by the same party that placed the order and work had not yet been performed on the order; or

(B) The request was canceled in writing and any work that had been performed on the order was compensated.

The Association shall refund all fees collected under this subparagraph (iv) if the request was canceled in writing and work had not yet been performed on the order. If the request was canceled in writing, the Association shall refund the share of fees collected under subparagraph (iv) that represents the portion of the work not performed on the order.

(v) The Association may contract with any person or entity to facilitate compliance with this section on behalf of the Association.

(vi) The Association shall also provide a recipient authorized by the Owner of a separate interest with a copy of the completed form specified in Civil Code §4528 at the time the required documents are delivered.

(vii) The provisions of this Section, except for those relating to the furnishing of a delinquency statement, shall not apply to any Owner who is subject to the requirements of California Business and Professions Code §11018.1 (which requires certain sellers to provide prospective purchasers with a California Bureau of Real Estate (BRE) Public Report in connection with the sale of a Lot).

(d) Payment of Assessments and Compliance With Rules. Each Owner shall pay, when due, each Regular, Special, and Special Individual Assessment levied against the Owner and his or her Lot and shall observe, comply with, and abide by any and all rules and regulations set forth in, or promulgated by the Association under, any Governing Document for the purpose of protecting the interests of all owners or protecting the Common Area and Common Facilities.

(e) Discharge of Assessment Liens. Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against his or her Lot.

(f) Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph (f) shall apply to all obligations, duties, and responsibilities of owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

(g) Termination of Obligations. On the conveyance, sale, assignment, or other transfer of a Lot to a new Owner, the Transferor-Owner shall not be liable for any Assessments levied with respect to such Lot that become due after the date of Recordation of the deed evidencing the transfer, and on such Recordation, all Association membership rights possessed by the Transferor by virtue of the ownership of the Lot shall automatically cease.

ARTICLE VI – Repair & Maintenance

Section 6.1. Common Area Maintenance. The Association shall be solely responsible for all maintenance, repair, upkeep, and replacement of all portions of the Common Area. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter, or maintain any Improvement on, create any excavation or fill, or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub, or other vegetation from, or plant any tree, shrub, or other vegetation on the Common Area without express approval of the Association.

Without limiting the foregoing, the Association shall be responsible for:

(a) The reconstruction, replacement, or refinishing of any Common Facility or other Improvements within the Common Area as necessary in accordance with the original design, finish, or standard of construction of such Improvement.

(b) The construction, reconstruction, replacement, refinishing of any road, driveway, trail, or surface on any portion of Common Area designated on a Subdivision Map as a private road.

(c) The replacement of trees or other vegetation and the planting of trees, shrubs, and ground cover on any portion of Common Area.

(d) The placement and maintenance of such signs as the Association may deem necessary for the identification of the Project and of roads, the regulation of traffic, including parking, and the regulation and use of Common Area and Common Facilities.

Section 6.2. Owner Maintenance Responsibilities. All maintenance and repair work to be performed by an Owner pursuant to this Section 6.2, or pursuant to any other provision of this Declaration or the Association Rules, shall be performed in a neat, clean, sanitary, workable and attractive condition and in conformity with minimum standards and policies established from time to time by the Architectural Committee or, if such minimum standards and policies have not been established or are not applicable, in conformity with specific requirements of the Architectural Committee applicable to the Owner's Lot. In establishing any such minimum standards, policies or specific requirements, the Architectural Committee shall act with a view toward achieving uniform appearance and standards and policies consistent with the original design and construction of the Project and equality among Owners. All such standards, policies and requirements shall be deemed to be part of the Association Rules, whether or not included in any written statement or summary of the Association Rules. Any Owner who disagrees with the standards, policies or requirements applicable to the Owner's Lot shall be entitled to request a hearing before the Architectural Committee; however, all decisions of the Architectural Committee shall be final and binding on the Owner and the Association shall take such action to enforce such standards, policies or requirements as the Board deems appropriate under the circumstances. An Owner shall be liable to the Association for all costs, including attorneys' fees, expended by the Association in enforcing such standards, policies or requirements.

6.2.1 Required Maintenance of Yard Areas. Each Owner shall be responsible for maintaining, repairing and replacing yard areas in accordance with standards established by the Architectural Committee. Each Owner shall cut, trim, prune and otherwise maintain, irrigate and replace as necessary all landscaping within the Owner's Lot (including, without limitation, any and all trees installed by such Owner) in a safe, neat, clean, orderly, sanitary and attractive condition and in conformance with minimum standards and policies established from time to time by the Architectural Committee or, if such minimum standards and policies have not been established or are not applicable, in conformance with specific requirements of the Architectural Committee applicable to the Owner's Lot. In establishing any such minimum standards or specific requirements, the

Architectural Committee shall act with a view toward achieving uniform appearance consistent with the original design of the Project. Any Owner who disagrees with the standards or requirements applicable to the Owner's Lot shall be entitled to request a hearing before the Architectural Committee; however, all decisions of the Architectural Committee shall be final and binding on the Owner and the Association shall take such action to enforce such standards or requirements as the Board deems appropriate under the circumstances. An Owner shall be liable to the Association for all costs, including attorneys' fees, expended by the Association in enforcing such standards or requirements.

6.2.2. Utility Lines Servicing Owner's Lot. Each Owner shall be responsible for maintaining and repairing the mechanical, air conditioning, plumbing, sewer, electrical, heating, water, gas, cable television, drains and other lines, equipment, systems and fixtures exclusively serving the Owner's Lot, whether located within the Owner's Lot or within the Common Area. In general, an Owner's maintenance responsibility shall begin at the junction box, meter, sewer connection or other point at which exclusive service to the Owner's Lot begins or, if such exclusive service point cannot be determined or is disputed by the Owner, at the point designated by the Architectural Committee.

6.2.3. Maintenance of Lot. Each Owner shall be responsible for the maintenance, repair and appearance of his/her/its Residence and Lot. Residences and Lots shall be maintained in a neat, clean, orderly, safe, sanitary and attractive condition. All painting and alterations of the exterior surfaces of a Residence shall be undertaken in conformance with the requirements of Article VII regarding Architectural Control. If a Residence is destroyed or damaged by fire or other casualty and the owner elects not to rebuild, the owner shall clear the Lot of all debris within a reasonable time. In the event that any Owner fails to maintain his Lot or Residence in accordance with the standards ascribed in this Section, the Association shall have the right, but not the obligation, to undertake such maintenance and levy the expense thereof against the delinquent Owner as a Reimbursement Assessment.

Section 6.3. Association's Recovery of Costs of Certain Repairs and Maintenance.

(a) Association Maintenance Necessitated by Owner Negligence. If the need for maintenance or repair that would otherwise be the Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees and is not covered or paid for by insurance policies maintained by the Association or the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Section 4.4.

(b) Owner Defaults in Maintenance Responsibilities. If an Owner fails to perform maintenance or repair functions on the Owner's Lot for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct

the failure within fifteen (15) days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Section 3.7(b) to enter the Owner's Lot and perform the repair or maintenance, as long as the Owner has been given notice and the opportunity for a hearing in accordance with Section 13.6(e).

Section 6.4. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance and repair obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

Section 6.5. Maintenance of Party Walls.

(a) General Rules of Law to Apply. Each wall that is built as a part of the original construction of the Residences on the Project and placed on the dividing line between the Lots shall constitute a Party Wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding Party Walls and liability for property damage caused by negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the wall in equal proportion to such use.

(c) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

(d) Arbitration. In the event of any dispute between Owners concerning a Party Wall, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and resolution of the dispute shall be decided by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board of Directors shall select an arbitrator for the refusing party. The arbitrators shall render a decision within thirty (30) days after appointment.

ARTICLE VII - Architectural Control

Section 7.1. Architectural Committee Approval of Improvements.

(a) General. Any change or improvement to a Residential Lot or Common Area by an Owner shall be governed by this Article. Changes or Improvements to the Common Area by the Association do not need to comply with the requirements of this Article. The Board shall adopt and promulgate Architectural Rules as the Board in its discretion may deem appropriate. Before commencing construction or installation of any improvement, the Owner planning such change or Improvement must submit to the Architectural Committee a written request for approval. The Owner's request shall include structural plans and specifications. No work on the change or Improvement shall be undertaken unless the Committee's approval of the proposal is first obtained.

(b) Modifications to Approved Plans Must Also Be Approved. Once a proposed change or Improvement has been duly approved by the Architectural Committee, no material modifications shall be made in the approved plans and specifications therefor and no subsequent alteration, relocation, addition, or modification shall be made to the Improvement, as approved, without a separate submittal to, and review and approval by, the Committee. If the proposed modification will have, or is likely to have, a material affect on other aspects or components of the work, the Committee, in its discretion, may order the Owner and his or her contractors and agents to cease working not only on the modified component of the Improvement but also on any other affected component.

If the Association, its Architectural Committee, or the agents or employees of either learn that an Improvement, or any modification thereof, is proceeding without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in Section 13.6, including, without limitation, ordering an immediate cessation and abatement of all aspects of the Improvement until such time as proper Architectural Committee review and approval is obtained.

Section 7.2. Committee Membership. The Architectural Committee shall be composed of not less than three (3) nor more than five (5) Members of the Association appointed by the Board of Directors. In selecting Members for the Architectural Committee, the Board shall endeavor to select individuals whose occupations or education will provide technical knowledge and expertise relevant to matters within the Committee's jurisdiction. Committee members shall serve for one (1) year terms, subject to the Board's power to remove any Committee member and to appoint his or her successor. If Committee Members are not appointed by the Board, the Board shall serve as the Architectural Committee. Neither the members of the Architectural Committee nor its designated representatives shall be entitled to any compensation for services performed under this Declaration.

Section 7.3. Duties of the Committee. It shall be the duty of the Architectural Committee to consider and act on the proposals and plans for Improvement submitted to it under this Declaration and to perform other duties delegated to it by the Board of Directors, and to carry out all other duties imposed on it by this Declaration. The Architectural Committee may delegate its plan review responsibilities to one (1) or more members of the Committee. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Committee. The Committee may establish reasonable procedural rules and may assess a reasonable fee (not to exceed the estimated cost of review) per submission in connection with review of plans and specifications. Unless such rules regarding submission of plans are complied with, such plans and specifications shall be deemed not submitted.

Section 7.4. Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Committee members shall constitute the action of the Committee, and the Committee shall keep and maintain a written record of all actions taken.

Section 7.5. Architectural Rules. The Architectural Committee may, from time to time and with approval of the Board of Directors, adopt, amend, and repeal rules and regulations to be known as "Architectural Rules." The Architectural Rules shall interpret and implement the provisions hereof by setting forth (a) the standards and procedures for Architectural Committee review, including the required content of Improvement plans and specifications; (b) guidelines for architectural design or placement of any work of Improvement or color schemes, exterior finishes, and materials and similar features recommended or required for use in connection with particular Improvement projects within the Project; and (c) the criteria and procedures for requesting variances from any property use restrictions that would otherwise apply to the proposed Improvement under Article V. Notwithstanding the foregoing, no Architectural Rule shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the provisions of the Declaration shall prevail. Architectural Rules that relate to procedural requirements for the review and approval of Improvement projects are "Operating Rules" subject to Section 3.8(c).

Among other things, the Architectural Rules shall provide a fair, reasonable, and expeditious procedure for making decisions on submitted Improvement plans and projects. The procedures shall include prompt deadlines for various actions and a maximum time for response to an application consistent with Section 7.7.

Section 7.6. Basis for Approval of Improvements. When a proposed Improvement is submitted to the Architectural Committee for review, the Committee shall grant the requested approval only if the Committee, in its sole discretion exercised in good faith, makes the following findings regarding the proposed project:

- (a) The Owner's plans and specifications conform to this Declaration and to the Architectural Rules in effect at the time such plans are submitted to the Committee;
- (b) The Improvement will be in harmony with the external design of other structures and landscaping within the Project;
- (c) The Improvement, as a result of its appearance, location, or anticipated use, will not interfere with the reasonable enjoyment of any other Owner of his or her Lot; and
- (d) The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Project and with the overall plan and scheme of Project within the Project.

The decision of the Committee shall be in writing, shall be made in good faith, and shall not be arbitrary, unreasonable, or capricious. Although it is recognized that the Architectural Committee's determination will, of necessity, be subjective to some degree, the members of the Committee shall consider such factors as the quality of workmanship and materials proposed for the Improvement project; the harmony of its exterior design, finished materials, and color with that of other existing structures; the proposed location of the Improvement in relation to the existing topography, finished grade elevations, roads, Common Areas, and other existing structures; and the impact, if any, that the

Improvement will have or may have on the structural integrity of the Lot or adjacent Lots. Decisions shall be consistent with any governing provision of law, including, without limitation, the Fair Employment and Housing Act (Govt C §§12900–12996).

The Architectural Committee's approval of any plans, drawings, or specifications for any work of Improvement done or proposed or for any other matter requiring the approval of the Committee under this Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval by the same or some other Owner. In reviewing a particular submittal, the Committee may take into consideration different locations for Improvements, the size of the structure, proximity to other Residences or Common Facilities, and other factors. Accordingly, the Committee shall be entitled to determine that a proposed Improvement or component thereof is unacceptable when proposed on a particular Lot, even if the same or a similar Improvement or component has previously been approved for use at another location if factors such as drainage; topography; noise; visibility from roads, Common Areas, or other Lots; or prior adverse experience with the product, the design, or with similar Improvements mitigate against erection of the Improvement or use of a particular component thereof on the Lot involved in the Owner's submittal.

In approving a request for construction of an Improvement, the Architectural Committee may condition approval on the adoption of modifications in the Owner's plans and specifications or observance of restrictions as to location, noise abatement, or similar mitigating conditions applicable to the Improvement.

Section 7.7. Time Limits for Approval or Rejection; Right of Appeal to the Board.

(a) Approval or Disapproval by the Committee. Within thirty (30) days after submission of plans and specifications satisfying the requirements of the Architectural Rules, the Architectural Committee shall return one set of such plans to the applicant, with written notice of either approval or disapproval. If the proposed Improvement is disapproved, the written decision of the Committee shall include both an explanation of why the proposed change was disapproved and a description of the procedure for reconsideration of the Committee's decision by the Board. If written suggestions of changes required for approval of the project accompany the returned set of plans, the applicant may implement such changes to the plans and within thirty (30) days resubmit plans incorporating such changes for approval to the Committee, which shall not unreasonably withhold its approval as long as the Owner has complied in all material respects with the requested changes. If no written notice of approval or disapproval is received by the applicant within thirty (30) days after the Owner's plans and specifications (or revisions thereto) are submitted to the Committee, the plans shall be deemed to have been approved as submitted so long as any structure or improvement erected or altered pursuant to such plans conforms to all the conditions and restrictions herein contained and is in harmony with similar structures erected within the Project.

(b) Appeals to the Board. If the Board establishes an Architectural Committee, then in accordance with Civil Code §4765(a)(5), any decision by the Committee other

than to approve the Owner-applicant's proposal as presented shall be subject to appeal to the Board and shall be placed on the agenda for confirmation, modification, or denial at the next scheduled regular Board meeting, and the thirty (30) day period set forth in this Section for Association action shall be extended to include the days from the committee's action to the meeting at which the appeal is heard. The Architectural Rules shall include fair and expeditious procedures for the hearing of appeals under this subparagraph (b).

Section 7.8. Proceeding With Work. On receipt of approval of an Improvement project from the Architectural Committee, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement of construction as approved. In all cases, work on an Improvement project shall commence within six (6) months from the date of such approval. If the Owner fails to comply with this paragraph, any approval given under this Article shall be deemed revoked, unless the Architectural Committee, on written request of the Owner before the expiration of the initial six (6) month period, extends the time for commencement or completion. No such extension shall be granted except on a finding by the Architectural Committee that there has been no change in the circumstances on which the original approval was granted and that the Owner has a bona fide intention and ability to complete the Improvement project within the time specified in the extension request.

Section 7.9. Failure to Complete Work. Unless the Owner has been granted an extension of time to complete the project by the Architectural Committee, the construction, reconstruction, refinishing, or alteration of any such Improvement must be complete within 6 months after construction has commenced, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner because of strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or the Owner's agents. The Committee shall be entitled to grant longer times for completion of a particular Improvement project as part of the project approval process.

If the Owner fails to comply with this section, the Architectural Committee shall notify the Board of such failure, and the Board shall proceed, in accordance with the provisions of Section 7.10(c)–(d), as though the failure to complete the Improvement was a noncompliance with approved plans.

Section 7.10. Inspection of Work by Architectural Committee. Inspection of the work relating to any approved Improvement and correction of defects therein shall proceed as follows:

(a) During the course of construction, representatives of the Architectural Committee shall have the right to inspect the jobsite to confirm that the Improvement project is proceeding in accordance with the approved plans and specifications. The Architectural Committee shall have the right, in its discretion, to hire a professional inspector to do the same. Any fees related to such inspection shall be paid by the homeowner.

(b) On the completion of any work of Improvement for which Architectural Committee approval is required under this Article, the Owner shall give the Architectural Committee a written notice of completion.

(c) Within thirty (30) days thereafter, the Architectural Committee, or its duly authorized representative, may inspect the Improvement to determine whether it was constructed, reconstructed, altered, or refinished in substantial compliance with the approved plans. If the Architectural Committee finds that the Improvement was not erected, constructed, or installed in substantial compliance with the Owner's approved plans, then within the 30-day inspection period the Committee shall give the Owner a written notice of noncompliance detailing those aspects of the Improvement project that must be modified, completed, or corrected. If the violation or nonconforming work is not corrected, the Association and its Architectural Committee shall have the enforcement rights and remedies set forth in Section 7.11.

(d) If for any reason the Architectural Committee fails to notify the Owner in writing of any noncompliance within thirty (30) days after receipt of the Owner's notice of completion, the Improvement shall be deemed to have been constructed in accordance with the approved plans for the project, unless it can be demonstrated that the Owner knew of the noncompliance and intentionally misled the Committee with respect to it.

Section 7.11. Enforcement of Architectural Review and Approval Requirements.

(a) Authority to Red Tag Projects. In addition to other enforcement remedies set forth in this Declaration, the Architectural Committee shall have the authority to order an abatement (red tag) of any construction, alteration, or other matter for which approval is required, to the extent that the work has not been approved by the Committee or the work does not conform to the plans and specifications submitted to and approved by the Committee. If an Improvement project is red tagged, the Owner and his or her contractor shall cease all construction activity until such time as the issue giving rise to the red tag order is resolved. The red tag notice shall clearly state the reasons why the abatement has been ordered.

(b) Effect of Failure to Comply With This Article V. If the Owner fails to remedy any noticed noncompliance within thirty (30) days from the date of receipt of the Association's notice of noncompliance (see Section 7.10(c)), or if the Owner believes that the project has been red tagged or has received a notice of noncompliance without justification, the Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing shall be conducted in accordance with Section 13.6(e).

(c) Approval Not Deemed a Waiver. The approval by the Architectural Committee of any plans, drawings or specifications for any work of Improvement done or proposed or for any other matter requiring the approval of the Architectural Committee under this Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter

subsequently submitted for approval by the same or some other Owner. Different locations for Improvements, the size of the structure, proximity to other Residences or Common Facilities, and other factors may be taken into consideration by the Committee in reviewing a particular submittal.

(d) Lack of Complaint Not Deemed Approval; Attorney Fees. No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney fees in addition to the costs of such proceeding.

Section 7.12. Variances. The Architectural Committee in its sole discretion, shall be entitled to allow reasonable variances in any procedures specified in this Article VII or in any minimum improvement standards imposed by Article VIII to overcome practical difficulties, avoid unnecessary expense, or prevent unnecessary hardship to applicants, provided all of the following conditions are met:

(a) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise be applicable under this Declaration, the Architectural Committee may, but shall not be obligated to, condition approval of the variance on the Owner-applicant's receipt of approvals for the variance from neighboring Owners of Lots within a prescribed radius of the Owner-applicant's Lot. Under such circumstances, the Architectural Committee shall be entitled to issue notice to the neighboring Owners of the date, time, and location of the Architectural Committee's hearing on the variance proposal to afford the neighbors an opportunity to attend and be heard on the matter.

