



November 2023

TO: All Islay Pointe Villas Homeowners

RE: Increase in Annual Homeowner Dues Effective January 1, 2024

Islay Pointe Villas Homeowners Association is responsible for maintaining the standards of appearance, safety and values of our neighborhood. This includes the cost of insurance coverage, roof replacements and repairs, exterior painting, maintaining the common areas, utility charges, maintenance of the association's roads, street signs, lights, fences, landscaping, termite control, pool and spa maintenance, and a variety of other expenses necessary for the operation of the homeowners' association.

The HOA Board members, who are also homeowners, volunteer their time and take their responsibilities seriously. The board must plan for both Reserve Funding (future repairs, replacements, expenses, etc.), that may arise from managing the neighborhood while continuing to manage current Operating Expenses. This is made possible through monthly homeowner dues. We want to express our appreciation to the homeowners who have been diligent about paying their dues.

Effective January 1, 2024, monthly dues will increase \$30/month to \$375/month. This 8.7% increase was made after several months of detailed financial analysis and planning, and is based on many elements, including:

- >A 35% increase in 2024 for property and earthquake insurance. The entire California property and earthquake insurance market, specifically including HOA community insurance, has been impacted by the departure of leading insurers from the state, including State Farm, Allstate, Safeco, and others. Farmers, our long-time insurer, is not accepting new policies. Insurance is one of our largest annual expenditures.
- > The timing of roof replacements and repairs. As homes in our HOA approach 30 years old, the Reserve Fund will be tapped to replace more roofs over the next few years, until all homes have new roofs. Additionally, with the unusually heavy rains in early-2023, there were an unusually high number of roof, attic, and dry wall repairs that were unexpected financial obligations covered by the HOA this past year.
- > Other unexpected 2023 expenses and 2024 budget increases have materialized, including pool and spa repairs and maintenance, pest control, and legal fees.

The Board partially funded increased expenses through cost reductions in other areas, such as switching from land-line based fire alarms to a cell-based system, saving almost \$8,000 annually.

While it was not an easy decision, the board unanimously agreed that this increase is necessary to ensure our community is able to maintain our quality living standards, today and in the future.

This increase is authorized in accordance with HOA bylaws. We hope that providing two months' notice will provide you with ample time to budget for this increase.

Sincerely,
Islay Pointe Villas' Board of Directors

Islay Pointe Villas Homeowner Association

c/o The Management Trust
1400 Madonna Road, San Luis Obispo, CA 93405
Tel: (805) 544-9093 Fax: (805) 544-6215

2024 BUDGET REPORT

November 2023

Dear Homeowner:

After thoughtful review and consideration, the Board of Directors has approved a budget for the upcoming fiscal year. Effective January 1, 2024, the monthly assessment will increase to \$375 per month. This increase is necessary due to increased operational expenses and the need to increase reserve allocations. A copy of the adopted budget is enclosed for your review.

The enclosed Budget Report includes the following:

- The pro forma operating budget for fiscal year 2024, showing the estimated revenue and expenses on an accrual basis.
- A summary of the Association's reserves based on the most recent reserve study.
- A summary of the reserve funding plan adopted by the Board of Directors.
- 2024 Assessment and Reserve Funding Disclosure Summary.

In compliance with California Civil Code 5550, a reserve study update was completed for 2024 by a reserve study preparer. The reserve study process involves the identification and visual inspection of all major reserve components. It identifies the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component. It gives the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components, and shows the current amount of accumulated cash reserves actually set aside. The study also compares the percentage of the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components to the current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the major components. These figures are derived using the calculation method stated in California Civil Code 5570(b)(4) as the current cost of replacement or repair multiplied by the number of years the component had been in service divided by the useful life of the component. The full reserve study plan is available upon request.

Your reserve study recommends that your association have \$1,779,207 set aside in reserves by January 1, 2024, to meet future reserve obligations. It is anticipated that your association will actually have \$868,936 leaving you 49% funded. Based on these figures the reserve study recommends allocating \$175,478 in 2024 to adequately fund long term capital expenditures. Unless otherwise stated below the Board of Directors will fund the recommended reserve allocations out of the regular monthly assessments. The Board reserves the right to impose special assessments or

obtain loans to fund unplanned reserve expenses in the upcoming year.