(b) The Architectural Committee must make a good faith written determination that the variance is consistent with one or more of the following criteria:

(i) The requested variance will not constitute a material deviation from any restriction contained herein;

(ii) The variance relates to a land use restriction or minimum construction standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or

(iii) The variance, if granted, will not result in a material detriment or create an unreasonable nuisance with respect to any other Lot or Common Area within the Project.

Section 7.13. Compliance Certificate. Within thirty (30) days after a written request is presented to the Architectural Committee by any Owner, and on payment to the Association of a reasonable fee (as established from time to time by the Board), the Architectural Committee shall issue a compliance certificate, executed by any two of its

members, certifying (with respect to any Lot owned by the requesting Owner) that, as of the date thereof, (a) all Improvements made and other work completed by the Owner comply with this Declaration and any applicable Architectural Rules or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in the Lot through the Owner, shall be entitled to rely on the Association's compliance certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners of the Lot to which the certificate pertains, and any persons deriving any interest through them.

Section 7.14. Limitation on Liability. Neither the Association, its Architectural Committee, nor any member thereof shall be liable to any Owner for any damage, loss, or prejudice suffered or claimed on account of any mistakes in judgment, negligence, or nonfeasance arising out of (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (b) the construction or performance of any Improvement project, whether or not under approved plans, drawings, or specifications; or (c) the execution and filing of a notice of noncompliance under Section 7.10(c) or of a compliance certificate under Section 7.13, whether or not the facts therein are correct, provided, however, that such member has acted in good faith on the basis of such information as he or she possessed at the time the act or omission occurred.

Section 7.15. Compliance With Governmental Regulations. Review and approval by the Architectural Committee of any proposals, plans, or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner who desires to construct, install, or modify the Improvement.

Section 7.16. Reconstruction of Residence. The reconstruction of any Residence after construction, which is accomplished in substantial compliance with the original building plans for such Residence, shall not require compliance with the provisions of this Article.

ARTICLE VIII - Minimum Improvement Standards

Unless a variance is requested from, and granted by, the Architectural Committee in accordance with Section 7.12, Improvements constructed on any Lot in the Project shall conform to the following minimum improvement standards:

Section 8.1. Building Plans. All building and Improvement plans must be submitted to, and approved by, the Architectural Committee before being submitted to any governmental agency to obtain a building permit.

Section 8.2. Compliance With Approved Plans and Applicable Improvement Requirements. Once approved by the Architectural Committee, the Improvement project must be constructed and completed in accordance with the approved plans and

specifications and any applicable minimum construction standards imposed by this Article VI or the Architectural Rules (unless the Committee has approved a specific variance from those standards).

Section 8.3. Licensed Contractor. Residential structures and any other significant structural Improvement project, as reasonably determined by the Committee, shall be constructed by a contractor licensed under the laws of the State of California and, if considered necessary or appropriate by the Committee, shall be designed by a licensed architect.

Section 8.4. Site and Drainage Review. General site considerations including site layout, open space and topography, orientation and locations of buildings, vehicular access, circulation and parking, setbacks, height, walls, fences, and similar elements shall be designed to provide a desirable environment and to avoid alteration of established drainage courses.

Section 8.5. Restrictions on Exterior Lighting.

(a) All exterior light fixtures shall direct their light downward to avoid creating light pollution (*i.e.*, lighting the sky) or light trespass (*i.e.*, light that crosses a property line—front, side, or rear) onto neighboring properties, Common Area, or rights-of-way.

(b) Vapor lights (mercury or sodium), metal halide, halogen (except low-voltage landscape lighting), or other high-intensity lighting will not be approved for Residences in the Project.

(c) Security lighting will be permitted only if it is screened and is triggered by movement, sound, or heat and stays on for no more than five (5) minutes. Activators must be positioned so they are not triggered by passing automobile traffic.

(d) Exterior holiday lighting will be permitted only if it does not blink or flash. Holiday lighting may be displayed only between November 1 and January 15 of each year and must be removed immediately thereafter.

Section 8.6. Hours of Permitted Construction Activity. Except for emergencies, construction and vendor hours are permitted from 7:00 a.m. 5:00 p.m. on Monday through Friday. No construction activity is permitted on Saturday or Sunday.

Section 8.7. Antennas, Aerials, and Satellite Dishes. To ensure adequate aesthetic controls and to maintain the general attractive appearance of the Project, no Owner, resident, or lessee shall place or maintain any objects, such as masts, towers, poles, or radio or television antennas, on the exterior of any building within the Project unless architectural review and approval is first obtained in accordance with Article VII, provided, however, that:

(a) The Association shall have the right, without obligation, to erect, place, or install and maintain any such apparatus for the benefit of all or a portion of the Project;

(b) In accordance with federal law, antennas or satellite dishes with a diameter or diagonal measurement not greater than 36 inches that are designed to receive direct broadcast satellite services, video programming services via multipoint distribution services, or television broadcast signals (collectively, Permitted Devices) may be erected, placed, or installed on a Lot, provided that:

(i) Any such Permitted Device is placed in the least conspicuous location on the Residence at which an acceptable quality signal can be received and is either not visible from neighboring property or is screened from view from streets and any neighboring Lot or Common Area.

(ii) Reasonable restrictions that do not significantly increase the cost of installing a Permitted Device or significantly decrease its efficiency or performance (including, without limitation, screening material, location, or complimentary-color painting of the Permitted Device) may be imposed as part of the Architectural Rules.

Furthermore, no activity shall be conducted on any Lot that causes an unreasonable broadcast interference with television or radio reception on any neighboring Lot.

ARTICLE IX - Easements

Section 9.1. Encroachment Easements. Each Lot is hereby declared to have an easement over adjoining Lots and the Common Area for the purpose of accommodating any encroachment caused by roof overhang and fences or walls that are built in accordance with the original design, plans, and specifications and caused by engineering errors, errors in original construction, settlement or shifting of the building, or similar causes. There shall be valid easements for the maintenance of these encroachments for as long as they shall exist, and the rights and obligations of the Owner shall not be altered in any way by the encroachment, settlement, or shifting, provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner(s) if the encroachment is caused by the willful misconduct of the Owner(s). In the event a structure is partially or totally destroyed and is repaired or rebuilt, the Owners of each adjoining Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of the encroachments for as long as they shall exist.

Section 9.2. Common Area. Each Lot within the Project is hereby declared to have an easement over all of the Common Area, for the benefit of the Lots, the Owners thereof, and for their families, guests, invitees and tenants, for all of the purposes and uses described herein, including ingress and egress over and through the Common Area.

Section 9.3. Blanket Utility Easement. There is hereby created a blanket easement on, across, over, and under all of the Project for ingress, egress, and the installation, replacement, repair, and maintenance of all utilities, including but not limited to water, sewers, gas, telephones, drainage, electricity, and the master television antenna or cable

television system. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment and underground facilities on the Common Area. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on the Project except as initially designed and approved by the Declarant or thereafter approved by the Board of Directors. The easements provided for in this section shall in no way affect any other recorded easement on the Project.

Section 9.4. Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, and to any management company or contractor selected by the Association to enter in or to cross over the Common Area and any Lot to perform the Association's duties of maintenance and repair of the Lots, Common Area, or Common Facilities, provided, however, that any entry by the Association or its agents onto any Lot shall only be undertaken in strict compliance with Section 3.7(b).

Section 9.5. Boundary Changes. An easement shall exist as Common Area for use and maintenance over any portion of a Lot that—because of a change in the boundary of a private structure, including a fence, wall, or patio at the time of original construction by Declarant—lies between that boundary and a Lot line abutting the Common Area.

Section 9.6. Party Wall Easements. Whenever a common wall for two Residences, is located on the dividing line between adjacent Lots, the Owner of the adjoining Lot shall have reciprocal mutual nonexclusive easements for the maintenance of the wall, the reconstruction of the wall in the event of the partial or total destruction of the same, drainage associated with the wall or the Residence of which the wall is a part. The Owner of the adjoining Lot on which such a wall is situated shall not attach anything to the outside of the wall without the consent and permission of the Owner of the adjoining Lot on which the Residence, of which the wall is a part, is situated.

Section 9.7. Other Easements. Each Lot and its Owner, and the Association as to the Common Area, are hereby declared to be subject to all the easements, dedications, and rights-of-way granted or reserved in, on, over, and under the Project and each Lot and Common Area as shown on the Subdivision Map.

Section 9.8. No Interference with Easements. No structure, improvements, landscaping, paving, concrete slab or other materials shall be placed or permitted to remain on any easements which may interfere with the use of such easement or any improvements associated with such easements or any improvements association with such easements or which may change the direction or obstruct the flow of the drainage patterns, or alter the slope of any slope areas. Any costs or expenses resulting to the beneficiary of any easement resulting from a violation of this restriction by an Owner shall be paid by the responsible Owner. The Association shall have the right to levy a special assessment against such Owner to collect any costs or expenses incurred by the Association as a result of such Owner's breach of this restriction. The easement area found on each Residential Lot and all improvements thereon shall be maintained continuously by the Owner of the Residential Lot, except for those improvements for

which the Association, a public or quasi-public agency or any public utility is expressly responsible.

Section 9.9. Establishment of Easements. The easements described in this Declaration shall be deemed established upon the recordation of this Declaration, and shall thereafter be considered covenants running with the land for the use and benefit of all of the Lots and the Common Area, superior to all other encumbrances affecting any portion of the Project. Individual conveyances of Lots may, but shall not be required to, set forth such easements.

ARTICLE X -- Insurance

Section 10.1. Duty to Obtain Insurance; Types. The Association shall obtain and continue in effect the following types and policies of insurance:

(a) Public liability insurance with a limit of not less than One Million Dollars (\$1,000,000) for claims for personal injury and/or property damage arising out of a single occurrence. Such policy of public liability insurance covering the Common Area shall contain a "Severability of Interest" endorsement which shall preclude the insurer from denying the claim of any owner because of negligent acts of the Association or other Owners.

(b) Casualty insurance and fire insurance with extended coverage, in an amount equal to one hundred percent (100%) of the full insurable replacement cost of all improvements within the Common Area, without deduction for depreciation. Such insurance shall be maintained for the benefit of the Association, the Owners and Institutional Holders.

The Association may purchase such other insurance as it deems necessary, including but not limited to, fidelity coverage against dishonest acts on the part of Directors, Officers, Managers, trustees, employees and volunteers responsible for handling funds belonging to or administered by the Association, flood insurance, plate glass insurance, medical payments, malicious mischief and vandalism insurance, worker's compensation and Directors' and Officers' liability.

Section 10.2. Waiver of Claims Against Association. As to each policy of insurance maintained by the Board, the Owners hereby waive and release all claims against the Association and the Board, only to the extent of the insurance proceeds available to the Owners, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by said persons.

Section 10.3. Notice of Expiration Requirements. All of the policies of insurance described herein shall contain a provision that such policies shall not be canceled or terminated, or expire by their terms, without thirty (30) days prior written notice to the Association, Owners and Institutional Holders (provided that such Owners and Institutional Holders have filed written requests with the carrier for such notice) and every other person in interest has requested such notice of the insurer.

Section 10.4. Insurance Premiums. Premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board shall be a Common Expense to be included in the assessments levied by the Association and collected from the Owners. The proportion of such assessments necessary for the required insurance premiums shall be used solely for the payment of premiums of required insurance as such premiums become due.

Section 10.5. Trustee for Policies. The Board shall be trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies shall be paid to the Board as trustee. The Board shall have full power to receive and to receipt for the proceeds and to disburse such proceeds as provided herein. Insurance proceeds shall be used by the Association for the repairs or replacement of the property for which the insurance was carried or otherwise disposed of as provided in this Declaration. The Board shall have the authority to negotiate loss settlements with insurance carriers, with participation by Institutional Holders who so desire and have filed written requests under Section 3 of this Article. Any two (2) officers of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall binding on all the named insureds.

Section 10.6. Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to seventy-five percent (75%) of the Institutional Holders who have filed requests under Section 3 of this Article. Duplicate originals or certificates of all policies of fire and casualty insurance carried by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Institutional Holders who have requested the same in writing.

Section 10.7. Annual Insurance Review. The Board shall review the insurance carried by the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 1 above. The Board may in its discretion obtain a current appraisal of the full replacement value of any buildings and improvements within the Common Area, except for foundations, footings and masonry walls, without deduction for depreciation, by a qualified independent insurance appraiser, prior to each such annual review.

Section 10.8. Required Waiver. All policies of hazard and physical damage insurance shall provide for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

- (a) Subrogation of claims against the tenants of the Owners;
- (b) Any defense based on co-insurance;
- (c) Any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;
- (d) Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of an Owner, or arising from any act, neglect or omission of any named insured, or the respective agents, contractors and employees of any insured;

- (e) Any right of the insurer to repair, rebuild or replace, and, in the event the improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the improvements insured or the fair market value thereof;
- (f) Notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot; and
- (g) Any right to require any assignment of any Mortgage to the insurer.

ARTICLE XI - Damage or Destruction

Section 11.1. Bids and Determination of Available Insurance Proceeds. In the event that any portion of the Project, for which insurance carried by the Association is in effect, is damaged or destroyed, then as soon as practicable thereafter the Board of Directors shall (a) obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct, and restore the damaged or destroyed portions of the Project to substantially the same condition in which they existed before the damage and the itemized price asked for such work and (b) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction, and restoration.

Section 11.2. Reconstruction Without Election. Subject to the provisions of Section 11.1, if the available insurance proceeds are sufficient to cover not less than ninety percent (90%) of the cost of repair, reconstruction, and restoration, then the Association may cause such facilities to be repaired, reconstructed, and restored in compliance with Section 11.6, unless within sixty (60) days from the date of such destruction, at least seventy-five percent (75%) of the voting power of the Association at a duly called and noticed annual or special meeting of the Members at which a quorum is present, determine that such reconstruction shall not be undertaken. If reconstruction is to take place, the Board shall cause to be executed, acknowledged and recorded in the office of the County Recorder a certificate declaring its intention to rebuild, such certificate to be executed by any officers or agent of the Association duly authorized to do so by the Board.

Section 11.3. Reconstruction By Consent. If the proceeds of such insurance are less than ninety percent (90%) of the cost of reconstruction, such reconstruction may nevertheless be undertaken if a majority of the voting power of the Association, at a duly call and noticed annual or special meeting to the Members at which a quorum is present, elects to rebuild. In the event of an election to rebuild, a certificate shall be executed, acknowledged and recorded as described in Section 1 above.

Section 11.4. Rebuilding Not Authorized. If a certificate of intention to rebuild has not be executed, acknowledged and recorded in accordance with Section 1 or Section 2 above within nine (9) months from the date of any partial or total destruction of the Common Area, or if reconstruction and rebuilding has not actually commenced within such period, any insurance proceeds available for such reconstruction shall be used to clear and landscape the affected areas for community park, greenbelt or other suitable

use. Any deficiency in the cost of clearing and landscaping the affected areas may be raised by a Special Individual Assessment in an amount determined by the Board. In the event any excess insurance proceeds remain, the Board, in its sole discretion, may retain such sums in the general funds of the Association or distribute in proportion to the respective fair market values of the affected Lots at the time of destruction all or a portion thereof to the Members, subject to (i) the rights of Institutional Holders; and (ii) any unpaid assessments of an Owner together with any interest and fees attributable thereto. Fair market value shall be determined by an independent appraisal conducted in accordance with the provisions of Section 11.6.

Section. 11.5. Cost of Repair. Except as otherwise provided in this First Restated Declaration, any cost of repair or replacement in excess of insurance proceeds and any applicable reserve for the building component to be rebuilt shall be a common expense, levied against the Owners as a Special Individual Assessment, payable upon such terms and conditions as the Board may deem appropriate. Any such Special Individual Assessment shall be enforceable in the manner described in this First Restated Declaration.

Section 11.6. Rebuilding Procedure. The Project shall be repaired and restored in accordance with either (a) the original plans and specifications, updated as required to reflect applicable building codes, or (b) other plans and specifications which have been approved in writing by the Board and a majority of Owners. The Board shall take all steps necessary to assure the timely commencement and completion of any reconstruction.

Section 11.7. Destruction Affecting Lots and Residences.

(a) Duty to Rebuild. If there is a total or partial destruction of a Lot or the Residence Improvements located thereon, the affected Improvements shall be promptly rebuilt by its Owner, unless he or she is relieved of the obligation to rebuild by the approval of Members holding at least a majority of the Voting Power of the Members.

(b) Rebuilding Procedure. It shall be the duty of the Owner of such Residential Lot to rebuild, repair or reconstruct the Residence on such Residential Lot in a manner which will restore them substantially to their appearance and condition immediately prior to the casualty or as otherwise approved by the Architectural Committee. Rebuilding or relandscaping shall be commenced with all due diligence within six (6) months following approval of the Owner's plans by the Architectural Committee or at such longer time as may be mutually agreed between the Committee and the affected Owner(s), and the rebuilding or relandscaping shall be diligently pursued to completion.

(c) Election Not to Rebuild. If the determination is made not to rebuild damaged or destroyed Improvements on a Lot (subject to any agreement among the Owner of the affected Lot and other Owners of Lots relieving the Lot Owner from the obligation to rebuild), the Owner shall clear all damaged structures from the Lot and shall landscape the Lot in a manner approved by the Board so as to avoid leaving the Lot in an unsightly or dangerous condition. Board approval shall not be unreasonably withheld. Failure to

rebuild the damaged or destroyed Lot Improvements shall not relieve the Lot or its Owner from Assessment obligations hereunder.

Section 11.8. Appraiser. In this Article and in Article XII (on Condemnation), wherever reference is made to a determination of the value or fair market value of one or more Residences/Lots by an appraisal, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers (SREA) or other nationally recognized appraiser organization and who shall apply its or such other organization's standards in determining the value or fair market value of each Lot. The costs of such appraisals shall be paid from the sale or insurance proceeds, as the case may be.

ARTICLE XII – Eminent Domain

Section 12.1. Definition of Taking. The term “taking” as used in this Article shall mean condemnation by eminent domain, or by sale under threat thereof, of all or part of the Common Area.

Section 12.2. Representation by Association in Condemnation Proceeding. In the event of a taking, the Association shall, subject to the right of all Institutional Holders who have requested the right to join the Association in the proceedings, represent all of the Members in an action to recover all awards. No member shall challenge the good faith exercise of the discretion of the Board in fulfilling its duties under this Article. The Association is further designated as the sole representative of the Members, in all aspects of condemnation proceedings not specifically covered herein.

Section 12.3. Award for Common Area. In the event of a taking of all or any part of the Common Area, the Association shall distribute the award from the taking authority according to the provisions of this Section after deducting therefrom fees and expenses related to the condemnation proceeding including, without limitation, fees for attorneys and appraisers and court costs. In the event that the taking is by judgment of condemnation and said judgment apportions the award among the Owners and their respective Institutional Holders, the Association shall distribute the amount remaining after such deductions among such Owners and Institutional Holders on the allocation basis set forth in the judgment. In the event that the taking is by sale under threat of condemnation, or if the judgment of condemnation fails to apportion the award, the Association shall distribute the award among the Owners on a pro rata basis, with each Owner receiving an equal share of such award for each Lot owners within the Project.

Section 12.4. Inverse Condemnation. The Association is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

Section 12.5. Notice to Members. The Association, immediately upon having knowledge of any taking or threat thereof, shall promptly notify all Members.

ARTICLE XIII - Breach and Default

Section 13.1. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default, or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges, or equitable servitudes contained in this Declaration is inadequate, and the failure of any Owner, tenant, occupant, or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers, or the Board of Directors or by their respective successors in interest.

Section 13.2. Nuisance. Without limiting the generality of the foregoing Section 13.1, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 13.3. Attorney Fees. Reasonable attorney fees and costs shall be awarded to the prevailing party in any procedure to enforce the Governing Documents or a party's rights arising under the Governing Documents. Such enforcement procedure includes an action brought in any court having jurisdiction over any alternative dispute resolution procedure implemented under the Governing Documents or under Civil Code §§5975 and 5905–5915, as those sections may be renumbered and revised from time to time. In any enforcement procedure, such as mediation, conducted under Civil Code §5910, in which there is not an agreement between all of the parties that attorneys will represent them, recoverable costs are limited to attorney fees and costs incurred in providing the notices required under such statute.

Section 13.4. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 13.5. Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association, or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges, or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability on the Association or the Board or any of its officers or agents.

Section 13.6. Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board,

for and on behalf of all other Owners, may enforce the obligations of each Owner to obey the Association Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available at law or in equity, including but not limited to hiring legal counsel, imposing fines and monetary penalties, pursuing legal action, suspending the Owner's right to use recreational Common Facilities, or suspending the Owner's voting rights as a Member of the Association, provided, however, that the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section 13.6.

The decision on whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have the rights of enforcement under Civil Code §§5925, 5960, and 5975 or otherwise by law.

(b) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment, subject to the limitation on the use of lien and foreclosure remedies stated in Section 4.10(b).

(c) What Constitutes a Violation. A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for as long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights.

(i) The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot on the basis of failure by the Owner (or his or her family members, tenants, guests, or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule, except when (A) the loss or forfeiture is the result of (1) the judgment of a court of competent jurisdiction; (2) a decision arising out of arbitration; or (3) a foreclosure or sale under a power of sale for the Owner's failure to pay Assessments levied by the Association; or (B) the loss or forfeiture is (1) limited to a temporary suspension of an Owner's rights as a Member of the Association; or (2) the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents, as long as the Association's actions satisfy the due process requirements of subparagraph (iii).

(ii) Monetary penalties imposed by the Association (A) for failure of a Member to comply with the Governing Documents; (B) as a means of reimbursing the Association for costs incurred by the Association in repairing damage to the Common Area or Common Facilities allegedly caused by a Member; or (C) in bringing the Member and his or her Lot into compliance with the Governing Documents may not be characterized nor treated as an Assessment that may become a lien against the Member's Lot enforceable by a sale of the Lot in nonjudicial foreclosure, provided, however, that this limitation on the Association's lien rights shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorney fees) in the Association's efforts to collect delinquent Assessments.

(iii) No disciplinary action, penalty, or temporary suspension of rights shall be imposed under this Article XIII unless the Owner alleged to be in violation is given at least 10 days' prior notice by personal delivery or first-class mail that the Board of Directors will be meeting to consider imposing such discipline. The notice shall include, at a minimum, the date, time, and place of the meeting, the nature of the alleged violations for which the Owner may be disciplined, and a statement that the Owner has a right to attend and address the Board at the hearing. The Board shall meet in executive session if requested by the Owner.

(iv) If disciplinary action is taken, the Board shall notify the accused Owner in writing, either by personal delivery or first-class mail, of the Board's decision within 15 days following conclusion of the hearing.

(v) In accordance with Civil Code §5855, disciplinary action shall not be effective against an Owner unless the Board fulfills the requirements of this Section. The Association shall also adopt hearing and disciplinary procedures that comply with the requirements set forth in Civil Code §5910.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (D) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors or its duly authorized agents may undertake immediate corrective or disciplinary action and, on the offending Owner's request (which must be received by the Association in writing within 5 days following the Association's disciplinary action) or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

(e) Notice and Hearing Procedures. If the Association acts on its own initiative to schedule a hearing, notice of the date, time, and location of the hearing shall accompany

the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five (5) days following the date when the fine is levied.

The hearing shall be held no more than fifteen (15) days following the date of the disciplinary action or fifteen (15) days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

At the hearing, the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within five (5) business days following conclusion of the hearing. In no event shall the effective date of any disciplinary action commence sooner than 5 days following conclusion of the hearing unless (i) the hearing merely affirms summary disciplinary action initiated under the immediately preceding paragraph or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to or destruction of the Lots or any portion thereof.

(f) Notices. Any notice required by this Article XIII shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents, and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice, provided, however, that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association.

(g) Rules Regarding Disciplinary Proceedings. The Board, or an appropriate committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings, as long as such rules meet the minimum requirements of Civil Code §§5855 and 5900–5920. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

Section 13.7. Court Actions. Court actions to enforce the Governing Documents may be initiated on behalf of the Association only by resolution of the Board. Before filing any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of \$5000), the Association shall first comply with the provisions of California Civil Code §§5925–5960 relating to alternative dispute resolution. The Association's own notice and hearing procedures may be drafted to satisfy these statutory requirements.

Section 13.8. Assessment Collection Actions. The notice and hearing procedures set forth in Section 13.6 shall not apply to any actions by the Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be

subject to the notice and procedural requirements imposed by Section 4.10 and any other notice, hearing, and/or dispute resolution requirements or procedures as may be specifically applicable by law to community association assessment collection efforts.

ARTICLE XIV – Rights of Institutional Holders of Mortgages

The following provisions are for the benefit of Institutional Holders, Insurers and Guarantors of first Mortgages on Lots within the Covered Property and shall apply notwithstanding any provision to the contrary set forth elsewhere in this Declaration or the Bylaws. These provisions apply on to “Eligible Holders” as defined below.

Section 14.1. Notices of Actions. Any Institutional Holder, Insurer or Guarantor of a first Mortgage who provides written request to the Association, stating the name and address of such holder, Insurer or Guarantor and the address or legal description of the particular Lot encumbered (this becoming an “Eligible Holder”), will be entitled to timely written notice of:

- (a) Any default by the Owner of such Lot in the performance of such Owner’s obligations under the Declaration or Bylaws which is not cured within sixty (60) days from the date of such default;
- (b) Any condemnation proceedings affecting the Project;
- (c) Any substantial damage to or destruction of any significant portion of the Common Area;
- (d) Any proposed termination of the Association;
- (e) Any lapse, cancellation or material modification of any insurance policy maintained by the Association; or
- (f) Any proposed action which would required the consent of Eligible Holders as further described in this Article.

Section 14.2. Rights of Institutional Holders Upon Foreclosure. Any Institutional Holder of a first Mortgage on a Lot which comes into possession of that Lot pursuant to judicial foreclosure or foreclosure by power of sale shall:

- (a) Acquire title in such Lot free of any claims for unpaid assessments or charges against the Lot accruing prior to the Institutional Holder’s acquisition of title;

(b) Not be obligated to cure any breach of this Declaration which is noncurable or of a type which is not practical or feasible to cure and which took place prior to acquisition of title to the Lot by the Institutional Holder; and

(c) Be exempt from any right of first refusal contained in this Declaration, or any amendment hereto, and such right of first refusal shall not impair the rights of an Institutional Holder to (i) foreclose or acquire title to a Lot pursuant to the remedies provided in the Mortgage, (ii) accept an assignment in lieu of foreclosure in the event of default by the mortgagor, or (iii) sell or lease a Lot acquired by the Institutional Holder.

Section 14.3. Consent of Institutional Holders. The consent of Institutional Holders, Insurers or Guarantors shall be required in order to take the following actions with respect to the Association and rights and obligations of Members and Institutional Holders:

(a) Any restoration or repair of the Common Area after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications unless the approval of the Eligible Holders of first encumbrances on Lots to which at least fifty-one percent (51%) of the votes of the Owners of such Lots, subject to encumbrances held by such Eligible Holders are allocated, is obtained;

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall required the approval of the Eligible Holders of first encumbrances on Lots to which at least fifty-one percent (51%) of the votes of Owners of such Lots, subject to first encumbrances held by such Eligible Holders, are allocated;

(c) Unless at least seventy-five percent (75%) of the Owners have given their prior written approval, the Association and the Owners shall not be entitled to: (i) change the pro rata interest or obligations of any Lot for the purposes of levying assessments and charges or allocating distributions of hazard insurance proceeds or condemnation awards; (ii) partition or subdivide all or any part of the Common Area of the Project; (iii) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this provision); (iv) use hazard insurance proceeds for losses to any portion of the Common Area for other than the repair, replacement or reconstruction of such improvements, except as provided by statute.

Section 14.4. Amendments to Documents. The following provisions contained in this Section do not apply to amendments to the Bylaws or this Declaration or termination of the Association made as a result of destruction, damage or condemnation pursuant to subsections (a) and (b) of Section 14.3 above.

(a) The consent of at least one hundred percent (100%) of the voting power of the Association and the approval of the Eligible Holders of first encumbrances on Lots to which at least sixty-seven percent (67%) of the votes of Members owning Lots subject to such encumbrances pertain, shall be required to terminate the Association.

(b) The consent of a majority of the members and approval of Eligible Holders of first encumbrances on Lots which at least fifty-one percent (51%) of the votes of members whose Lots are subject to such an encumbrance pertain, shall be required in order to materially amend any provision of the Declaration, Bylaws, or Articles, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Area; (iv) insurance or fidelity bonds; (v) rights to use the Common Area; (vi) responsibility for maintenance and repair of the Project; (vii) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Association; (viii) boundaries of any Lot or the Common Area; (ix) leasing of Lots and Units; (x) imposition of any right of first refusal or similar restrictions of the right of any Owner to sell, transfer, or otherwise convey his/her Lot; or (xi) establishment of self-management by the Association where professional management has previously been required; or (xii) any provisions included in the Declaration, Bylaws or Articles which are for the express benefit of Institutional Holders, Guarantors or Insurers of first encumbrances on Lots.

Section 14.5. Additional Rights of Institutional Holders. Any Institutional Holder of a Mortgage on a Lot in the Project will, upon request, be entitled to: (a) inspect the books and records of the Association during normal business hours; and (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; provided, however, that such audited statements shall be made available only if they have been prepared by the Association in the regular course of business; and (c) receive written notice of all meetings of Owners and be permitted to designate a representative to attend all such meetings.

Section 14.6. Information. Any Institutional Holder is authorized to furnish information to the Board concerning the status of any loan encumbering a Lot.

Section 14.7. Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions contained in this Declaration, nor the enforcement of any lien provisions created herein, shall affect, impair, defeat or render invalid the lien of any first Mortgage made in good faith and for value, but all of the covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title to a Lot is derived through foreclosure, trustee's sale or otherwise.

Section 14.8. Insurance. The Owners and the Association shall procure and maintain fire and liability insurance and such other insurance as may from time to time be required by Institutional Holders. All such insurance shall contain loss payable clauses

naming the Institutional Holders which encumber a Lot by a first Mortgage, as their interests may appear.

Section 14.9. Priority on Distribution of Proceeds. No Owner or any other party shall have priority over the Institutional Holder of the Mortgage on his Lot in the case of a distribution of insurance proceeds or condemnation awards for losses to or a taking of the Lot or Common Area.

Section 14.10. Special FNMA-FHLMC Provisions. So long as required by The Federal National Mortgage Association ("FNMA") and the Federal Loan Mortgage Corporation ("FHLMC"), the following provisions shall apply in addition to and not in lieu of the foregoing provisions contained in this Article.

(a) Unless two-thirds (2/3) of the Institutional Holders of first encumbrances or Owners of Lots subject to such encumbrances give their consent, the Association shall not: (i) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly; (ii) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner; (iii) by act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of the Project and the Common Areas; (iv) fail to maintain fire or extended coverage insurance, as required by this Declaration; or (v) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

(b) The Association agrees to give written notice to the FNMA or FHLMC or its designated representative of any loss to, or taking of, the Common Area if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00).

(c) If any loan secured by a Mortgage encumbering a Lot is owned by the FNMA or FHLMC, its successors or assigns or is tendered to the FNMA or FHLMC, its successors or assigns for purchase, the Association and the Owners shall obtain and maintain in full force and effect all insurance coverages which may at any time be required by the FNMA or FHLMC, its successors or assigns and shall otherwise comply in all respects with all insurance requirements of the FNMA or FHLMC which may be in effect at any time.

Section 14.11. Consent. An eligible Holder which receives a written request to consent to an amendment or to any other action to which the Eligible Holders' consent is required or permitted by this Declaration, and which does not respond negatively within thirty (30) days after having received the request, shall be deemed to have consented to the amendment or other action.

ARTICLE XV - Notices

Section 15.1. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of the Owner's Lot or to such other address as the Owner may from time to time designate in writing to the Association.

If to the Association: Palm Desert Regency Estates Homeowners Association, at the principal office of the Association or to such other address as the Association may from time to time designate in writing to the Owners.

Nothing in this Section 15.1 is intended to preclude the use of any other means of delivering notices to Members or Owners (other than by personal service or mail) if other methods of delivery are authorized by this Declaration, by Civil Code §4040, §4045, or §4055, or by other provisions of the Davis-Stirling Common Interest Project Act that reference any of those sections.

Section 15.2. Personal Service on Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Lot, to any general partner of a partnership that is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation that is the Owner of Record of the Lot shall be deemed delivered to all such co-Owners, to such partnership, or to such corporation, as the case may be.

Section 15.3. Deposit in United States Mail. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four (4) days after deposit in the United States mail in the County.

ARTICLE XVI - No Public Rights in the Project

Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any portion of the Project to the general public or for any public use or purpose whatsoever.

ARTICLE XVII - Amendment of Declaration

Section 17.1. Amendment of the Declaration Generally. This Declaration may be amended or revoked in any respect on compliance with the following provisions:

(a) Member Approval Requirements. Any amendment shall be approved by the vote or assent by written ballot of the holders of not less than a majority of the Voting Power of the Members. Notwithstanding the foregoing, the percentage of the Voting Power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

(b) Additional Approvals for Amendments to Particular Provisions.

(i) *Mortgagee Approvals*. Mortgagee approvals shall be required to amend any of the provisions described in Section 14.12.

Section 17.2. Restatements. This Section describes the methods for restating the Declaration after an amendment.

(a) General. The Board has the right, by resolution without the necessity of consent by the Owners, to restate this Declaration when it has been properly amended under its requirements for amendment. Such restatement shall be effective on execution of the restatement by any two officers of the Association and its Recordation. On Recordation of the restatement, the restatement shall supersede the prior declaration and its amendments in their entirety, without, however, affecting the priority of the Declaration in the chain of title to all properties that are subject to the Declaration as established by the Declaration's initial date of Recordation.

(b) Form of Restatement. The restatement shall restate the entire text of the original document, with these exceptions: (i) changes incorporating all amendments approved by the Owners; (ii) changes made to rearrange or delete text for consistency with the approved amendments; (iii) changes made to delete material no longer legally effective or legally required, such as the provisions that are for the exclusive benefit of the Declarant; (iv) the addition of a statement that the Board has authorized the restatement under this Section 17.2; (v) changes made to delete any provision declared illegal by constitutional or statutory enactment, by regulation, or by controlling judicial opinion; and (vi) changes needed to distinguish the restatement from the original document, such as Article, Section, or subparagraph numbering changes.

ARTICLE XVIII - General Provisions

Section 18.1. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, and equitable servitudes contained in this Declaration shall run with and shall benefit and burden the Lots and the Common Area as herein provided and shall inure to the benefit of and be binding on the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of sixty (60) years from the date of the Recording of this Declaration. After the expiration of the initial term, the term of this Declaration shall be automatically extended for successive periods of ten (10) years each, unless within one year before the expiration of the initial sixty (60) year term or any such ten (10) year extension period, a recordable written instrument, approved by Owners entitled to vote and holding at least a majority of the Voting Power of the Association terminating the effectiveness of this Declaration, is Recorded.

Section 18.2. Annexation of Additional Property.

(a) Membership Approval Required. Additional real property may be annexed to the Project and brought within the general plan and scheme of this Declaration on the approval by vote or written consent of a majority of the Voting Power of the Association. On obtaining the requisite approval under this Section 18.2, the owner of any real

property who desires to (i) annex such property to the Project, (ii) add it to the general plan and scheme of this Declaration, and (iii) subject the property to the jurisdiction of the Association, shall Record a Declaration of Annexation as more particularly described in subparagraph (b).

(b) Declaration of Annexation. Any annexations of real property to the Project authorized under subparagraph (a) shall be effected by Recording a Declaration of Annexation or other similar instrument with respect to the additional real property. The Declaration of Annexation (i) shall be executed by the owner of the subject property; (ii) shall extend the general plan and scheme of this Declaration to such real property; and (iii) may contain such additions to and modifications of the covenants, conditions, and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added real property, as long as the supplemental restrictions are consistent with the general plan and scheme of this Declaration and all applicable laws and governmental regulations. Any such supplemental declaration may set forth use restrictions and the design and building standards that shall apply to the annexed parcel in question, or it may give blanket approval for Project of that parcel in accordance with specific architectural plans and drawings that are signed, dated, and incorporated by reference in the supplemental declaration.

The filing of a Declaration of Annexation shall constitute and effectuate the annexation of the additional real property described therein, and thereon that real property shall become and constitute a part of the Project and be subject to and encompassed within the general plan and scheme of this Declaration. Lots within the annexed property shall thereon become subject to Assessment by the Association and to the functions, powers, and jurisdiction of the Association, and the Owners of Lots within the annexed real property shall automatically become Members.

Section 18.3. Construction.

(a) Provisions Construed Together. All of the covenants, conditions, and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the Project of the Project as set forth in the recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Provisions Severable. Notwithstanding the provisions of subparagraph (a), the covenants, conditions, and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine, or neuter shall each include the masculine, feminine, and neuter, as the context requires.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

(e) Exhibits. All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

(f) References to State Statutes. Any references in this Declaration to state statutes shall be to the referenced statute as in effect on the date that this Declaration is Recorded in the Official Records of the County. In the event that any referenced statute is subsequently amended or superseded, all such references shall thereon mean and refer to the referenced statute as so amended, modified, or superseded, as long as the amended statute continues to regulate or pertain to the same subject matter.

Section 18.4. Dissolution. So long as there is any Lot of Common Area for which the Association is obligated to provide management, maintenance, preservation or control, the Association may be dissolved or may transfer all or substantially all of its assets only upon the approval of one hundred percent (100%) of the Members.

Section 18.5. Common Plan Declaration. The covenants, conditions and restrictions set forth in this Declaration constitute a general program for the development, protection and maintenance of the Project to enhance its value, desirability and attractiveness for the benefit of all Owners. By acquiring any ownership interest in a Lot subject to this Declaration, each person or entity, for himself his heirs, personal representatives, successors, transferees and assigns, agrees to be subject to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration. Declarant, by this Declaration, sets forth a program for the improvement and development of the Project and hereby evidences its intent that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all future Owners, grantees, purchasers, assignees, and transferees.

Section 18.6. Rights of the County of Riverside. Notwithstanding any provision in this Declaration to the contrary, the following provisions shall apply:

(a) The Association shall manage and continuously maintain the Common Area and shall not sell or otherwise transfer the Common Area, or any party thereof, absent the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest;

(b) This Declaration shall not be terminated, "substantially" amended or property deannexed therefrom absent the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest. A proposed amendment shall be considered "substantial" if it affects the extent, usage or maintenance of the Common Area;

Date: 2/19/16

PALM DESERT REGENCY ESTATES
HOMOWNERS ASSOCIATION,
a California nonprofit mutual benefit
corporation

By: _____

President

Jerry Saulson

By: _____

Secretary

Kathy Wilמושky

EXHIBIT "A"

Lots 1 thru 88 and Common Area Lots 93, 95, 96, D, E, F, G, H, I, J and K, of Tract 25445 as per map recorded at Book 228, pages 1 thru 5, in the Official Records of Riverside County, California.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Riverside

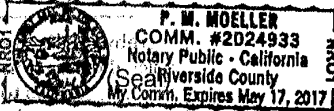
On February 9, 2016 before me, P.M. Moeller, Notary
(here insert name and title of the officer)
personally appeared Jerry Carlson and Kathy Wilmonsky

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature P.M. Moeller



NOTARY PUBLIC
RIVERSIDE COUNTY, CALIFORNIA
P.M. MOELLER
COMM. #2024933
My Comm. Expires May 17, 2017

ORIGINAL COPY

This must be in red to be a
"CERTIFIED COPY"

I hereby certify the foregoing instrument to
which this stamp has been affixed consisting
of 02 pages to be a full, true and
correct copy of the original on file and
of record in my office.