California law requires the following disclosures and information be distributed to owners on an annual basis:

- California Civil Code 5300(b)(4): The association must notify owners 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 30 years or less. The board of directors for your association has determined not to defer and will undertake repairs and replacement of all major components with a remaining life of 30 years or less.
- California Civil Code 5300(b)(5): The board of directors must notify owners whether or not they anticipate any special assessments. The board of directors of your association is anticipating the need for a special assessment to repair, replace, restore, or maintain any of the major components.
- California Civil Code 5300(b)(8): The association must notify owners as to whether or not the association has any outstanding loans with an original term of more than 1 year. Your association does not have any outstanding loans with an original term of more than 1 year.
- California Civil Code 5300(b)(9): A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies. See enclosed summary.
- California Civil Code 5300(b)(10) & (11): See enclosed statements regarding status of FHA and VA certification.
- California Civil Code 5565(d): A disclosure of the association's current "deficiency" in reserve funding expressed on a per unit basis. This is calculated by subtracting the "100% Funded Amount" stated in the most recent reserve study from the amount actually in the association's reserve accounts and dividing this amount by the number of separate interests in the association. The amount of your association's current deficiency expressed on a per unit basis is \$10,837. *

**Please be aware that this figure is calculated using the association's current reserve study dated July 28, 2023, and reflects the deficit as of January 1, 2024. If your association has a deficit it does not necessarily mean that a special assessment will be needed in the future. Funds needed to pay for upcoming expenses can be obtained by other methods such as yearly increases in regular monthly assessments. Please review items #2 and/or #4 in the enclosed Assessment and Reserve Funding Disclosure Summary to see if there are any anticipated special assessments for your association.*

You will no longer receive an annual coupon book as in previous years. Instead, you will receive your monthly statements delivered directly to you, according to your billing preference. This means that you can choose to receive your statements either in paper form or electronically. To update your billing preference, all you need to do is visit my.managementtrust.com.

If you make your payments using your bank's online bill pay system, please make sure they have

your correct account number printed on the check, the correct assessment amount and correct mailing address. Payments should be sent to: Islay Pointe Villas Homeowner Association, c/o The Management Trust, P.O. Box 94795, Las Vegas, NV 89193-4795. *Please note that the delivery of payments through your online bill pay system may vary from 7-10 days depending on your provider.*

If you make your payments through automatic check handling (ACH), you will not receive a monthly statement. If your monthly assessment has changed and your assessment payments are automatically transferred, then the amount withdrawn will be adjusted to match the new assessment. You do not need to complete and return a new form.

If you need to update your contact information, sign up for ACH, or have any general inquiries, simply visit my.managementtrust.com to access our online platform. Alternatively, if you prefer to communicate via text message, you can reach out to Trusty at 844-387-8785. Trusty is always ready to assist you with any questions or concerns you may have.

IMPORTANT INFORMATION: Periodically during the year, the association will send you important documents that are relevant to association business matters. It is imperative that you keep these documents for your records. If you plan on selling or transferring title to your home, full document disclosure is required. Common documents to keep safe and accessible are the following: CC&Rs, Bylaws, Articles of Incorporation, Rules & Regulations/Policies, Insurance, Financial Statements, current Budget, current Reserve Study and Minutes of the past 12 months. If you do not keep these documents there is a fee to obtain them at a later date. Tip: Do not read and discard. Read disclosed information and file for the potential future buyer of your property.

Islay Pointe Villas Homeowners Association

2024 Annual Budget

	Annual
Income	
Operating Funds	
41000 - Member Fees	378,000.00
Total Operating Funds	378,000.00
Total Income	378,000.00
Expense	
Administration	
50720 - Office Expense - Bundle Rate	3,300.00
55200 - Insurance	55,000.00
55320 - Reserve Study	395.00
55500 - Office Expense	6,000.00
57000 - Management Fees	21,000.00
57010 - Contingency	5,000.00
58350 - Accounting	1,900.00
58360 - Legal Services	1,015.00
Total Administration	93,610.00
Landscaping	
59200 - Landscape Contract	37,920.00
59220 - Landscape Extras	6,000.00
Total Landscaping	43,920.00
Repairs and Maintenance	
61500 - Janitorial Contract	3,000.00
61600 - Pest Control	1,000.00
62250 - Pool/Spa Contract	8,100.00
62260 - Pool/Spa Extra	5,000.00
62750 - Repairs/Maintenance	14,500.00
65350 - Security/Alarms	4,000.00
Total Repairs and Maintenance	35,600.00
Utilities	
71000 - Electric	6,200.00
71100 - Gas	2,200.00
71200 - Water/Sewer	20,000.00
71450 - Telephone	1,000.00
Total Utilities	29,400.00
Reserve Allocation Expense	
81060 - Repair Gutters & Downspouts	322.36
81110 - Painting Portions of WhiteTrim	6,088.00
81150 - Painting Interior of Clubhouse	65.00
81180 - Asphalt Overlay	13,633.00
81350 - Gates/Fences/Walls	21,576.00
81550 - Landscape & Irrigation	4,752.00
81600 - Lighting	775.00
81650 - Mailboxes	1,461.00
81670 - Wood Destroying Pests	3,492.00
81710 - Water Heaters	111.00
81750 - Pool & Spa Repairs	1,596.00
81870 - Repair of Replace Spa Equipment	492.00

81930 - Pool Equipment	483.00
81950 - Street Asphalt Overlay, Repairs & Sealing	1,651.00
82000 - Structural Repairs	3,300.00
82080 - Stucco Paint	31,027.00
82160 - Concrete	276.00
82320 - Asphalt Repairs	1,559.64
82400 - Chimney Chases	1,225.00
82660 - Painting Portions-Iron Fence	3,786.00
82720 - Repair Roof	730.00
82730 - Roof Tile Replacement	76,079.00
83400 - Clubhouse Items	990.00
Total Reserve Allocation Expense	175,470.00
Total Expense	378,000.00

**Islay Pointe Villas Homeowners Association
California Summary**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Appliances - Microwave	2026	10	16	2	400	369	369
Chimney Cap/Spark Arresters	2026	10	0	2	19,950	14,726	15,960
Decks - Inspection & Repairs (Unfunded)		<i>Unfunded</i>					
Doors - Garage (Unfunded)		<i>Unfunded</i>					
Fencing - Wrought Iron	2030	25	10	6	275,440	0	228,222
Floor Cover - Carpet	2026	8	18	2	2,292	2,116	2,116
Gutters & Downspouts	2026	30	0	2	15,300	14,280	14,280
Irrigation System Rehabilitation	2029	10	0	5	20,000	0	10,000
Lighting	2046	25	0	22	25,000	0	3,000
Mailboxes	2027	22	10	3	10,000	0	9,062
Paint - Interior, Flat	2026	10	12	2	2,500	2,273	2,273
Paint - Stucco	2032	14	0	8	504,000	0	216,000
Paint - Woodwork	2025	7	0	1	92,400	79,200	79,200
Paint - Wrought Iron	2024	7	2	0	55,088	55,088	55,088
Planting and Tree Maintenance	2027	5	0	3	20,000	0	8,000
Pool - Deck Caulking	2025	6	0	1	1,000	833	833
Pool - Equipment Replacement	2025	10	0	1	10,000	9,000	9,000
Pool - Replastering & Tile Replacement	2034	15	0	10	17,000	0	5,667
Pool - Spa Replaster & Tile	2029	10	0	5	7,000	0	3,500
Restroom Remodel	2031	25	10	7	12,000	0	9,600
Roofs - Tile Replacement, Phase 1	2024	30	-2	0	290,000	290,000	290,000
Roofs - Tile Replacement, Phase 2	2025	30	-1	1	290,000	280,000	280,000
Roofs - Tile Replacement, Phase 3	2026	30	0	2	290,000	0	270,667
Roofs - Tile, Inspection & Repairs	2027	5	0	3	5,000	0	2,000
Spa - Equipment Replacement	2024	8	0	0	8,000	8,000	8,000
Streets - Asphalt Overlay	2030	25	9	6	174,030	0	143,319
Streets - Asphalt Repairs	2025	5	0	1	11,602	9,282	9,282
Streets - Asphalt Repairs	2036	5	0	12	11,602	0	0
Streets - Asphalt Seal Coat - 2025	2025	5	0	1	10,442	8,353	8,353
Streets - Asphalt Seal Coat - 2031	2031	5	0	7	10,442	0	0
Termite Control - Fumigation	2025	7	0	1	52,920	45,360	45,360
Walks - Concrete	2024	10	0	0	5,399	5,399	5,399
Water Heater	2024	8	0	0	1,800	1,800	1,800
Wood Repairs	2025	7	0	1	50,000	42,857	42,857
Total Asset Summary					<u>\$2,300,607</u>	<u>\$868,936</u>	<u>\$1,779,207</u>