Peter Alolome

Assessor - County Clerk - Recorder

County of Riverside, State of California

FEB 26 2016

Dated: _____



Certification must be in red to be a
"CERTIFIED COPY"

Palm Desert Regency Estates

Minutes of board meetings conducted over
the previous 12 months Section 4525(a)(10)



CondoCerts

**Regency Estates
Homeowners Association
Board of Directors Meeting
November 4, 2019**

*Upon proper notice duly given, a meeting of the Board of Directors of the **Regency Estates Homeowners Association** held on **November 4, 2019** at the offices of Personalized Property Management at 3:00 PM. A quorum of members was present and business was conducted as is outlined herein.*

Call to Order

The meeting was called to order at 3:00 PM by President Fisher.

Directors Present

Matt Fisher	President
Craig Wilmovsky	Vice-President
Bob Stock	Director at Large
Gary Corr	Treasurer
Dan Witte	Secretary

Others Present

Rich Warfield	Personalized Property Management Company
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Owners Discussion

None

Minutes

The Board reviewed the minutes from the September 11, 2019 board meeting. Following discussion, upon a motion duly made and seconded the minutes were unanimously approved.

Financial

The Board reviewed the monthly financial statements and bank reconciliations for August and September 2019. Upon a motion duly made and seconded, the Board accepted the financial statements and bank reconciliations unanimously.

Delinquency

The Board reviewed the delinquency report as presented by management. A discussion was had regarding an owners request for late charge waiver. The Board agreed to allow APN# 626-380-012 to pay the regular assessment of \$190.00 plus an additional \$50.00 and hold off on any additional late charges until paid in full. If one payment is missed late fees begin and the collection report will be adhered to.

COMMITTEE REPORTS:

Architectural – Leslie Spoor requested approval for a new front door at her residence at 76-947 Tricia Lane. The Board made the approval provided that the opening not

**Regency Estates
Homeowners Association
Board of Directors Meeting
November 4, 2019**

change and that sidelights be added to convert the double door to a single door. Upon a motion duly made and seconded, the Board approved the application unanimously.

The Board discussed the ongoing architectural violation at a home that painted their door the wrong color. Mr. Wilmovsky volunteered to take the paint color book to the owner for them to choose an approved color.

Unfinished Business

Bob Stock updated the Board on phase 2 of the perimeter landscape project. The planting is almost completed and should be finished in about a week.

The Board discussed the proposal to install holiday decorations from Stewy's Lighting Maintenance. In order to keep costs down the Board approved the entry gate area only at a cost of \$420.00. Upon a motion duly made and seconded, the Board approved the proposal unanimously.

The Board discussed installing surveillance cameras at the front gate. The Board tabled this project until after the gates are repaired.

New Business

The Board discussed the invoice from Oasis Landscape to trim and retie the bougainvilleas in the community. The plants were cut back to provide for better access and a better quality paint job on the interior and exterior walls. Mr. Wilmovsky will talk with Oasis and offer a compromise.

The Board discussed proposals to address the ongoing gate issues. There were two proposals one from Mercer Overhead and one from Patton Gates. Both make various suggestions for improvements. The bid from Patton involves changing the wheels, chain, heavier photo cell and roller tracks at a cost of \$6,110.00. Management to verify start date and warranty. Upon a motion duly made and seconded, the Board approved the application unanimously.

Next Meeting Date

The next board meeting will be January 15, 2020 at 3:00 PM at Personalized Property Management.

Adjournment

There being no further business to be discussed, and upon a motion duly made and seconded, the meeting was adjourned to executive session at 4:37 PM.

Secretary Signature / Date

**Regency Estates
Homeowners Association
Board of Directors Meeting
July 8, 2019**

*Upon proper notice duly given, a meeting of the Board of Directors of the **Regency Estates Homeowners Association** held on **July 8, 2019** at the offices of Personalized Property Management at 3:00 PM. A quorum of members was present and business was conducted as is outlined herein.*

Call to Order

The meeting was called to order at 3:00 PM by President Fisher. The Board appointed Dan Witte to the Board as Secretary to fill the vacated position left created when Rose Stevens moved from the community.

Directors Present

Matt Fisher	President
Craig Wilmovsky	Vice-President
Bob Stock	Director at Large
Gary Corr	Treasurer
Dan Witte	Secretary

Others Present

Rich Warfield	Personalized Property Management Company
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Owners Discussion

None.

Minutes

The Board reviewed the minutes from the May 20, 2019 board meeting. Following discussion, upon a motion duly made and seconded the minutes were unanimously approved.

Financial

The Board reviewed the monthly financial statements and bank reconciliations for May 2019. Upon a motion duly made and seconded, the Board approved the financial statements and bank reconciliations unanimously.

The Board reviewed the proposal from SCT Reserves for a Level I proposal for \$1,200.00. Upon a motion duly made and seconded, the Board approved the level I study proposal unanimously.

Delinquency

The Board reviewed the delinquency report as presented by management. No action required.

COMMITTEE REPORTS:

**Regency Estates
Homeowners Association
Board of Directors Meeting
July 8, 2019**

Architectural

Unfinished Business

- A.) The board tabled phase #2 of the perimeter landscape remodel until the city mandated street repairs are completed.
- B.) The Board reviewed the three proposals to paint the perimeter walls as defined by Dunn Edwards. The Bids are from MC Paint \$15,450, Flanders Painting \$15,370.00, and Moreno & Sons \$18,370.00. The Board would like the bids presented in two phases. The first from the water feature to the south along Tamarisk and then west on Country Club to the Regency Palms property line. The second is from the back gate to the water feature. Dunn Edwards has been made aware of this request and we are awaiting updated numbers. Matter tabled.

New Business

- A.) The Board discussed the lock situation at the tennis courts. A bid was obtained from Locks Around the Clock to install a push button combo lock on the outside and a blank knob/lever on the inside with no code required. The cost is \$444.03.
Upon a motion duly made and seconded, the Board approved the proposal unanimously.

Next Meeting Date

The next board meeting will be Monday July 8, 2019 at 3:00 PM at Personalized Property Management.

Adjournment

There being no further business to be discussed, and upon a motion duly made and seconded, the meeting was adjourned to executive session at 3:56 PM.

Secretary Signature / Date

**Regency Estates
Homeowners Association
Board of Directors Meeting
May 20, 2019**

*Upon proper notice duly given, a meeting of the Board of Directors of the **Regency Estates Homeowners Association** held on **May 20, 2019** at the offices of Personalized Property Management at 3:00 PM. A quorum of members was present and business was conducted as is outlined herein.*

Call to Order

The meeting was called to order at 3:00 PM by President Fisher.

Directors Present

Matt Fisher	President
Craig Wilmovsky	Vice-President - Absent
Bob Stock	Director at Large
Gary Corr	Treasurer

Others Present

Rich Warfield	Personalized Property Management Company
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Owners Discussion

John Palozzi stated that he is pleased with the landscape work done out front.
Vicki Sherman stated that she too is pleased with the landscape. She is also concerned with the comings and goings at 39-883 Newcastle.

Minutes

The Board reviewed the minutes from the April 15, 2019 board meeting. Following discussion, upon a motion duly made and seconded the minutes were unanimously approved.

Financial

The Board reviewed the monthly financial statements and bank reconciliations for March and April 2019. Upon a motion duly made and seconded, the Board approved the financial statements and bank reconciliations unanimously.

Delinquency

The Board reviewed the delinquency report as presented by management. Upon a motion duly made and seconded, the Board authorized a NOD authorization be filed against APN#626-380-021 unanimously.

COMMITTEE REPORTS:

Architectural

**Regency Estates
Homeowners Association
Board of Directors Meeting
May 20, 2019**

The Board discussed the appointing of a member to the architectural committee to fill the vacancy created when Rose Stevens moved from the community. The Board tabled this until the next meeting.

The Board reviewed the architectural application submitted by Ana Sobero to replace their front door. The Board requires more detail before making a decision.

The Board reviewed the architectural application submitted by Sarah Olson to install an aluma wood patio cover. Upon a motion duly made and seconded, the application was approved unanimously.

The Board reviewed the architectural application submitted by Vicki Sherman to paint her garage door. Upon a motion duly made and seconded, the application was approved unanimously.

The Board discussed adding an additional paint color to the existing paint pallet for the community. Several people would like to add a grey color. The Board will look through Ms. Stevens old folders to confirm the actual color.

Unfinished Business

- A.) The board discussed phase #2 of the perimeter landscape remodel proposal. Oasis Landscape submitted a count of 56 plants. 30 little john, 6 lantana, 1 med palm and 1 Mexican bird of paradise, 18 bougainvillea, for a total cost of material at \$543.00, plus \$15.00 per plant to install for a total of \$1,383.00 not to exceed \$1,500.00. Following discussion, upon a motion duly made and seconded the Board approved the work unanimously.

The Board reviewed the bid from Hegge Electric to install 14 ground lights along Country Club at a cost of \$4,120 (excluding trenching which Oasis will do for \$1,200) for a total cost of \$5,320.00. Following discussion, upon a motion duly made and seconded the Board approved the work unanimously.

New Business

- A.) The Board discussed filling the vacated Board seat created when Rose Stevens moved from the community. The bylaws provide for Daniel Witte as the next highest vote getter at the previous election to fill the vacancy. Management will reach out to him to see if he accepts.
- B.) Perimeter wall repairs and painting- Management will coordinate a job walk with Dunn Edwards paint to draw specifications to be used for obtaining bids.
- C.) The second round of palm tree trimming will be done around the end of June.
- D.) The Board approved the summer color planting of 54 Ipomoea blackie, 64 Ipomoea yellow/green and 20 flats of vinca cooler mix.

**Regency Estates
Homeowners Association
Board of Directors Meeting
May 20, 2019**

Next Meeting Date

The next board meeting will be Monday July 8, 2019 at 3:00 PM at Personalized Property Management.

Adjournment

There being no further business to be discussed, and upon a motion duly made and seconded, the meeting was adjourned at 4:06 PM.

Secretary Signature / Date

**Regency Estates
Homeowners Association
Board of Directors Meeting
April 15, 2019**

*Upon proper notice duly given, a meeting of the Board of Directors of the **Regency Estates Homeowners Association** held on **April 15, 2019** at the offices of Personalized Property Management at 3:00 PM. A quorum of members was present and business was conducted as is outlined herein.*

Call to Order

The meeting was called to order at 3:00 PM by President Fisher.

Directors Present

Matt Fisher	President
Craig Wilmovsky	Vice-President - Absent
Rose Stevens	Secretary
Bob Stock	Director at Large
Gary Corr	Treasurer – Absent

Others Present

Shelly Ruegsegger, Senior Community Manager of Personalized Property Management Company

Owners Discussion

There were four owners present and topics discussed include: red curb painting, flowers are nice, appointment for Secretary if the Stevens sell their home (Vickie Sherman is interested), more socializing with neighbors/block party was suggested.

Minutes

The Board reviewed the minutes from the February 11, 2019 board meeting. Following discussion, upon a motion duly made and seconded the minutes were unanimously approved.

Financial

The monthly financial statements and bank reconciliations for January and February 2019 were in the packet. Board tabled for next meeting when Mr. Corr can be present.

Resolution Expenses over 10k – Ms. Ruegsegger advised that recent Civil Code has dictated that any expenses over \$10,000.00 the board needs to adopt a resolution. This is for checks written monthly or inter account transfers. Following discussion, upon a motion duly made and seconded the minutes were unanimously approved.

Delinquency

The Board reviewed the delinquency report as presented by management. Upon a motion duly made and seconded, the Board authorized a lien authorization be filed against APN#626-390-001 unanimously.

**Regency Estates
Homeowners Association
Board of Directors Meeting
April 15, 2019**

COMMITTEE REPORTS:

Architectural

Mrs. Stevens gave the architectural committee report. A request was received for new windows at 39284 Palace and it was approved. She mentioned a couple homes that have landscaping violations; she will email those to Mr. Warfield for follow up letters.

Unfinished Business

- A.) The Board reviewed the quote from F&F Construction to install cameras at the tennis court area. Following discussion, upon a motion duly made and seconded the quote was unanimously approved.
- B.) It was noted that the red curbs would be painted on April 22, 2019.
- C.) The board discussed the perimeter landscape remodel proposal. A basic design was presented by PLS Landscape. Table to discuss with Mr. Warfield and the rest of the Board when present and to settle the \$750.00 fee. Mr. Stock will advise Manny to go ahead with the \$3000.00 plant install that was previously approved.

Mrs. Stevens provided a proposal from Oasis for Phase 1 improvements with a NTE of \$11,160.00. Mr. Stock provided a drawing and wants a buffer of \$2440.00 added for a total NTE of \$13,600.00. Lighting will be part of Phase 2. Following discussion, upon a motion duly made and seconded the NTE of \$13,600.0 was unanimously approved.
- D.) Broken Gate - Mercer opened and left open. Hegge said it was a wire issue; one was cut to exit side motor. A post is loose and going to shear off again. Mr. Stock will contact Mr. Warfield to discuss knee braces on both in and out gates to stabilize the posts.
- E.) Key pad on tennis court to get in and a knob just to get out. Requested Mr. Warfield acquire a bid.

New Business

- A.) The Board instructed Management to have the gate code changed on May 6, 2019 to 1952 – owners, 2591 - vendors.
- B.) The Board discussed painting the exterior of the perimeter wall. Will this disturb the new plants and rock? No, plants are small, 5 gallon. Mr. Warfield to get bids and discuss scope further with Mr. Stock.

**Regency Estates
Homeowners Association
Board of Directors Meeting
April 15, 2019**

- C.) The Board reviewed multiple lighting repair proposals from Horizon Lighting for miscellaneous repairs throughout the community. No action.
- D.) The Board reviewed the proposal from Grayco Electric to provide lighting maintenance in the community. Reviewed the proposal, its less than Horizon. Table to discuss with Mr. Warfield at the next meeting.
- E.) The Board discussed starting the palm tree trimming on May 29, 2019. If Manny damages anything with the falling fronds, he has been advised that he will pay for any repairs to the property. After re-plant seasonal flowers. The Board asked Mr. Warfield to verify date for both items.
- F.) The Board discussed colors to add to the paint palette. Mrs. Stevens presented three grey color schemes from Dunn Edwards and additional colors for the front doors. Following discussion, upon a motion duly made and seconded the schemes were unanimously approved.

Next Meeting Date

The next board meeting will be May 15, 2019 at PPM at 3:00PM. May agenda addition, discuss renting the room at Palm Desert CC for the meetings from Oct-March when snowbirds are here.

Adjournment

There being no further business to be discussed, and upon a motion duly made and seconded, the meeting was adjourned at 4:18 PM.

Secretary Signature / Date

**Regency Estates
Homeowners Association
Board of Directors Meeting
January 23, 2019**

Minutes

Site: Personalized Property Management

Call to Order

The meeting was called to order at 3:00 PM by President Fisher.

Directors Present

Matt Fisher	President
Craig Wilmovsky	Vice-President
Rose Stevens	Secretary
Bob Stock	Director at Large
Gary Corr	Treasurer

Others Present

Rich Warfield	Personalized Property Management Company
Chris Stevens	Homeowner
Jill & John Palozzi	Homeowner
Norman Resnick	Homeowner

Owners Discussion

None

Minutes

The Board reviewed the minutes from the December 11, 2018 board meeting. Upon a motion duly made by Ms. Stevens and seconded by Mr. Stock, the minutes were approved unanimously.

Financial

The Board reviewed the monthly financial statements and bank reconciliations for November 2018 as presented by Mr. Corr. Upon a motion duly made by Mr. Wilmovsky and seconded by Mr. Stock, the statements were approved unanimously.

Delinquency

The Board reviewed the report presented by Management. Upon a motion duly made by Mr. Wilmovsky and seconded by Ms. Stevens, the Board approved the lien authorization against APN# 626-380-021.

Committee Reports

Architectural

Rose reported that there are three households that still have their holiday lights up. The Board noted that 38-993 Palace Drive has still not trimmed their tree that is hanging over the wall into the common area making a mess in the street and gutters. Mr. Fisher was

**Regency Estates
Homeowners Association
Board of Directors Meeting
January 23, 2019**

advised that he would be trimming the tree in mid January. The Board asked that the owner be invited to a violation hearing to explain why the trimming has not taken place.

Unfinished Business

The Board discussed the ongoing speed hump matter in the community. Ms. Stevens has not been able to secure another traffic engineer to get additional quotes for a study. She will continue to follow up and gather the information.

The Board discussed the front gate repairs made by Mercer Gates. The repairs require some touch up paint. Mr. Stock thinks he may have some paint and he volunteered to touch them up.

The Board reviewed the proposal from South Coast Lighting to replace several damaged switch plates on the light poles. The cost for 10 custom plates is \$450.00. Mr. Stock prepared a map that identifies the poles that are missing plates and or need repairs. Upon a motion duly made by Mr. Stock and seconded by Ms. Stevens, the bid was approved unanimously.

New Business

The Board reviewed multiple proposals from Horizon Lighting for repairs throughout the community. The Board is concerned that the pricing is high for the materials. Mr. Stock will meet with Hegge Electric to get additional quotes. Hegge will also look at the lights at the tennis courts as well.

The Board discussed the proposal from Oasis Landscape to replace dead plants in the front of the community from the gate to the corner and along a short portion of Country Club. The cost is to remove 95 plants at \$15.00 each for a total of \$1,425.00. Proposals were also obtained from two nurseries to replace the plants. Upon a motion duly made by Ms. Stevens and seconded by Mr. Stock, the bid to remove the plants at a cost of \$1,425.00 was approved 4-1 with Mr. Wilmovsky opposing. Mr. Stock introduced several different types of stone he suggests the Board look at to determine what should be used when the plants have been added in phase 2 of the plan.

The Board discussed repainting the red curbing in the community and extending some areas. Ms. Stevens will identify the areas that need to be extended and advise management who will then get bids.

The Board reviewed the proposal from Locks Around the Clocks to install a push button lock at the tennis courts. Management will meet with them to discuss if they can install a combo lock on the outside and a knob on the inside. Management will get clarification on the front gate code locks.

Management will contact F&F to install the surveillance cameras at the back. Ms. Stevens will meet with them.

**Regency Estates
Homeowners Association
Board of Directors Meeting
January 23, 2019**

The center court band at the tennis courts will be replaced.

The Board discussed the plans for the annual meeting and set a date of March 20, 2019 at 3:00 PM.

Next Meeting Date

The next board meeting will be on February 10, 2019 at 3:00 PM at the offices of Personalized Property Management.

Adjournment

There being no further business to be discussed, and upon a motion duly made and seconded, the meeting was adjourned at 4:49 PM.

Secretary Signature

**Regency Estates
Homeowners Association
Board of Directors Meeting
December 11, 2018**

Minutes

Site: Personalized Property Management

Call to Order

The meeting was called to order at 3:00 PM by President Fisher.

Upon a motion duly made and seconded, the Board appointed Gary Corr to serve the rest of the term of Dave McClellan unanimously.

Directors Present

Matt Fisher	President
Craig Wilmovsky	Vice-President
Rose Stevens	Secretary
Bob Stock	Director at Large
Gary Corr	Treasurer

Others Present

Rich Warfield	Personalized Property Management Company
Chris Stevens	Homeowner
Rick and Sherry Valenti	Homeowner
Norman Resnick	Homeowner

Owners Discussion

Mr. & Mrs. Valenti expressed their displeasure over the Board considering speed humps in the community. They feel that all owners should be provided a say in the decision.

Norman Resnick expressed his displeasure with the consideration of speed humps in the community. He is concerned it will have a detrimental effect on property values due to the increased noise from service vehicles.

Maria Stock expressed her concern over items being placed in the community mailboxes. She also explained that she is in favor of speed humps.

Minutes

The Board reviewed the minutes from the November 14, 2018 board meeting. Upon a motion duly made by Ms. Stevens and seconded by Mr. Stock, the minutes were approved unanimously.

Financial

The Board reviewed the monthly financial statements and bank reconciliations for September and October 2018. Management informed the Board that as they approach their November year end, they are under budget in most line items. The operating and reserve accounts remain strong. Upon a motion duly made by Mr. Wilmovsky and seconded by Mr. Stock, the statements were approved unanimously.

**Regency Estates
Homeowners Association
Board of Directors Meeting
December 11, 2018**

Delinquency

The Board reviewed the report presented by Management. No action was required

Committee Reports

Architectural

Rose reported on the previously approved shade structure at the tennis courts. Courtmaster stated that the work will be completed by the end of this week. The trees have been trimmed in the community and the flowers have been planted. The new plants approved at the past meeting will be delivered this week. Rose will coordinate with Oasis Landscape to place the plants on the tennis courts until they are all planted.

Unfinished Business

The Board discussed the ongoing speed hump matter in the community. Mr. Stock suggested that the Board draft a letter to the members explaining exactly what is planned and seek their opinions. It was further suggested that the Board present arguments in support of speed bumps and arguments opposed. The Board agreed and asked that Ms. Stevens draft the language in favor and Mr. Wilmovsky draft the argument in opposition. Upon a motion duly made by Mr. Stock and seconded by Mr. Corr, the Board agreed 4-1 to work on the letter to the owners (Mr. Wilmovsky opposed).

The Board reviewed the proposal to perform a traffic study in the community from RBI Traffic at a cost of \$2,500.00. The Board suggested that additional bids be sought to bring the total to three. Upon a motion duly made by Ms. Stevens and seconded by Mr. Stock, the Board approved unanimously.

The Board discussed how to handle the issue of lights with exposed wires. Mr. Stock suggested a work around using a metal plate. He agreed to look into it on behalf of the Board.

The Board will work to make sure all Board members have access to the Board of Directors Gmail account.

The Board discussed the practice of some vendors unhitching their work trailers and servicing various homes in the community at different locations. Mr. Wilmovsky spoke with the offending contractor and the issue seems to have improved. However, the practice has now returned. Mr. Wilmovsky will again reach out to the contractor and try to get him to comply.

New Business

**Regency Estates
Homeowners Association
Board of Directors Meeting
December 11, 2018**

The Board discussed an issue brought to their attention pertaining to tennis court misuse. It appears as though service providers are using the area as a restroom. Ms. Stevens will determine a solution.

The Board cautioned those present that placing anything in the US Mailbox without postage is illegal and should not be practiced.

Next Meeting Date

The next board meeting will be on January 23, 2019 at 3:00 PM at the offices of Personalized Property Management.

Adjournment

There being no further business to be discussed, and upon a motion duly made and seconded, the meeting was adjourned at 4:18 PM.

Secretary Signature

**Regency Estates
Homeowners Association
Board of Directors Meeting
November 14, 2018**

Minutes

Site: Personalized Property Management

Call to Order

The meeting was called to order at 3:00 PM by President Fisher. Mr. Fisher announced the resignation of Dave McClellan from the Board.

Directors Present

Matt Fisher	President
Craig Wilmovsky	Vice-President
Rose Stevens	Secretary
Bob Stock	Director at Large

Others Present

Rich Warfield	Personalized Property Management Company
Chris Stevens	Homeowner
John & Jill Palozzi	Homeowner

Owners Discussion

None

Minutes

The Board reviewed the minutes from the October 17, 2018 board meeting. Upon a motion duly made by Mr. Stock and seconded by Ms. Stevens, the minutes were approved unanimously.

Financial

The Board reviewed the monthly financial statements and bank reconciliations for September 2018 and tabled their approval until next meeting.

Delinquency

The Board reviewed the report presented by Management. Upon a motion duly made by Mr. Wilmovsky and seconded by Ms. Stevens, the Board approved the filing of a lien against APN 626-390-001 unanimously.

Committee Reports

Architectural

Rose reported that most yards look great and that there are a few homes that need to trim their olive trees. The Board will address the issue on an individual basis. Ms. Stevens asked permission to send a letter to the owner on palace with the overgrown eucalyptus tree. The Board agreed.

**Regency Estates
Homeowners Association
Board of Directors Meeting
November 14, 2018**

Unfinished Business

The Board discussed the ongoing gate issue with Tremblay gates. With the resignation of Mr. McClellan, the Board asked Mr. Stock to contact the vendor and try and get the final issues repaired. Included in the Board packet is a bid from Mercer Gates to install larger sturdier wheels at a cost of \$1,363.03. Upon a motion duly made by Mr. Stock and seconded by Mr. Wilmovsky, the proposal was approved unanimously.

The Board discussed the priority list for projects in the community. Management put the Board's responses into a spreadsheet for review. Tabled until next meeting.

The Board revisited the discussion on excessive speed in the community and the possibility of installing speed humps. A bid was presented from Asphalt MD's at a cost of \$895.00 each. He identified 7 locations but said he would honor the unit cost if only three were done at a time. They will be 3 feet wide by 2 ½ to 3" high. Mr. Wilmovsky read from a prepared statement his opposition to the installation and cited various statistics in why he thinks they should not be considered. He read a statement from Randy Bowman the City of Palm Desert transportation department engineer stating their opposition and requested steps if the community considers installing them. He also read from a statement from Sonia Cooley, Deputy Fire Marshall asking that the Fire Marshall be considered before installation due to the affect the bumps have on emergency response time and asked that both be made part of the minutes. A motion was made by Ms. Steven to install three bumps at specified locations, seconded by Mr. Stock, the proposal was approved 3-1 with Mr. Wilmovsky opposing.

The Board discussed the practice of some vendors unhitching their work trailers and servicing various homes in the community at different locations. Mr. Wilmovsky spoke with the offending contractor and the issue seems to have improved. No additional rules will be adopted on this matter. Subject is considered closed.

New Business

The Board discussed removing the summer flowers earlier to provide a larger window to order and plant the winter color. It was agreed to set an earlier date next year.

Ms. Stevens advised that the holiday decorations will be going up around Thanksgiving.

The Board reviewed the proposal from Green Desert Nursery to supply multiple plants to be installed by Oasis Landscape. The total cost of just the plant material is \$1,518.50. Oasis gave a cost of \$25.00 to remove the old plant, haul away the green waste, and plant the new plants. A motion was made by Ms. Steven to approve the purchase of the plants and then install them with Oasis Landscape at cost not to exceed \$3,000.00, seconded by Mr. Stock, the proposal was approved 3-1 with Mr. Wilmovsky opposing.

Next Meeting Date

**Regency Estates
Homeowners Association
Board of Directors Meeting
November 14, 2018**

The next board meeting will be on December 11, 2018 at 3:00 PM at the offices of Personalized Property Management.

Adjournment

There being no further business to be discussed, and upon a motion duly made and seconded, the meeting was adjourned at 4:58 PM.

Secretary Signature

Palm Desert Regency Estates

Required Insurance Declaration Pages
Section 5300 and 4525(2)(3)



CondoCerts



REGEN-2

OP ID: BE

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

08/31/2020

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).

PRODUCER LaBarre/Oksnee Insurance PD License # 0C84283 30 Enterprise #180 Aliso Viejo, CA 92656 Becky Hayes		CONTACT NAME: LaBarre Oksnee Insurance PHONE (A/C, No, Ext): 800-698-0711 FAX (A/C, No): 949-588-1275 E-MAIL ADDRESS:	
INSURED Regency Estates Homeowner Assn c/o Personalized Property Mgmt 68950 Adelina Road Cathedral City, CA 92234		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Great American Group	
		INSURER B: Philadelphia Indemnity Ins. Co	
		INSURER C: Firemans Fund Insurance Co.	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES**CERTIFICATE NUMBER:****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 type="checkbox"/> OCCUR	<input checked="" type="checkbox"/>		PAC3133041-01	09/01/2020	09/01/2021	EACH OCCURRENCE \$ 1,000,000
B	<input checked="" type="checkbox"/> D&O \$1,000,000			PCAP012202	09/01/2020	09/01/2021	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 OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	<input checked="" type="checkbox"/>		PAC3133041-01	09/01/2020	09/01/2021	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
							BODILY INJURY (Per person) \$
							BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$
							\$
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			SUO00032271991-23287-4	09/01/2020	09/01/2021	EACH OCCURRENCE \$ 5,000,000
							AGGREGATE \$ 5,000,000
							\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	N / A				PER STATUTE
							E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$
A	Property Coverage			PAC3133041-01	09/01/2020	09/01/2021	2500 ded \$101,000*
B	Fidelity Bond	<input checked="" type="checkbox"/>		PCAC011729-0120	09/01/2020	09/01/2021	1000 ded 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The Association has 92 units. Common areas only & insured to Guaranteed Replacement Cost. Building Ordinance or Law Coverage included. Management Company is Additionally Insured on the General Liability, D&O Liability and Fidelity Bond. Bond includes funds transfer and computer fraud

CERTIFICATE HOLDER**PERSONA**

Personalized Property
Management
68950 Adelina Road
Cathedral City, CA 92234

CANCELLATION

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
Becky Hayes

Palm Desert Regency Estates

Required Reserve Funding Disclosure
Summary Sections 5300 and 4525(a)(4)



CondoCerts



SCT RESERVE CONSULTANTS, INC.

P.O. BOX 890129

TEMECULA, CA 92589-0129

PHONE (951) 296-3520 FAX (951) 296-5038 E-MAIL mike.g@sctreserve.com

September 17, 2019

Job 2000-071-07 L1

Regency Estates Homeowners Association
c/o Personalized Property Management Company
68-950 Adelina Road
Cathedral City, CA 92234
Attn: Mr. Rich Warfield

Subject: Year 2020 Level I Reserve Study

Dear Mr. Warfield,

SCT Reserve Consultants, Inc. is pleased to submit this **2020 Level I Reserve Study**.

There are two summary sections (starting at pages 4 and 5) that are required to be included in the Association's year-end mailing to the membership. They are the "**Reserve Summary**" and the "**Assessment and Reserve Funding Disclosure Summary**". They are to be mailed 30 to 90 days prior to the Association's year-end. These pages will satisfy the current California Civil Code requirements for homeowner disclosure.

The 'Year 2020 Reserve Budget' table of this report is AICPA approved; this may be included in the mailing but is generally not required. Check with legal counsel for greater clarification.

We appreciate the opportunity to provide our professional services. Should you have any need for clarification please contact me at (951) 296-3520.

Sincerely,

Michael C. Graves, R.S. #00039

SCT Reserve Consultants, Inc. are affiliated with



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YEAR 2020
LEVEL I
RESERVE STUDY
(SITE VISIT FULL REPORT)
FOR
REGENCY ESTATES
HOMEOWNERS ASSOCIATION
VERSION 1

C/O PERSONALIZED PROPERTY MANAGEMENT COMPANY
68-950 ADELINA ROAD
CATHEDRAL CITY, CA 92234
ATTN: MR. RICH WARFIELD

SCT RESERVE CONSULTANTS, INC.
P.O. Box 890129
TEMECULA, CALIFORNIA 92589-0129
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Table of Contents

<i>Section</i>	<i>Page</i>
Reserve Summary	4
Assessment and Reserve Funding Disclosure Summary.....	5
Summary	7
Year 2020 Reserve Budget	9
Component Identification Report	10
Component Replacement Cost Chart	13
Cash Flow and Percent Funded Projections	14
Cash Flow and Percent Funded Chart	15
10-Year Expenditure and Cash Flow Projection	16
Personal Credentials	18
Disclosure Statements	19
Definition of Terms	20
2019 California Civil Code (Selected Sections)	22



Reserve Summary

(As required by California Civil Code Section 5565)

REGENCY ESTATES HOMEOWNERS ASSOCIATION

SCT Reserve Consultants, Inc. is pleased to provide this Level I Reserve Study (Site Visit Full Report). In order to comply with the California Civil Code, specifically the Davis-Stirling Common Interest Development Act, Section 5565, we are providing the following information to the Homeowners within REGENCY ESTATES HOMEOWNERS ASSOCIATION.

The following study has been prepared with several assumed factors taken into account: a 3.00% inflation rate; a 1.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

As of November 30, 2019, the estimated ending reserve fund balance is \$235,750 and the estimated current replacement cost is \$972,940 for the portfolio of reserve components. The projected future replacement cost of the portfolio is \$1,265,089, calculated at an annually compounded inflation rate of 3.00%. The Association's level of funding which is based upon the estimated ending reserve fund balance divided by the reserve components' fully funded amount is 34.12%. This is referred to as Percent Funded. The Association would be 100.00% funded if there were \$690,891.00 in the reserve fund.

The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is \$4,947.18. This is calculated by subtracting the ending balance (\$235,750) from the 100% funded figure (\$690,891.00), then divided by the number of ownership interests (92). There is currently no requirement to be fully funded.

Our original analysis of the cash flow for this association indicated future inadequate funding if there were no annual increases to the Reserves. It is our understanding the Board of Directors will allocate a total of \$4,245 per month starting in 2020 (\$46.14 per unit per month for each of the 92 ownership interests) towards the reserve fund. To offset the future cash shortfall we recommend and have included increases of 15.00% starting in 2021 for 6 years, 3.00% starting in 2027 for 5 years, (54.90%) starting in 2032 for 1 year and 3.00% starting in 2033 for 17 years. The increase is scheduled to take effect in the year 2021. The Board of Directors may change the amount; however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

The following table represents additionally required information pursuant to the Davis-Stirling Common Interest Development Act, Section 5565.

Fiscal Year: December 1, 2019 through November 30, 2020

Category	Estimated Remaining Useful Lives	Estimated Current Replacement Cost	Fund Balance on Nov 30, 2019	Estimated Reserve Allocation	Estimated Special Assessment Allocation	Estimated Interest
Access System	1 to 6	\$32,100	\$7,871	\$1,700.80	\$0.00	\$69.36
Asphalt/Concrete/Pavers	0 to 11	\$595,020	\$152,877	\$33,033.18	\$0.00	\$1,347.04
Electrical/Lights	5 to 18	\$123,390	\$23,817	\$5,146.24	\$0.00	\$209.86
Entry Structure	6 to 6	\$2,100	\$498	\$107.70	\$0.00	\$4.39
Fence/Gates/Walls	5 to 32	\$79,600	\$7,628	\$1,648.19	\$0.00	\$67.21
Irrigation	6 to 6	\$5,000	\$808	\$174.52	\$0.00	\$7.12
Landscape	0 to 4	\$22,560	\$9,832	\$2,124.49	\$0.00	\$86.63
Mailboxes	12 to 12	\$11,960	\$1,490	\$322.03	\$0.00	\$13.13
Paint	0 to 9	\$27,900	\$7,022	\$1,517.36	\$0.00	\$61.88
Park Amenities	0 to 11	\$16,910	\$12,202	\$2,636.57	\$0.00	\$107.52
Signage	11 to 16	\$18,400	\$3,591	\$775.86	\$0.00	\$31.64
Water Features	2 to 9	\$38,000	\$8,113	\$1,753.05	\$0.00	\$71.49
Totals:		\$972,940	\$235,750	\$50,940	\$0	\$2,077

The complete reserve study is available by request from the Association.



Assessment and Reserve Funding Disclosure Summary

For the Fiscal Year Ending November 30, 2020

(As illustrated by California Civil Code Section 5570(a))

(1) The regular assessment per ownership interest is \$ 190.00 per month, of which approximately **\$46.14** is allocated to reserves, monthly.

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. **NOT APPLICABLE***

(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 board and/or members: **SEE ANSWER BELOW TO QUESTION #4 WHICH SUGGESTS THERE WILL BE INCREASES IN REGULAR ASSESSMENTS FOR RESERVE FUNDING.**

Date assessment will be due:	Amount per ownership interest per month or year:	Purpose of the assessment:
<i>(Intentionally left blank)</i>	<i>(Intentionally left blank)</i>	<i>(Intentionally left blank)</i>

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. **NOT APPLICABLE***

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

Yes X No X

Yes, if the Association follows the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below*.

No, if the Association does not follow the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below*.

**Note: The information contained within the reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding future events based on information provided by and supplied to the Association's Board of Directors and/or management. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the data of this disclosure summary. Therefore, the actual replacement cost and remaining life may vary from the reserve study and the variation may be significant. Additionally, inflation and other economic events may impact the reserve study, particularly over a thirty (30) year period of time which could impact the accuracy of the reserve study and the funds available to meet the association's obligation for repair and/or replacement of major components during the next thirty (30) years. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God cannot be accounted for and are excluded when assessing life expectancy of the components. The reserve study only includes items that the Association has a clear and express responsibility to maintain, pursuant to the Association's CC&Rs.*

(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 yet been approved by the Board or the members?

Approximate date assessment(s) will be due:	Amount per ownership interest per month:
15.00% starting in 2021 for 6 years, 3.00% starting in 2027 for 5 years, (54.90%) starting in 2032 for 1 year and 3.00% starting in 2033 for 17 years	(Current amount) X (the increases)

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

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5550, the estimated amount required in the reserve fund at the end of the current fiscal year is **\$683,946.21**, as of **November 30, 2020**, based in whole or in part on the last reserve study or update prepared by **SCT RESERVE CONSULTANTS, INC.** The projected reserve fund cash balance at the end of the current fiscal year is **\$231,987.25**, resulting in reserves being **33.92%** percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required amount is **\$56,780**. (See explanation below).

Explanation: Cash Flow Methodology - a method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.



Assessment and Reserve Funding Disclosure Summary

For the Fiscal Year Ending November 30, 2020

(As illustrated by California Civil Code Section 5570(a))

(continued)

7) See below: **30-Year Reserve Funding Plan Table**...Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5550 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$(see **"100% Funded" column below**), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$(see **"Cash Flow Balance with Funding Plan" column below**), leaving the reserve at (see **"Percent Funded" column below**) percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$(see **"Cash Flow Balance with Funding Plan" column below**), leaving the reserve at (see **"Percent Funded" column below**) percent funding. Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was **1.00%** per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was **3.00%** per year.