Percent Fully Funded	49%
Current Average Liability per Unit (Total Units: 84)	-\$10,837

Islay Pointe Villas Homeowners Association
San Luis Obispo, CA
Recommended Funding Model Summary

<i>Report Parameters</i>	
Report Date	July 28, 2023
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	84
Inflation	3.00%
Interest Rate on Reserve Deposit	2.00%
Tax Rate on Interest	38.84%
2024 Beginning Balance	\$868,936

<i>Recommended Funding Model Summary of Calculations</i>	
Required Monthly Contribution	\$14,623.17
<i>\$174.09 per unit monthly</i>	
Average Net Monthly Interest Earned	\$618.65
Total Monthly Allocation to Reserves	\$15,241.82
<i>\$181.45 per unit monthly</i>	

**Islay Pointe Villas Homeowners Association
Recommended Funding Model Projection**

Beginning Balance: \$868,936

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	2,300,607	175,478	7,424	360,287	691,551	1,602,704	43%
2025	2,369,625	210,574	3,339	533,915	371,549	1,241,276	30%
2026	2,417,327	252,688	1,939	350,566	275,610	1,062,459	26%
2027	2,489,847	262,796	4,668	38,245	504,828	1,204,479	42%
2028	2,564,542	273,308	8,027		786,163	1,394,638	56%
2029	2,641,479	273,308	11,103	31,300	1,039,274	1,562,883	66%
2030	2,720,723	273,308	8,000	536,691	783,890	1,226,521	64%
2031	2,802,345	273,308	10,272	96,582	970,888	1,339,396	72%
2032	2,886,415	273,308	2,321	929,961	316,556	602,543	53%
2033	2,973,008	273,308	5,712		595,575	806,869	74%
2034	3,062,198	273,308	8,736	33,183	844,436	988,734	85%
2035	3,154,064	273,308	12,035	13,842	1,115,936	1,201,732	93%
2036	3,248,686	273,308	14,757	64,008	1,339,993	1,377,364	97%
2037	3,346,146	273,308	17,831	38,182	1,592,949	1,591,031	100%
2038	3,446,531	273,308	20,387	83,326	1,803,319	1,770,960	102%
2039	3,549,927	273,308	19,739	346,367	1,749,999	1,691,895	103%
2040	3,656,424	273,308	23,151	15,726	2,030,731	1,957,755	104%
2041	3,766,117	273,308	26,349	36,435	2,293,952	2,217,200	103%
2042	3,879,101	273,308	29,464	46,463	2,550,261	2,481,247	103%
2043	3,995,474	273,308	33,166	1,754	2,854,982	2,806,627	102%
2044	4,115,338	273,308	36,816	9,751	3,155,354	3,141,114	100%
2045	4,238,798	273,308	39,142	121,083	3,346,721	3,378,773	99%
2046	4,365,962	273,308	24,855	1,473,893	2,170,990	2,238,212	97%
2047	4,496,941	273,308	27,916	49,340	2,422,874	2,539,010	95%
2048	4,631,849	273,308	31,376	19,921	2,707,636	2,887,667	94%
2049	4,770,804	273,308	33,707	115,158	2,899,493	3,157,480	92%
2050	4,913,929	273,308	37,423	4,943	3,205,281	3,557,963	90%
2051	5,061,346	273,308	40,643	48,966	3,470,266	3,934,442	88%
2052	5,213,187	273,308	42,251	183,236	3,602,589	4,193,523	86%
2053	5,369,582	273,308	40,471	460,284	3,456,083	4,184,910	83%

Islay Pointe Villas Homeowners Association

2024 Assessment and Reserve Funding Disclosure Summary

For the Fiscal Year Starting 1/1/2024

California Civil Code section 5300 requires that this Assessment and Reserve Funding Disclosure Summary be distributed to all owners not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Associations fiscal year. 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 to all owners pursuant to California Civil Code section 5320. This summary is effective 1/1/2024.

(1) The regular assessment per ownership interest is \$375 per month.