30-Year Reserve Funding Plan Table

Fiscal Year: December 01, 2019 - November 30, 2020							
Year	End of Year			Revenue			Expenditures
	100% Funded	Cash Flow (Balance with Funding Plan)	Percent Funded (EOY)	Contribution, Interest, Spec Assess	Contribution Unit/Month	Contribution % Change	Components, Taxes, Deferred Exp
2019	\$690,891	\$235,750	34.12%				
2020	\$683,946	\$231,987	33.92%	\$53,017	\$46.14		\$56,780
2021	\$717,365	\$276,034	38.48%	\$61,042	\$53.06	15.00%	\$16,995
2022	\$757,345	\$335,802	44.34%	\$70,377	\$61.02	15.00%	\$10,609
2023	\$801,358	\$410,418	51.22%	\$81,172	\$70.18	15.00%	\$6,556
2024	\$530,098	\$136,214	25.70%	\$90,157	\$80.70	15.00%	\$364,361
2025	\$556,686	\$210,021	37.73%	\$104,050	\$92.81	15.00%	\$30,242
2026	\$574,488	\$287,512	50.05%	\$120,118	\$106.73	15.00%	\$42,628
2027	\$627,991	\$412,371	65.67%	\$124,859	\$109.93	3.00%	\$0
2028	\$353,354	\$121,198	34.30%	\$125,759	\$113.23	3.00%	\$416,932
2029	\$327,262	\$142,792	43.63%	\$129,577	\$116.62	3.00%	\$107,983
2030	\$377,046	\$263,938	70.00%	\$134,586	\$120.12	3.00%	\$13,439
2031	\$330,953	\$254,400	76.87%	\$138,506	\$123.73	3.00%	\$148,044
2032	\$338,368	\$250,234	73.95%	\$63,814	\$55.80	(54.90%)	\$67,980
2033	\$391,661	\$305,398	77.98%	\$66,178	\$57.47	3.00%	\$11,014
2034	\$435,542	\$350,387	80.45%	\$68,525	\$59.20	3.00%	\$23,536
2035	\$490,309	\$408,270	83.27%	\$71,047	\$60.97	3.00%	\$13,165
2036	\$453,894	\$348,748	76.83%	\$72,514	\$62.80	3.00%	\$132,035
2037	\$510,458	\$411,510	80.62%	\$75,158	\$64.69	3.00%	\$12,396
2038	\$568,326	\$475,042	83.59%	\$77,923	\$66.63	3.00%	\$14,391
2039	\$591,398	\$494,775	83.66%	\$80,334	\$68.63	3.00%	\$60,601
2040	\$606,391	\$511,216	84.30%	\$82,762	\$70.69	3.00%	\$66,320
2041	\$653,664	\$566,144	86.61%	\$85,623	\$72.81	3.00%	\$30,695
2042	\$710,476	\$633,757	89.20%	\$88,690	\$74.99	3.00%	\$21,077
2043	\$780,142	\$721,342	92.46%	\$92,026	\$77.24	3.00%	\$4,441
2044	\$753,738	\$695,075	92.22%	\$94,358	\$79.56	3.00%	\$120,626
2045	\$793,655	\$737,833	92.97%	\$97,378	\$81.95	3.00%	\$54,620
2046	\$830,649	\$778,799	93.76%	\$100,488	\$84.40	3.00%	\$59,522
2047	\$909,541	\$883,081	97.09%	\$104,282	\$86.94	3.00%	\$0
2048	\$924,911	\$913,644	98.78%	\$107,483	\$89.54	3.00%	\$76,920
2049	\$938,884	\$939,359	100.05%	\$110,693	\$92.23	3.00%	\$84,978
30-Year Sum:				\$2,772,496			\$2,068,887



Summary

In accordance with our proposal, 2000-071, SCT Reserve Consultants, Inc. is pleased to provide this ***Level I Reserve Study Site Visit Full Report for REGENCY ESTATES HOMEOWNERS ASSOCIATION***. Our study was performed in accordance with the Davis-Stirling Common Interest Development Act, specifically §5550, of the California Civil Code. This report included a site inspection on September 12, 2019. This *common interest* common interest development (CID) is located in Palm Desert, California. We are using an inception date for the components of December 1, 1990. ***This study is for December 1, 2019 through November 30, 2020, the Association's fiscal year.***

In general, reserve funds are funds set aside from collected association fees paid by owners of a common interest development. These funds earn interest and are disbursed when deemed necessary by the Board of Directors. The purpose of a reserve study is to determine how much money should exist in a reserve fund at a given point in time or to project required future contributions and expenditure amounts so that sufficient reserve funds are available when needed. Our reserve study is generated using proprietary SCT software and a combination of local industry standards and national average replacement costs.

The SCT software utilizes the weighted average life (WAL) of the reserve components. The future cost method for the WAL is calculated by using the current replacement cost of each component, as of the analysis date, and the number of years until each reserve component is scheduled to be replaced. This determines the monthly reserve contributions needed and calculates the future reserve balances.

A 30-year "Cash Flow and Percent Funded Projection" analysis and "Graph" are produced to verify and define the relationship of the Cash Flow (annual beginning balance) with respect to the 100% funded amount. Ideally, the Cash Flow line of the graph should run parallel to and below the "Percent Funded" line of the graph, see funding goals.

The following study has been prepared with several assumed factors taken into account: 3.00% inflation rate; a 1.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

Typically, any component that has a life cycle (full life) of less than two years should be budgeted and paid for through normal operating or property maintenance funds and is not included as part of this study.

The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is \$4,947.18. This is calculated by subtracting the ending balance (\$235,750) from the 100% funded figure (\$690,891.00), then divided by the number of ownership interests (92). There is currently no requirement to be fully funded.





Summary (continued)

As of December 1, 2019, the estimated reserve fund balance is \$235,750 and the estimated current replacement cost is \$972,940 of the portfolio of reserve components. The projected future replacement cost of the portfolio is \$1,265,089, calculated at an annually compounded inflation rate of 3.00%. The Davis-Stirling Common Interest Development Act requires the disclosure of the *current reserve fund balance divided by the current replacement cost* (this is not *Percent Funded*). Currently, *this factor for REGENCY ESTATES HOMEOWNERS ASSOCIATION is 24.23%.*

The Association's level of funding for the fiscal year (December 1, 2019 through November 30, 2020) which is based upon the final estimated reserve fund balance divided by the reserve components' fully funded amount is **33.92%, and is referred to as *Percent Funded***. The Association would be 100.00% funded if there were \$683,946.21 in the reserve fund.

Our original analysis of the cash flow for this association indicated future inadequate funding (see the graph, the "square box and/or pink line"). This line represents the cash flow if there were no annual increases to the Reserves. *It is our understanding the Board of Directors will allocate a total of \$4,245 per month starting in 2020 (\$46.14 per unit per month for each of the 92 ownership interests) towards the reserve fund. To offset the future cash shortfall we recommend and have included increases of 15.00% starting in 2021 for 6 years, 3.00% starting in 2027 for 5 years, (54.90%) starting in 2032 for 1 year and 3.00% starting in 2033 for 17 years. The increase is scheduled to take effect in the year 2021.* The Board of Directors may raise or lower this amount, however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

Sincerely,



Michael C. Graves, R.S. #00039
SCT Reserve Consultants, Inc.



Year 2020 Reserve Budget (AICPA Approved)

Categories	100% Funded Nov 30, 2020	Percent Funded Nov 30, 2020	Beginning Balance Dec 01, 2019	Annual Reserve Allocation	Monthly Reserve Allocation	Special Assessment Allocation	Annual Interest Allocation	Expenditure	Ending Balance Nov 30, 2020
Access System	\$28,425	33.92%	\$7,871.30	\$1,700.80	\$141.73	\$0.00	\$69.36	\$0.00	\$9,641.46
Asphalt/Concrete/Pavers	\$473,298	33.92%	\$152,877.36	\$33,033.18	\$2,752.77	\$0.00	\$1,347.04	\$26,720.00	\$160,537.58
Electrical/Lights	\$86,008	33.92%	\$23,816.75	\$5,146.24	\$428.85	\$0.00	\$209.86	\$0.00	\$29,172.84
Entry Structure	\$1,800	33.92%	\$498.45	\$107.70	\$8.98	\$0.00	\$4.39	\$0.00	\$610.54
Fence/Gates/Walls	\$27,546	33.92%	\$7,627.81	\$1,648.19	\$137.35	\$0.00	\$67.21	\$0.00	\$9,343.21
Irrigation	\$2,917	33.92%	\$807.67	\$174.52	\$14.54	\$0.00	\$7.12	\$0.00	\$989.30
Landscape	\$6,024	33.92%	\$9,832.15	\$2,124.49	\$177.04	\$0.00	\$86.63	\$10,000.00	\$2,043.28
Mailboxes	\$5,382	33.92%	\$1,490.35	\$322.03	\$26.84	\$0.00	\$13.13	\$0.00	\$1,825.52
Paint	\$7,670	33.92%	\$7,022.34	\$1,517.36	\$126.45	\$0.00	\$61.88	\$6,000.00	\$2,601.58
Park Amenities	\$2,613	33.92%	\$12,202.04	\$2,636.57	\$219.71	\$0.00	\$107.52	\$14,060.00	\$886.13
Signage	\$12,967	33.92%	\$3,590.66	\$775.86	\$64.65	\$0.00	\$31.64	\$0.00	\$4,398.16
Water Features	\$29,298	33.92%	\$8,113.11	\$1,753.05	\$146.09	\$0.00	\$71.49	\$0.00	\$9,937.65
Totals:	\$683,946	33.92%	\$235,750.00	\$50,940.00	\$4,245.00	\$0.00	\$2,077.25	\$56,780.00	\$231,987.25



Component Identification Report

Identified Major Components	Quantity	Measurement Basis	Estimated Full Life In Years	Estimated Remaining Life In Years	Basis Cost	Estimated Current Replacement Cost	Estimated Future Replacement Cost (3% inflation)	Straight Line Allocation (Annual)	100% Funded Dec 01, 2019
Access System									
Gate operators	2	Each	10	1	\$4,500.00	\$9,000	\$9,270	\$900	\$8,100
Gate operators	2	Each	10	2	\$4,500.00	\$9,000	\$9,548	\$900	\$7,200
Loop detector systems	2	Each	16	3	\$3,000.00	\$6,000	\$6,556	\$375	\$4,875
Phone directory	1	Each	12	4	\$4,500.00	\$4,500	\$5,065	\$375	\$3,000
Spike strips	3	Each	20	6	\$1,200.00	\$3,600	\$4,299	\$180	\$2,520
Subtotal:						\$32,100	\$34,738	\$2,730	\$25,695
Asphalt/Concrete/Pavers									
Asphalt, repair/overlay/R&R	83,500	Square Feet	28	4	\$3.00	\$250,500	\$281,940	\$8,946	\$214,714
Asphalt, repair/overlay/R&R	83,500	Square Feet	28	8	\$3.00	\$250,500	\$317,326	\$8,946	\$178,929
Asphalt, seal/stripe/repair/crack fill	167,000	Square Feet	4	0	\$0.16	\$26,720	\$26,720	\$6,680	\$26,720
Concrete collars, manhole	8	Each	28	4	\$950.00	\$7,600	\$8,554	\$271	\$6,514
Concrete collars, manhole	7	Each	28	8	\$950.00	\$6,650	\$8,424	\$238	\$4,750
Concrete collars, valve	23	Each	28	4	\$950.00	\$21,850	\$24,592	\$780	\$18,729
Concrete collars, valve	24	Each	28	8	\$950.00	\$22,800	\$28,882	\$814	\$16,286
Concrete, repairs	1	Lump Sum	4	1	\$5,000.00	\$5,000	\$5,150	\$1,250	\$3,750
Pavers, sand/seal/repair	1,360	Square Feet	20	11	\$2.50	\$3,400	\$4,706	\$170	\$1,530
Subtotal:						\$595,020	\$706,294	\$28,095	\$471,922
Electrical/Lights									
Entry column fixtures	8	Each	20	6	\$250.00	\$2,000	\$2,388	\$100	\$1,400
Landscape fixtures	74	Each	20	5	\$175.50	\$12,987	\$15,055	\$649	\$9,740
Landscape fixtures	6	Each	20	18	\$175.50	\$1,053	\$1,793	\$53	\$105
Palm tree fixtures	23	Each	20	15	\$150.00	\$3,450	\$5,375	\$172	\$862
Street fixtures	48	Each	40	11	\$1,500.00	\$72,000	\$99,665	\$1,800	\$52,200
Tennis/Basketball fixtures	14	Each	40	11	\$850.00	\$11,900	\$16,472	\$298	\$8,628
Wiring repairs	1	Lump Sum	10	6	\$20,000.00	\$20,000	\$23,881	\$2,000	\$8,000
Subtotal:						\$123,390	\$164,629	\$5,072	\$80,935



Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	Estimated Full Life In Years	Estimated Remaining Life In Years	Basis Cost	Estimated Current Replacement Cost	Estimated Future Replacement Cost (3% inflation)	Straight Line Allocation (Annual)	100% Funded Dec 01, 2019
Entry Structure									
Roof, tile/underlayment	3	Square	35	6	\$700.00	\$2,100	\$2,508	\$60	\$1,740
<i>Subtotal:</i>						\$2,100	\$2,508	\$60	\$1,740
Fence/Gates/Walls									
Fence, chainlink, Tennis Courts	540	Linear Feet	60	31	\$40.00	\$21,600	\$54,002	\$360	\$10,440
Gates, metal, Main Entry	1	Lump Sum	35	32	\$41,300.00	\$41,300	\$106,351	\$1,180	\$3,540
Gates, metal, pedestrian, Rear Entry	2	Each	35	9	\$850.00	\$1,700	\$2,218	\$49	\$1,263
Gates, metal, vehicle, Rear Entry	2	Each	35	9	\$5,000.00	\$10,000	\$13,048	\$286	\$7,429
Walls, repair	1	Lump Sum	10	5	\$5,000.00	\$5,000	\$5,796	\$500	\$2,500
<i>Subtotal:</i>						\$79,600	\$181,415	\$2,375	\$25,172
Irrigation									
Controllers	5	Each	12	6	\$1,000.00	\$5,000	\$5,970	\$417	\$2,500
<i>Subtotal:</i>						\$5,000	\$5,970	\$417	\$2,500
Landscape									
Landscape refurbish	1	Lump Sum	10	0	\$10,000.00	\$10,000	\$10,000	\$1,000	\$10,000
Trees	1	Lump Sum	5	4	\$12,560.00	\$12,560	\$14,136	\$2,512	\$2,512
<i>Subtotal:</i>						\$22,560	\$24,136	\$3,512	\$12,512
Mailboxes									
Mailboxes	92	Each	20	12	\$130.00	\$11,960	\$17,052	\$598	\$4,784
<i>Subtotal:</i>						\$11,960	\$17,052	\$598	\$4,784
Paint									
Entry structure, stucco	1	Each	10	6	\$1,000.00	\$1,000	\$1,194	\$100	\$400
Fence, chainlink, Tennis	1	Each	8	0	\$6,000.00	\$6,000	\$6,000	\$750	\$6,000
Gates, metal	1	Lump Sum	4	1	\$2,500.00	\$2,500	\$2,575	\$625	\$1,875
Walls, stucco, perimeter/interior	6,000	Square Feet	10	8	\$0.40	\$2,400	\$3,040	\$240	\$480
Walls, stucco, perimeter/interior	40,000	Square Feet	10	9	\$0.40	\$16,000	\$20,876	\$1,600	\$1,600

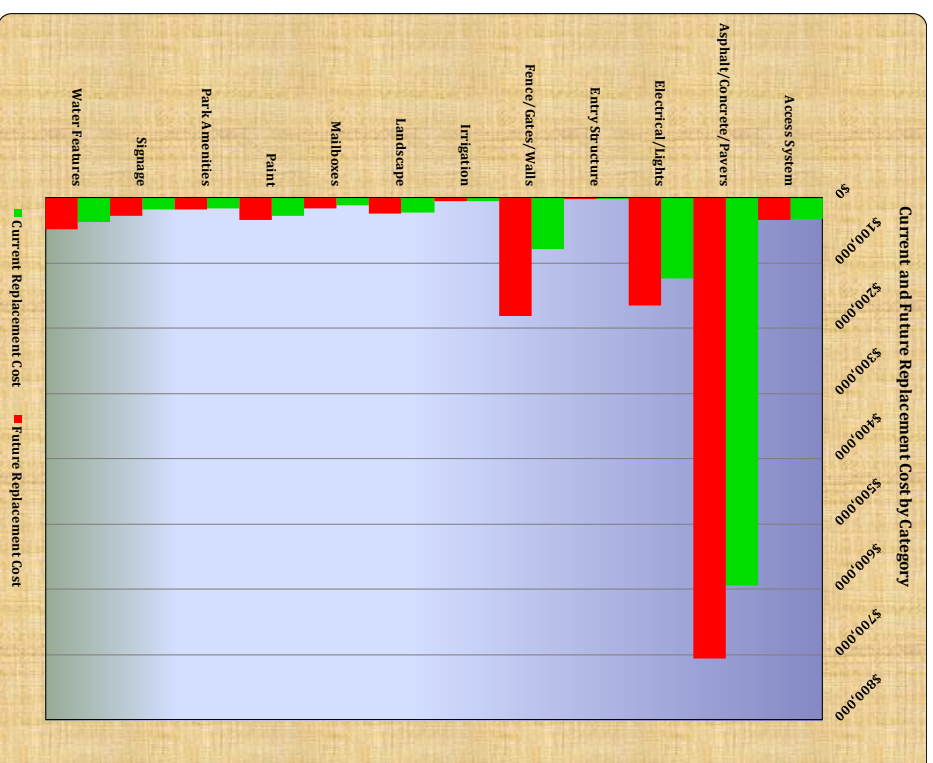


Component Identification Report (continued)

Identified Major Components	Quantity	Measurement Basis	Estimated Full Life In Years	Estimated Remaining Life In Years	Basis Cost	Estimated Current Replacement Cost	Estimated Future Replacement Cost (3% inflation)	Straight Line Allocation (Annual)	100% Funded Dec 01, 2019
Park Amenities									
Subtotal:						\$27,900	\$33,685	\$3,315	\$10,355
Awning, Tennis Courts	1	Each	12	11	\$2,250.00	\$2,250	\$3,115	\$188	\$188
Basketball, backboard	1	Each	20	5	\$600.00	\$600	\$696	\$30	\$450
Tennis, courts resurface	2	Each	8	0	\$4,500.00	\$9,000	\$9,000	\$1,125	\$9,000
Tennis, windscreen	460	Linear Feet	8	0	\$11.00	\$5,060	\$5,060	\$632	\$5,060
Subtotal:						\$16,910	\$17,871	\$1,975	\$14,698
Signage									
Monument signs	1	Lump Sum	45	16	\$10,000.00	\$10,000	\$16,047	\$222	\$6,444
Street signs	7	Each	40	11	\$1,200.00	\$8,400	\$11,628	\$210	\$6,090
Subtotal:						\$18,400	\$27,675	\$432	\$12,534
Water Features									
Filter	1	Each	12	2	\$1,000.00	\$1,000	\$1,061	\$83	\$833
Pumps/ets	2	Each	8	6	\$1,000.00	\$2,000	\$2,388	\$250	\$500
Water features R&R	1	Lump Sum	38	9	\$35,000.00	\$35,000	\$45,667	\$921	\$26,711
Subtotal:						\$38,000	\$49,116	\$1,254	\$28,044
Totals:						\$972,940	\$1,265,089	\$49,835	\$690,891



Component Replacement Cost Chart (by category)