(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:

Date assessment will be due	Amount per ownership interest per month or year (If assessments are variable see note immediately below):	Purpose of the assessment
January 1, 2024	\$1,300	Fund the reserves

(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 * **Based on a cash flow method, if the Board follows the reserve study funding plan, funds will be on hand each year to meet the reserve maintenance obligations.**

No

**If the answer to paragraph #3 was yes then the association intends to review its reserve fund on a quarterly basis, consistent with Civil Code 5500, as well as, at least once every three (3) years, cause to be prepared a new reserve study consistent with Civil Code 5550. Based on the*

annual review of the reserve study, as well as a new reserve study every three (3) years, the Association could increase regular assessments to facilitate additional reserve funding and/or levy special assessments to fund additional reserves over the course of the next thirty (30) years.

**The Association's Board of Directors has relied on information, opinions, reports and statements presented to it by vendors, contractors, reserve study specialists, and/or other professionals ("Professionals") in preparing the reserve study and is relying on this information, financial data and reports pursuant to Corporations Code Section 7231 in providing the association membership and/or prospective purchasers the information contained in this Assessment Reserve Funding Disclosure Summary. 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 supplied to the Association's Board of Directors from said Professionals. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this disclosure summary. Therefore, the actual replacement cost and remaining life may vary from 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? N/A.

(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 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$1,779,207, based in whole or in part on the last reserve study update prepared by The Management Trust as of July 2023. The projected reserve fund cash balance at the end of the current fiscal year is \$868,936, resulting in reserves being 49% funded at this date.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is (Refer to line #1 in the table 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 (Refer to line #2 in the table below), leaving the reserve at (Refer to

line #3 in the table 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 (Refer to line #4 in the table below), leaving the reserve at (Refer to line #5 in the table below), percent funding.

End of Fiscal Year That Begins in →	2024	2025	2026	2027	2028
1. Estimated amount required in reserves*	\$1,602,904	\$1,241,276	\$1,062,459	\$1,204,479	\$1,394,638
2. Projected Reserve Fund Cash Balance* (Only assessments already approved)	\$802,094	\$443,657	\$268,569	\$405,802	\$549,980
3. Projected Percent Funded Estimate* (Only assessments already approved)	50%	36%	25%	34%	39%
4. Projected Reserve Fund Cash Balance* (If reserve funding plan is implemented)	\$802,094	\$483,452	\$388,890	\$619,501	\$902,247
5. Projected Percent Funded Estimate* (If reserve funding plan is implemented)	50%	39%	37%	51%	65%

*These figures are only projections and may change if the reserve funding plan is not implemented or followed in its entirety.

*These figures were taken from the last reserve study completed in 2023 and reflect estimated balances and assumptions as of the date of that report.

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 2% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% per year.

SUPPLEMENT TO ASSESSMENT AND RESERVE

FUNDING DISCLOSURE SUMMARY

Due to factors beyond the control of the Directors, including but not limited to the rate of inflation, the rate at which the major components actually deteriorate, unanticipated damage to the major components, fluctuations in material and labor costs and changes in building codes and regulations, the accuracy of the information set forth in paragraphs 3, 4, 6 and 7 above is not, and cannot be, guaranteed. Depending upon the accuracy of the present and future assumptions used in providing the information in paragraphs 3, 4, 6 and 7, the information and conclusions set forth in said paragraphs may not be correct. Therefore, any person reviewing this Assessment and Reserve Funding Disclosure Summary should not, without conducting their own independent investigation and analysis, rely upon the accuracy of the information set forth in paragraph 3, 4, 6 and 7.

Please note 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.

This "Assessment and Reserve Funding Disclosure Summary" is effective as of 1/1/2024 and was approved by the Board of Directors at their meeting on 11/8/2023.

**Islay Pointe Villas Homeowner Association
Insurance Disclosure Summary**

In accordance with California Civil Code, Section 5300(b)(9) the following insurance summary is provided:

General Hazard Insurance:	General Liability Insurance:
Insurer: Farmers Insurance Group	Insurer: Farmers Insurance Group
Policy Limits: \$32,229,000	Policy Limits: \$4,000,000
Deductible: \$5,000	Deductible:
Expires: 8/21/24	Expires: 8/21/24
Directors & Officers Insurance:	Commercial Umbrella Policy:
Insurer: Farmers Insurance Group	Insurer: Farmers Insurance Group
Policy Limits: \$2,000,000	Policy Limits: \$5,000,000
Deductible:	Deductible:
Expires: 8/21/24	Expires: 8/21/24
Employee Dishonesty:	Worker's Compensation:
Insurer: Farmers Insurance Group	Insurer: Farmers Insurance Group
Policy Limits: \$2,000,000	Policy Limits: \$1,000,000
Deductible:	Deductible:
Expires: 8/21/24	Expires: 4/12/24
Earthquake Insurance:	Flood Insurance:
Insurer: Lloyds	Insurer: N/A
Policy Limits:	Policy Limits:
Deductible: 15%	Deductible:
Expires: 1/30/24	Expires:

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 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.