Cash Flow and Percent Funded Projections

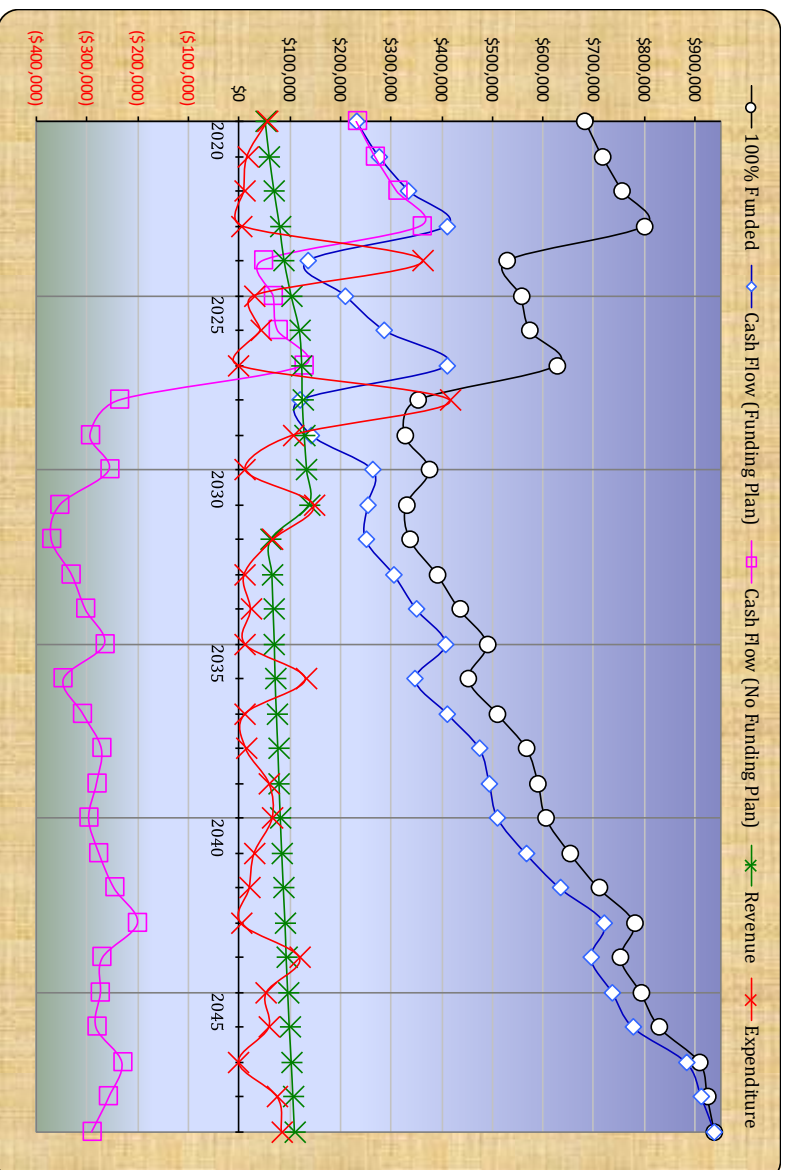
Fiscal Year: December 01, 2019 - November 30, 2020												
End of Year					Revenue				Expenditures			
Year	100% Funded	Cash Flow (Balance with Funding Plan)	Percent Funded (EOY)	Cash Flow (Balance without Funding Plan)	Contribution Annual	Contribution Unit/Month	Contribution %Change	Special Assessment, Bank & Litigation	Interest	Components	Deferred & Non-Recurring	Taxes
2019	\$690,891	\$235,750	34.12%									
2020	\$683,946	\$231,967	33.92%	\$231,967	\$50,940	\$46.14		\$0	\$2,077	\$56,780	\$0	\$0
2021	\$717,365	\$276,034	38.48%	\$268,354	\$58,581	\$53.06	15.00%	\$0	\$2,461	\$16,995	\$0	\$0
2022	\$757,345	\$335,802	44.34%	\$311,534	\$67,368	\$61.02	15.00%	\$0	\$3,009	\$10,609	\$0	\$0
2023	\$801,358	\$410,418	51.22%	\$359,240	\$77,473	\$70.18	15.00%	\$0	\$3,699	\$6,556	\$0	\$0
2024	\$530,098	\$136,214	25.70%	\$46,176	\$89,094	\$80.70	15.00%	\$0	\$1,063	\$364,361	\$0	\$0
2025	\$556,686	\$210,021	37.73%	\$67,302	\$102,459	\$92.81	15.00%	\$0	\$1,591	\$30,242	\$0	\$0
2026	\$574,488	\$287,512	50.05%	\$76,135	\$117,827	\$106.73	15.00%	\$0	\$2,290	\$42,628	\$0	\$0
2027	\$627,991	\$412,371	65.67%	\$128,095	\$121,362	\$109.93	3.00%	\$0	\$3,497	\$0	\$0	\$0
2028	\$353,354	\$121,198	34.30%	(\$237,897)	\$125,003	\$113.23	3.00%	\$0	\$756	\$416,932	\$0	\$0
2029	\$327,262	\$142,792	43.63%	(\$294,940)	\$128,753	\$116.62	3.00%	\$0	\$824	\$107,983	\$0	\$0
2030	\$377,046	\$263,938	70.00%	(\$257,439)	\$132,616	\$120.12	3.00%	\$0	\$1,970	\$13,439	\$0	\$0
2031	\$330,953	\$254,400	76.87%	(\$354,543)	\$136,594	\$123.73	3.00%	\$0	\$1,911	\$148,044	\$0	\$0
2032	\$338,368	\$250,234	73.95%	(\$371,583)	\$61,604	\$55.80	(54.90%)	\$0	\$2,210	\$67,980	\$0	\$0
2033	\$391,661	\$305,398	77.98%	(\$331,657)	\$63,452	\$57.47	3.00%	\$0	\$2,726	\$11,014	\$0	\$0
2034	\$435,542	\$350,387	80.45%	(\$304,253)	\$65,356	\$59.20	3.00%	\$0	\$3,169	\$23,536	\$0	\$0
2035	\$490,309	\$408,270	83.27%	(\$266,478)	\$67,316	\$60.97	3.00%	\$0	\$3,731	\$13,165	\$0	\$0
2036	\$453,894	\$348,748	76.83%	(\$347,573)	\$69,336	\$62.80	3.00%	\$0	\$3,178	\$132,035	\$0	\$0
2037	\$510,458	\$411,510	80.62%	(\$309,029)	\$71,416	\$64.69	3.00%	\$0	\$3,742	\$12,396	\$0	\$0
2038	\$568,326	\$475,042	83.59%	(\$272,480)	\$73,558	\$66.63	3.00%	\$0	\$4,364	\$14,391	\$0	\$0
2039	\$591,398	\$494,775	83.66%	(\$282,141)	\$75,765	\$68.63	3.00%	\$0	\$4,569	\$60,601	\$0	\$0
2040	\$606,391	\$511,216	84.30%	(\$297,521)	\$78,038	\$70.69	3.00%	\$0	\$4,723	\$66,320	\$0	\$0
2041	\$653,664	\$566,144	86.61%	(\$277,276)	\$80,379	\$72.81	3.00%	\$0	\$5,243	\$30,695	\$0	\$0
2042	\$710,476	\$633,757	89.20%	(\$247,413)	\$82,791	\$74.99	3.00%	\$0	\$5,900	\$21,077	\$0	\$0
2043	\$780,142	\$721,342	92.46%	(\$200,914)	\$85,274	\$77.24	3.00%	\$0	\$6,752	\$4,441	\$0	\$0
2044	\$753,738	\$695,075	92.22%	(\$270,600)	\$87,833	\$79.56	3.00%	\$0	\$6,526	\$120,626	\$0	\$0
2045	\$793,655	\$737,833	92.97%	(\$274,280)	\$90,467	\$81.95	3.00%	\$0	\$6,911	\$54,620	\$0	\$0
2046	\$830,649	\$778,799	93.76%	(\$282,862)	\$93,182	\$84.40	3.00%	\$0	\$7,307	\$59,522	\$0	\$0
2047	\$909,541	\$883,061	97.09%	(\$231,922)	\$95,977	\$86.94	3.00%	\$0	\$8,305	\$0	\$0	\$0
2048	\$924,911	\$913,644	98.78%	(\$257,902)	\$98,856	\$89.54	3.00%	\$0	\$8,627	\$76,920	\$0	\$0
2049	\$938,884	\$939,359	100.05%	(\$291,940)	\$101,822	\$92.23	3.00%	\$0	\$8,871	\$84,978	\$0	\$0
Totals:					\$2,650,493			\$0	\$122,003	\$2,068,887	\$0	\$0

Report Date 9/17/19 Version 1



Cash Flow and Percent Funded Chart

(November 30, 2020)



10-Year Expenditure and Cash Flow Projection

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	\$235,750	\$231,987	\$276,034	\$335,802	\$410,418	\$136,214	\$210,021	\$287,512	\$412,371	\$121,198
Contribution (+)	\$50,940	\$58,581	\$67,368	\$77,473	\$89,094	\$102,459	\$117,827	\$121,362	\$125,003	\$128,753
Average/Month/Unit	\$46.14	\$53.06	\$61.02	\$70.18	\$80.70	\$92.81	\$106.73	\$109.93	\$113.23	\$116.62
Percent Change		15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	3.00%	3.00%	3.00%
Special Assessments (+)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned (+)	\$2,077	\$2,461	\$3,009	\$3,699	\$1,063	\$1,591	\$2,290	\$3,497	\$756	\$824
Tax on Interest (-)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Interest	\$2,077	\$2,461	\$3,009	\$3,699	\$1,063	\$1,591	\$2,290	\$3,497	\$756	\$824
Access System										
Gate operators		\$9,270	\$9,548							
Loop detector systems				\$6,556						
Phone directory					\$5,065					
Spike strips							\$4,299			
Asphalt/Concrete/Pavers										
Asphalt, repair/overlay/R&R					\$281,940				\$317,326	
Asphalt, seal/stripe/repair/crack fill	\$26,720				\$30,074				\$33,848	
Concrete collars, manhole					\$8,554				\$8,424	
Concrete collars, valve					\$24,592				\$28,882	
Concrete, repairs		\$5,150				\$5,796				\$6,524
Pavers, sand/seal/repair										
Electrical/Lights										
Entry column fixtures							\$2,388			
Landscape fixtures					\$15,055					
Palm tree fixtures										
Street fixtures										
Tennis/Basketball fixtures										
Wiring repairs							\$23,881			
Entry Structure										
Roof, tile/underlayment							\$2,508			
Fence/Gates/Walls										
Fence, chainlink, Tennis Courts										
Gates, metal, Main Entry										
Gates, metal, pedestrian, Rear Entry										\$2,218



10-Year Expenditure and Cash Flow Projection (continued)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Gates, metal, vehicle, Rear Entry										\$13,048
Walls, repair						\$5,796				
Irrigation										
Controllers							\$5,970			
Landscape										
Landscape refurbish	\$10,000									
Trees					\$14,136					\$16,388
Mailboxes										
Mailboxes										
Paint										
Entry structure, stucco							\$1,194			
Fence, chainlink, Tennis	\$6,000								\$7,601	
Gates, metal		\$2,575				\$2,898			\$3,040	\$3,262
Walls, stucco, perimeter/interior									\$3,040	\$20,876
Park Amenities										
Awning, Tennis Courts										
Basketball, backboard						\$696				
Tennis, courts resurface	\$9,000								\$11,401	
Tennis, windscreen	\$5,060								\$6,410	
Signage										
Monument signs										
Street signs										
Water Features										
Filter			\$1,061							
Pumpsets							\$2,388			
Water features R&R										\$45,667
Component Exp (-)	\$56,780	\$16,995	\$10,609	\$6,556	\$364,361	\$30,242	\$42,628	\$0	\$416,932	\$107,983
Non-recurring Exp (-)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$231,987	\$276,034	\$335,802	\$410,418	\$136,214	\$210,021	\$287,512	\$412,371	\$121,198	\$142,792





Personal Credentials

Michael C. Graves R.S.
Reserve Funding Specialist

Designations

- ◆ Reserve Specialist (RS), 2000,
Community Association Institute

Distinctions

- ◆ Educated Business Partner (EBP), 2013,
Community Association Institute

Degrees

- ◆ B.A., Economics, 1983,
San Diego State University
- ◆ A.S., Business Administration, 1980,
Citrus College

Associations

- ◆ California Association of Community Managers
(CACM):

*Past Instructor for Facilities Management
Course VIII, "The Guide to Reserve Study
Components & Funding",*

Past Ambassador Committee Member

- ◆ Community Associations Institute (CAI),
Affiliate Member:
 - Coachella Valley Chapter (CV)
 - Greater Inland Empire Chapter (GRIE)
 - *Past President*,
 - Orange County Regional Chapter (OCRC)
 - *Past Board Treasurer*
 - San Diego Chapter (SD)
 - *Past Board Treasurer*

Publications

- ◆ "Ask The Experts", O.C. View, May/June 2004.
- ◆ "Fiduciary Responsibility Forum",
CondoManagement, December 2003.
- ◆ "Does Our Association Have Money Or Not",
Quorum, June 2001.
- ◆ "How Do You Use Your Reserve Study To
Finance Remodeling Work", Quorum, April
2000.
- ◆ Numerous Speaking and Panel Engagements

Awards

- ◆ Community Associations Institute, GRIE,
2012 Hall of Fame
2000 *Committee Member of the Year*
- ◆ Community Associations Institute, OCRC,
2009 Committee Member of the Year
2006 *Ellen Ellish Award*
2006 *Presidents Award*
- ◆ California Association of Community Managers,
2001, Vision Award, *Excellence in Service*

Professional Responsibilities

As Reserve Fund Specialist for SCT Reserve
Consultants, Inc. Mr. Graves:

- ◆ Manages reserve study site inspections and
funding analyses
- ◆ Prepares reserve study reports and proposals
- ◆ Markets reserve study services through
professional contacts and trade associations'
meetings and shows

Professional Experience

Mr. Graves' reserve study experience includes:

- ◆ Numerous Levels I, II, and III reserve studies
throughout San Diego, Los Angeles, Orange,
Riverside, San Bernardino, and Imperial
Counties.
- ◆ Familiar with components that go into a reserve
study.
- ◆ Able to assist Associations in determining a
well-suited funding plan that fits their reserve
goals.
- ◆ Utilizing Property Reserve Analysis (PRA)
System software to generate Component
definition files.
- ◆ Developing SCT Reserve Analysis System
software to calculate elements used in the Rough
Draft and Final Reports.
- ◆ Meet with Association's Board of Directors to
review the draft of the reserve study.
- ◆ Consideration of Board's input with respect to
incorporate component replacement and funding
policies.



Disclosure Statements

SCT Reserve Consultants, Inc. endeavors to provide the most accurate reserve study possible. However, the current replacement costs of the listed components are based on estimates utilizing; local trades, contractor interviews, and national cost databases. Regular maintenance of reserve components is required to realize the full useful life of each component. Changes in fees for labor and materials, acts of God, extraordinary weather conditions, vandalism and unusual wear of the reserve components may have an adverse impact on the useful life and the cost to replace a particular reserve component. SCT Reserve Consultants, Inc. did not identify, nor did it purport to expound on, any possible construction defects on the project. All dollar figures are subject to rounding errors.

The completeness of this reserve study relies heavily on information provided to us by the Association's representative(s). Incomplete or missing information may cause a distortion of the Association's financial condition. The reserve balance presented in this reserve study is based on information provided and was not audited. SCT Reserve Consultants, Inc. assumes that the information provided to us by the Association's representative(s) is both reliable and accurate and for a Level II study (update with-site-visit) and Level III study (update with no-site-visit) the Association is to have considered previously developed component quantities and/or lump sum expenditures as accurate and reliable. Information provided about reserve projects is also understood to be reliable. Any on-site inspection should not be considered a project audit or quality inspection.

In the event we have performed an on-site inspection of the community, the data compiled has been used with financial, physical, quantity, and historical information provided by the Association's representative(s). Our physical inspection would consist primarily of visual inspection, measurement, drawing take-offs, and photographic documentation. No destructive testing methods were used.

SCT Reserve Consultants, Inc. has prepared this reserve study in conformance with the requirements laid out by the California Civil Code (§5550) and the Community Association Institute (CAI). We have no other current involvement with REGENCY ESTATES HOMEOWNERS ASSOCIATION and have no actual or perceived conflicts of interest with REGENCY ESTATES HOMEOWNERS ASSOCIATION.

This reserve study is a reflection of the information provided to us by the Association's representative(s) and is assembled for the budgeting and planning purposes of the Board of Directors only. Information provided about reserve projects will be considered reliable. The reserve study is not to be used for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.



Definition of Terms

100% Funded – from the “Component Identification Report”, see Fully Funded Balance (FFB).

Basis Cost - the estimated unit (of measurement basis) replacement cost.

Cash Flow Method - a method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Contingency Fund – typically 3.0% to 5.0% of annual reserve allocation may be established to pay for incidental and miscellaneous reserve expenditures (optional).

Current Replacement Cost (estimated) - the total estimated cost of a component’s replacement or long-term maintenance action at the time of the study. This amount is calculated by multiplying the measurement basis quantity times the basis cost.

Davis-Stirling Common Interest Development Act - the name for the sections of the California Civil Code (4000 through 6150) that are the framework for the operation and management of common interest developments in California.

Fully Funded Balance (FFB) - total accrued depreciation. This number is calculated for each reserve component, then summed together for a total dollar value.

Expressed as $FFB = (Estimated\ Used\ Life) / (Estimated\ Full\ Life) \times (Current\ Replacement\ Cost)$

Full Life (estimated) - the original estimate of a period of time that a component will last before major long-term maintenance or replacement is required.

Funding Goals – there are four basic categories of funding plan goals:

- ⇒ **Baseline Funding** – establishing a reserve-funding goal of keeping the reserve cash balance above zero.
- ⇒ **Full Funding** – setting a reserve-funding goal of attaining and maintaining reserves at or near 100% funded.
- ⇒ **Statutory Funding** – establishing a reserve-funding goal of setting aside the specific minimum amount of reserves required by local statutes.
- ⇒ **Threshold Funding** – establishing a reserve-funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

Future Replacement Cost (estimated) – the current replacement cost multiplied by an inflation factor (compounded annually).

Level I Reserve Study - is considered a full study, it consists of:

- ⇒ **Component Inventory** - quantification and verification of the reserve components.
- ⇒ **Condition Assessment** – the task of evaluating the current condition of the component based on observed or reported conditions.
- ⇒ **Life and Valuation Estimates** – the task of estimating Full Life, Remaining Life and repair and replacement costs for the components.
- ⇒ **Fund Status** – status of the reserve fund as compared to an established benchmark such as percent funding.
- ⇒ **Funding Plan** – an Association’s plan to provide income to the reserve fund to offset anticipated expenditures from that fund.

Level II Reserve Study - is considered an update (on-site) study, it consists of:

- ⇒ **Component Inventory** - verification of the reserve components only, no quantification.
- ⇒ **Condition Assessment** – the task of evaluating the current condition of the component based on observed or reported conditions.
- ⇒ **Life and Valuation Estimates** – the task of estimating Full Life, Remaining Life and repair and replacement costs for the components.

Definition of Terms

(continued)

- ⇒ **Fund Status** – status of the reserve fund as compared to an established benchmark such as percent funding.
- ⇒ **Funding Plan** – an Association’s plan to provide income to the reserve fund to offset anticipated expenditures from that fund.

Level III Reserve Study - is considered a financial update, it consists of:

- ⇒ **Life and Valuation Estimates** – the task of estimating Full Life, Remaining Life and repair and replacement costs for the components.
- ⇒ **Fund Status** – status of the reserve fund as compared to an established benchmark such as percent funding.
- ⇒ **Funding Plan** – an Association’s plan to provide income to the reserve fund to offset anticipated expenditures from that fund.

Measurement Basis - the unit of measurement, i.e.: each, linear feet, square feet, squares (100 sf).

Percent Funded – the ratio, at a particular point of time, of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Life (estimated) - an educated evaluation of the amount of time before the component will need replacement.

Reserve Allocation - money that is collected and applied to particular components (see Year 2020 Reserve Budget).

Reserve Component - is defined as any major component that needs major maintenance or replacement at a frequency exceeding two years but typically not more than 30 years.

Reserve Fund Balance (estimated) - the estimated amount of money in the reserve account(s) as of the study date, typically calculated by adding the prior year’s current reserve balance, remaining reserve allocations, and interest, and then subtracting any known reserve expenditures through the same prior year.

Reserve Study - is a budget-planning tool that identifies the current status of the reserve fund and offers a stable and equitable funding plan to offset the anticipated future major common area expenditures. It consists of two parts:

- ⇒ **Financial Analysis** - the portion of the reserve study where the current status of the reserves (Fund Status) are measured as cash or percent funded and a recommended reserve contribution rate (Funding Plan) are derived, and the projected reserve income and expense over time is presented.
- ⇒ **Physical Analysis** - the portion of the reserve study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed.

Straight Line Allocation (Annual) – from the “Component Identification Report” is a single year’s 100% funded amount, often referred to as the ideal or recommended allocation level.

Expressed as $SLA = (I) / (Estimated\ Full\ Life) \times (Current\ Replacement\ Cost)$

Weighted Average Life (WAL) - is calculated by multiplying the cost of each component by the number of months until replacement, creating a weighted average life factor. The total of the factors is divided by the total replacement cost, producing the WAL.



2019 California Civil Code (Selected Sections)

PART 5. COMMON INTEREST DEVELOPMENTS

CHAPTER 6. ASSOCIATION GOVERNANCE

ARTICLE 7. ANNUAL REPORTS

§5300. Annual Budget, Reserves and Other Required Disclosures

(a) Notwithstanding a contrary provision in the governing documents, an association shall distribute an annual budget report 30 to 90 days before the end of its fiscal year.

(b) Unless the governing documents impose more stringent standards, the annual budget report shall include all of the following information:

- (1) A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.
- (2) A summary of the association's reserves, prepared pursuant to Section 5565.
- (3) A summary of the reserve funding plan adopted by the board, as specified in paragraph (5) of subdivision (b) of Section 5550. The summary shall include notice to members that the full reserve study plan is available upon request, and the association shall provide the full reserve plan to any member upon request.
- (4) A statement as to whether the board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.
- (5) A statement as to whether the board, consistent with the reserve funding plan adopted pursuant to Section 5560, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.
- (6) A statement as to the mechanism or mechanisms by which the board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.
- (7) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Section 5570, and may not assume a rate of return on cash reserves in excess of 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.
- (8) A statement as to whether the association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.
- (9) A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the following statement:

"This summary of the association's policies of insurance provides only certain information, as required by 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

2019 California Civil Code (Selected Sections) (continued)

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.”

(10) When the common interest development is a condominium project, a statement describing the status of the common interest development as a Federal Housing Administration (FHA)-approved condominium project pursuant to FHA guidelines, including whether the common interest development is an FHA-approved condominium project. The statement shall be in at least 10-point font on a separate piece of paper and in the following form:

“Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not (circle one)] a condominium project. The association of this common interest development [is/is not (circle one)] certified by the Federal Housing Administration.”

(11) When the common interest development is a condominium project, a statement describing the status of the common interest development as a federal Department of Veterans Affairs (VA)-approved condominium project pursuant to VA guidelines, including whether the common interest development is a VA-approved condominium project. The statement shall be in at least 10-point font on a separate piece of paper and in the following form:

“Certification by the federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not (circle one)] a condominium project. The association of this common interest development [is/is not (circle one)] certified by the federal Department of Veterans Affairs.”

(12) A copy of the completed “Charges For Documents Provided” disclosure identified in Section 4528. For purposes of this section, “completed” means that the “Fee for Document” section of the form individually identifies the costs associated with providing each document listed on the form.

(c) The annual budget report shall be made available to the members pursuant to Section 5320.

(d) The summary of the association’s reserves disclosed pursuant to paragraph (2) of subdivision (b) shall not be admissible in evidence to show improper financial management of an association, provided that other relevant and competent evidence of the financial condition of the association is not made inadmissible by this provision.

(e) The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Section 5570, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to this article. [2017 - Based on former §§1365 & 1365.2.5(b)(2)]

CHAPTER 7. FINANCES

ARTICLE 1. ACCOUNTING

§5500. Board’s Duty to Review Financial Statements and Accounts

Unless the governing documents impose more stringent standards, the board shall do all of the following:

- (a) Review, on a monthly basis, a current reconciliation of the association’s operating accounts.
- (b) Review, on a monthly basis, a current reconciliation of the association’s reserve accounts.
- (c) Review, on a monthly basis, the current year’s actual operating revenues and expenses compared to the current year’s budget.
- (d) Review, on a monthly basis, the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts.
- (e) Review, on a monthly basis, an income and expense statement for the association’s operating and reserve accounts.



2019 California Civil Code (Selected Sections) (continued)

(f) Review, on a monthly basis, the check register, monthly general ledger, and delinquent assessment receivable reports. [2018 - Based on former §1365.5(a)]

§5501. Review of Financial Statements and Accounts

The review requirements of Section 5500 may be met when every individual member of the board, or a subcommittee of the board consisting of the treasurer and at least one other board member, reviews the documents and statements described in Section 5500 independent of a board meeting, so long as the review is ratified at the board meeting subsequent to the review and that ratification is reflected in the minutes of that meeting. [2018]

§5502. Account Deposits and Transfers

Notwithstanding any other law, transfers of greater than ten thousand dollars (\$10,000) or 5 percent of an association's total combined reserve and operating account deposits, whichever is lower, shall not be authorized from the association's reserve or operating accounts without prior written board approval. This section shall apply in addition to any other applicable requirements of this part. [2018]

ARTICLE 2. USE OF RESERVE FUNDS

§5510. Signatures on and Limitation on Use of Reserve Funds

- (a) The signatures of at least two persons, who shall be directors, or one officer who is not a director and one who is a director, shall be required for the withdrawal of moneys from the association's reserve accounts.
- (b) The board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. [2012 - Based on former §1365.5(b & (c)(1))]

§5515. Transfer or Borrowing from Reserve Funds

- (a) Notwithstanding Section 5510, the board may authorize the temporary transfer of moneys from a reserve fund to the association's general operating fund to meet short-term cashflow requirements or other expenses, if the board has provided notice of the intent to consider the transfer in a board meeting notice provided pursuant to Section 4920.
- (b) The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered.
- (c) If the board authorizes the transfer, the board shall issue a written finding, recorded in the board's minutes, explaining the reasons that the transfer is needed, and describing when and how the moneys will be repaid to the reserve fund.
- (d) The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the common interest development, temporarily delay the restoration.
- (e) The board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is subject to the limitation imposed by Section 5605. The board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the board from pursuing any legal remedy to enforce the collection of an unpaid special assessment. [2012 - Based on former §1365.5(c)(2)]

§5520. Using Reserve Funds for Litigation; Notice; Accounting



2019 California Civil Code (Selected Sections) (continued)

- (a) When the decision is made to use reserve funds or to temporarily transfer moneys from the reserve fund to pay for litigation pursuant to subdivision (b) of Section 5510, the association shall provide general notice pursuant to Section 4045 of that decision, and of the availability of an accounting of those expenses.
- (b) Unless the governing documents impose more stringent standards, the association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by members of the association at the association's office. [2012- Based on former §1365.5(d)]

ARTICLE 3. RESERVE PLANNING

§5550. Reserve Study Inspection Frequency; Contents; Funding Plan

- (a) At least once every three years, the board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association, excluding the association's reserve account for that period. The board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review.
- (b) The study required by this section shall at a minimum include:
- (1) Identification of the major components that the association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years.
 - (2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.
 - (3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1).
 - (4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.
 - (5) A reserve funding plan that indicates how the association plans to fund the contribution identified in paragraph (4) to meet the association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the board has determined will not be replaced or repaired. [2012 - Based on former §1365.5(e)]

§5560. Reserve Funding Plan Adoption; Assessments Needed for Adequate Funding

- (a) The reserve funding plan required by Section 5550 shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan.
- (b) The plan shall be adopted by the board at an open meeting before the membership of the association as described in Article 2 (commencing with Section 4900) of Chapter 6.
- (c) If the board determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in Section 5605. [2012 - Based on former §1365.5(e)]

§5565. Contents of Association's Reserve Summary

The summary of the association's reserves required by paragraph (2) of subdivision (b) of Section 5300 shall be based on the most recent review or study conducted pursuant to Section 5550, shall be based only on assets held in cash or cash equivalents, shall be printed in boldface type, and shall include all of the following:

- (a) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.
- (b) As of the end of the fiscal year for which the study is prepared:



2019 California Civil Code (Selected Sections) (continued)

- (1) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.
- (2) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.
- (3) If applicable, the amount of funds received from either a compensatory damage award or settlement to an association from any person for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared as separate line items under cash reserves pursuant to paragraph (2). Instead of complying with the requirements set forth in this paragraph, an association that is obligated to issue a review of its financial statement pursuant to Section 5305 may include in the review a statement containing all of the information required by this paragraph.
- (c) The percentage that the amount determined for purposes of paragraph (2) of subdivision (b) equals the amount determined for purposes of paragraph (1) of subdivision (b).
- (d) The current deficiency in reserve funding expressed on a per unit basis. The figure shall be calculated by subtracting the amount determined for purposes of paragraph (2) of subdivision (b) from the amount determined for purposes of paragraph (1) of subdivision (b) and then dividing the result by the number of separate interests within the association, except that if assessments vary by the size or type of ownership interest, then the association shall calculate the current deficiency in a manner that reflects the variation. [2012 - Based on former §1365(a)(2)]

§5570. Required Assessment and Reserve Funding Disclosure Summary

- (a) The disclosures required by this article with regard to an association or a property shall be summarized on the following form:

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY FORM
(typically pages 5 and 6, maybe 7, of report)

- (b) For the purposes of preparing a summary pursuant to this section:
 - (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 a 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. [2016]

§5580. Community Service Association Disclosure Requirements

- (a) Unless the governing documents impose more stringent standards, any community service organization whose funding from the association or its members exceeds 10 percent of the organization’s annual budget shall prepare and distribute to the association a report that meets the requirements of Section 5012



2019 California Civil Code (Selected Sections) (continued)

of the Corporations Code, and that describes in detail administrative costs and identifies the payees of those costs in a manner consistent with the provisions of Article 5 (commencing with Section 5200) of Chapter 6. (b) If the community service organization does not comply with the standards, the report shall is close the noncompliance in detail. If a community service organization is responsible for the maintenance of major components for which an association would otherwise be responsible, the community service organization shall supply to the association the information regarding those components that the association would use to complete disclosures and reserve reports required under this article and Section 5300. An association may rely upon information received from a community service organization and shall provide access to the information pursuant to the provisions of Article 5 (commencing with Section 5200) of Chapter 6. [2012 - Based on former §1365.3]



Palm Desert Regency Estates

Required Financial Statement Review
Sections 5305 and 4525(a)(3)



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**PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
REVIEWED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED NOVEMBER 30, 2019**

TABLE OF CONTENTS

Independent Accountant's Review Report	1
Financial Statements	
Balance Sheet	2
Statement of Revenues and Expenses and Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7
Required Supplementary Information	
Future Major Repairs and Replacements	8

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION

We have reviewed the accompanying balance sheet of PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION as of November 30, 2019, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management and the board of directors are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

The prior year summarized comparative information has been derived from the November 30, 2018 financial statements, which were reviewed by us. Our report dated March 7, 2019 stated that we were unaware of any material modifications that should be made to those financial statements in order for them to be in conformity with generally accepted accounting principles.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

The supplementary information on future major repairs and replacements on the last page is not a required part of the basic financial statements but is supplementary information required by the Financial Accounting Standards Board. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have not audited, reviewed or compiled the required supplementary information, and, accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Beck and Company, CPA's, Inc.

Palm Desert, California
January 22, 2020

PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
BALANCE SHEET
NOVEMBER 30, 2019
(With Comparative Totals for 11/30/2018)

	2019			2018
	Operating Fund	Replacement Fund	Total Funds	Total Funds
ASSETS:				
Cash	\$ 47,948	\$ 220,716	\$ 268,664	\$ 279,435
Assessments Receivable	4,680		4,680	5,302
Allowance for Doubtful Accounts	-		-	(3,560)
Prepaid Insurance	2,449		2,449	2,469
TOTAL ASSETS	\$ 55,077	\$ 220,716	\$ 275,793	\$ 283,646
 LIABILITIES:				
Accounts Payable	\$ 2,358	\$ -	\$ 2,358	\$ 2,063
Prepaid Assessments	19,073		19,073	16,944
TOTAL LIABILITIES	21,431	-	21,431	19,007
 FUND BALANCES	33,646	220,716	254,362	264,639
 TOTAL LIABILITIES AND FUND BALANCES	\$ 55,077	\$ 220,716	\$ 275,793	\$ 283,646

See accompanying notes to financial statements
(2)

PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
YEAR ENDED NOVEMBER 30, 2019
(With Comparative Totals for 11/30/2018)

	2019			2018
	Operating Fund	Replacement Fund	Total Funds	Total Funds
REVENUES:				
Member Assessments	\$ 158,820	\$ 50,940	\$ 209,760	\$ 209,760
Other Income	6,109	-	6,109	3,665
TOTAL REVENUES	164,929	50,940	215,869	213,425
EXPENSES:				
Utilities				
Electricity	9,420		9,420	10,426
Telephone	1,596		1,596	1,166
Water	10,767		10,767	10,157
Maintenance				
Landscape Contract	54,000		54,000	45,100
Landscape Extras	38,509		38,509	35,729
Buildings & Grounds	30,490		30,490	24,055
Recreation Facility	1,490		1,490	1,690
Security	3,019		3,019	432
Administrative				
Review/Tax Prep/Rsv Study	1,200		1,200	1,875
Insurance	3,497		3,497	3,474
Legal & Professional	2,436		2,436	1,855
Management Fee	14,400		14,400	14,400
Taxes, Licenses & Permits	10		10	10
Office & Administrative	7,012		7,012	4,667
Major Repairs and Replacements				
Electrical/Lighting		6,665	6,665	1,053
Tennis Court		-	-	2,300
Water Feature		900	900	-
Landscape		33,960	33,960	
Painting		6,775	6,775	
Signage		-	-	6,652
TOTAL EXPENSES	177,846	48,300	226,146	165,041
Excess of Revenues over Expenses or (Expenses over Revenue)	(12,917)	2,640	(10,277)	48,385
Beginning Fund Balances	46,563	218,076	264,639	216,254
Net Interfund Transfers	-	-	-	-
ENDING FUND BALANCES	<u>\$ 33,646</u>	<u>\$ 220,716</u>	<u>\$ 254,362</u>	<u>\$ 264,639</u>

See accompanying notes to financial statements
(3)

PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED NOVEMBER 30, 2019
(With Comparative Totals for 11/30/2018)

	2019			2018
	Operating Fund	Replacement Fund	Total Funds	Total Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ (12,917)	\$ 2,640	\$ (10,277)	\$ 48,385
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Allowance for Doubtful Accounts	(3,560)		(3,560)	(1,450)
(Increase) decrease in:				
Assessments Receivable	622		622	2,046
Prepaid Insurance	20		20	(220)
Increase (decrease) in:				
Accounts Payable	295		295	(3,539)
Prepaid Assessments	2,129		2,129	7,760
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(13,411)	2,640	(10,771)	52,982
CASH FLOWS FROM FINANCING ACTIVITIES				
Interfund transfers	-	-	-	-
Sub Total	(13,411)	2,640	(10,771)	52,982
NET INCREASE (DECREASE) IN CASH	(13,411)	2,640	(10,771)	52,982
CASH AT BEGINNING OF YEAR	61,359	218,076	279,435	226,453
CASH AT END OF YEAR	\$ 47,948	\$ 220,716	\$ 268,664	\$ 279,435
SUPPLEMENTAL DISCLOSURE				
Income taxes paid	\$ -	\$ -	\$ -	\$ -

**PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019**

NOTE 1 – ORGANIZATION

PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION was incorporated on December 21, 1990 as a nonprofit mutual benefit corporation in the State of California. Its primary purpose is to act as “management body” for the preservation, maintenance and architectural control of the common areas within the project. There are 92 units in the residential development located in Palm Desert, California.

NOTE 2 – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the review report date which is the date that the financial statements were available to be issued.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association’s accounting records are maintained on a modified accrual basis, however, the accompanying financial statements are presented on the accrual basis in accordance with generally accepted accounting principles whereby all revenues are recognized when earned and expenses are recognized when incurred.

Homeowners associations operate on a fund accounting basis whereby current expenses are paid from operating funds and major repairs and replacements are paid from accumulated replacement funds.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association’s operating expenses, future capital acquisitions, and major repairs and replacements. The annual budget and assessments of owners are determined by the Board of Directors who are elected by the owners. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

The Association’s policy is to retain legal counsel and place liens on properties of homeowners whose assessments are delinquent. The Association uses a guideline of 100% provision for Allowance for Doubtful Accounts for all accounts delinquent over one year, foreclosed on, in bankruptcy, or abandoned, as well as on a case by case basis of other facts and circumstances.

Property and Equipment

Real property and common areas acquired from the developer and related improvements are not recognized as assets on the Association’s financial statements. Expenditures for major repairs and replacements are accounted for as replacement fund expenditures for the purpose of financial reporting.

Interest Income

Interest income is allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund

**PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019**

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions, if made.

Summarized Prior Year Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. It is being shown for informational purposes only. Accordingly, such information should be read in conjunction with the Association's financial statements for the prior year ended November 30, 2018, from which the summarized information was derived.

NOTE 4 – INCOME TAXES

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 and California Revenue and Taxation Code 23701t whereby the Association incurs corporation income taxes on income from non-member sources only, such as interest. The applicable tax rate is 30% for the federal government and 8.84% for the Franchise Tax Board. Generally, the Association treats income tax expenses as an operating expense regardless of the fund through which the related taxable income was recognized.

The Association's income tax returns are subject to examination by the Internal Revenue Service generally for three years after they were filed, and by the Franchise Tax Board for four years after they were filed. In evaluating the Association's tax positions and accruals, the Association believes that the estimates are appropriate based on the current facts and circumstances.

NOTE 5 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are to be held in separate interest-bearing accounts and are generally not available for operating purposes.

The Association engaged an independent consultant who conducted a study in September of 2019 to estimate the remaining useful lives and the replacement costs of the common property components.

The Association should fund such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacements costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary materially from the estimates. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds turn out to be necessary, the Association has the right, subject to member approval, to increase regular assessments, levy special assessments or delay major repairs and replacements until funds become available. The Association spent \$48,300 for major repairs and replacements during the year ended November 30, 2019.

**PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019**

NOTE 6 – RELATED PARTY TRANSACTIONS

During the current year, the Association paid the following items to entities affiliated with the Association's property management company.

Landscape	\$ 3,404
Grounds	54
Printing/Postage	1,131
Fairway	1,105
Total	<u>\$ 5,693</u>

**PALM DESERT REGENCY ESTATES HOMEOWNERS ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
FUTURE MAJOR REPAIRS AND REPLACEMENTS
NOVEMBER 30, 2019
(UNAUDITED)**

The Association engaged an independent consultant to estimate the remaining useful lives and the replacement costs of the common area replacement components in September of 2019.

The estimates were based on inspection by the independent consultant, and the information provided by the Board of Directors, property manager and others familiar with the development. Replacement costs were based on the estimated costs to repair or replace the common area replacement components at the time of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Cost	Annual Funding Required	Fully Funded Reserve Requirement
Access System	1-6	\$ 32,100	\$ 1,701	\$ 25,695
Asphalt/Concrete/Pavers	0-11	595,020	33,033	471,922
Electrical/Lights	5-18	123,390	5,146	80,935
Entry Structure	6	2,100	108	1,740
Fence/Gates/Walls	5-32	79,600	1,648	25,172
Irrigation	6	5,000	175	2,500
Landscape	0-4	22,560	2,124	12,512
Mailboxes	12	11,960	322	4,784
Paint	0-9	27,900	1,517	10,355
Park Amenities	0-11	16,910	2,637	14,698
Signage	11-16	18,400	776	12,534
Water Feature	2-9	38,000	1,753	28,044
Totals		\$ 972,940	\$50,940	\$690,891

As of November 30, 2019, the annual budgeted allocation to replacements is \$50,940 and the cash balance in replacement funds as of November 30, 2019 is \$220,716.

California Civil Code requires a physical inspection every three years. The reserve study must be reviewed annually and updated as necessary. The report must be available to all owners. Although the code does not require adequate funding, disclosure must be made.

Palm Desert Regency Estates

Required Rental Restriction Document
section 4525(a)(9)



CondoCerts

Rental Restrictions: Section 4525(a)(9)

As of the date of this request there is no known restrictions that prohibits rentals or leasing within the this development.

Guidelines pertaining to rental or leasing restrictions will be found within the associations Governing Documents (CC&R's / Rules & Regulations).

These documents are being provided to you at the request of (the owner) in compliance with Civil Code section 4525. If you have any questions about the information contained with these documents, please contact the owner or your own legal counsel. The Association and its agents make no representations about the purpose of effect of these documents and the information they contain.