Association's Insurance Agent's Information

Agent's Name: Joshua Wright
Phone Number: 805-541-3942
Fax Number: 805-541-8018
E-Mail: jwright8@farmersagent.com

Important Insurance Information for Owners

The Board of Directors strongly recommends that owners take the time to review the following important information:

Lender Information: If your lender requires proof of building insurance please have them fax or e-mail their request to the association's insurance agent.

Deductible: If the association carries the building insurance for your unit please be aware that there is a \$5,000 deductible. *You may be responsible for paying this deductible if there is a loss, depending on the cause of the damage.* In general, if the source of the damage originates from something you are responsible for maintaining (i.e. water heater, ice maker line etc.) you may be responsible for paying the deductible. It is very important that you carry enough personal insurance coverage to pay for this deductible and any property that is not covered by the association's policy.

Building Coverage Limits: The association's building insurance may only cover what is required by the CC&Rs. This means that the policy may not cover such items as your floor coverings, cabinetry, drywall, etc. It is very important that you have your personal insurance agent make sure that your interior policy is adequate to cover anything that the association's policy does not. This could include damage to other's property. You may want to inquire with your agent about an HO-6 policy. These are specialized policies for homeowners living in associations.

If you have any questions, please call your association manager. Keep in mind that your manager is not an insurance expert and will defer all technical questions to your insurance agent, or the association's insurance agents.

Per California Civil Code 5300(b)(10) the association is required to make the following disclosure.

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

The association's FHA certification status provided above is as of 11/12/2023.

Interested parties should check the following website for the association's current FHA certification status. <https://entp.hud.gov/idapp/html/condlook.cfm>

Per California Civil Code 5300(b)(11) the association is required to make the following disclosure.

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

The association's VA certification status provided above is as of 11/12/2023.

Interested parties should check the following website for the association's current VA certification status. <https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>

Per Civil Code 5300(b)(12) the association is providing the following document fee disclosure. This fee disclosure form only pertains to owners who sell their residence/unit/separate interest.

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525 *

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller. A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Document	Civil Code Section Included	Fee for Document	Not Available (N/A) or Not Applicable (N/App)
Articles of Incorporation, Articles of Association, or a statement the Association is not incorporated.	Section 4525(a)(1)	\$30.00	
CC&Rs	Section 4525(a)(1)	\$55.00	
Bylaws	Section 4525(a)(1)	\$40.00	
Operating Rules	Section 4525(a)(1)	\$35.00	
Age Restrictions, if any	Section 4525(a)(2)		
Rental Restrictions, if any	Section 4525(a)(9)		
Annual Budget Report (or summary, including Reserve Study)	Sections 5300 and 4525 (a)(3)	\$55.00	
Assessment and Reserve Funding Disclosure Summary	Sections 5300 and 4525 (a)(4)		
Financial Statement Review (for associations with annual revenue of greater than \$75,000, or if the Association has performed a Financial Statement Review)	Sections 5305 and 4525(a)(3)	\$35.00	
Assessment Enforcement Policy	Sections 5310 and 4525(a)(4)		
Insurance Summary	Sections 5300 and 4525 (a)(3)	\$35.00	
Regular Assessment	Section 4525(a)(4)		
Special Assessment	Section 4525(a)(4)		
Emergency Assessment	Section 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 4525(a)(6), (7) and 6100		
Preliminary List of Defects	Sections 4525(a)(6), 6000 and 6100		
Notice(s) of Violations	Sections 5855 and 4525(a)(5)		
Required Statement of Fees	Section 4525	\$335	
Minutes of Regular Board Meetings (conducted over the previous 12 months, if requested)	Section 4525(a)(10)	\$60.00	
Total fees for these documents:		\$680.00	

*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 shall be charged separately.

This fee schedule above is effective as of 1/1/2024 and is subject to change.

Islay Pointe Villas Homeowners Association 2024 Annual Policy Statement

In compliance with California Civil Code §5310 the association is providing the following disclosures to the members:

Delivery to the Association

The Board of Directors has designated their management company to receive all communication on behalf of the association. Please send all communication to the following address: The Management Trust, 1400 Madonna Road, San Luis Obispo, CA 93405.

Please see the enclosed association communication policy which provides detailed instructions on how owners must send documents and other communication to the association.

Secondary Address

Pursuant to Civil Code Section 4040(b), an owner has the right to submit, in writing, a secondary address to the association's management company for the purpose of receiving (1) annual reports the Association is required to provide and for (2) mailings and notices related to assessment payments, delinquencies and foreclosures at an additional address.

General Notice Location

The Board of Directors has designated the following location for posting of a general notice to the members: Mailbox Kiosks.

Right to Receive General Notice by Individual Delivery

Pursuant to Civil Code 4045(b), upon receipt of written request to the association's management company, an owner may receive General Notices by Individual Delivery.

Minutes

In accordance with California Civil Code 4950 homeowners have the right to copies of the minutes of meetings of the Board of Directors excluding executive session minutes. Minutes of all Board of Directors meetings are kept on file at the office of the association's management company and will be made available within 30 days of a meeting. Minutes may be viewed or obtained during regular business hours, by giving reasonable notice, to the association's management company. The association may require reimbursement of the association's costs for making that distribution.

Assessment Collection Policy

Pursuant to Civil Code 5730, enclosed is the Collection Policy, which includes the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments and the mailing address for overnight payment of assessments.

Mailing Address for Overnight Payment:

Islay Pointe Villas Homeowners Association, 2540 Professional Parkway, Santa Maria, CA 93455.

Collection Fee Disclosure

The association will charge an owner a collection fee of \$12.50 for each late statement on accounts that have an assessment balance due. The association will charge an owner a collection fee of \$50.00 for each pre-collection letter prepared and sent on delinquent accounts. These collection costs are in addition to late charges that the association assesses on delinquent accounts. These collection costs are charged to the owner's account to reimburse the association in accordance with the Association's delinquency policy and Civil Code Section 5650 (b).

Returned Check Policy

A fee of \$35.00 plus bank charges will be assessed against the owner for returned checks. These fees do not preclude the member from being charged an additional fee if the non-sufficient funds check causes the member to be late in the payment of his or her assessment. If assessment is not paid in full by the published due date, the member has liability for possible additional fees as specified in the Collection Policy of the Association.

Governing Document Enforcement and Fine Policy

The association's discipline policy, including a schedule of penalties for violations of the governing documents is included in this packet titled Rule Enforcement Policy, Hearing Procedure and Fine Schedule.

Dispute Resolution Procedures

Enclosed is a copy of the Alternative Dispute Resolution (ADR) and the Internal Dispute Resolution (IDR) Process. California law requires that certain types of disputes between the Association and the Membership provide for an independent forum to resolve the dispute before the filing of a lawsuit by any party.

Architectural Guidelines and Procedures

The procedures for applying for additions, alterations, or modifications to a lot (or unit) within the association and for reviewing and approving or disapproving such applications are set forth in the governing documents of your homeowners' association. Pursuant to Civil Code 4765 the association has adopted an Architectural Review Procedure, please refer to the enclosed Summary of Procedure for Approval of Physical Changes to Property.

Notice of Right to Receive Annual Report

You have the right to receive an annual report within 120 days after the end of the Associations fiscal year, upon written request.

COMMUNICATION AND DOCUMENT DELIVERY POLICY

Unless otherwise authorized by the Board of Directors all communication and documents must be directed to the association's management company. The management company is the agent to the Board of Directors and will process and forward all communication and documents to the proper parties. Owners must deliver all documents to the following address or call regarding association matters to the following phone number.

The Management Trust
1400 Madonna Road
San Luis Obispo CA 93405
Phone (805) 239-7889 Fax (805) 237-3956

Methods of delivering documents or correspondence that are authorized by the association:

The following are acceptable methods for delivering documents (letters, architectural applications, etc.) to the association:

- 1) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the address above.
- 2) Personal delivery to the association's business address listed above during regular business hours. A written receipt will be provided upon request.

Methods of delivering documents or correspondence that **are not** authorized by the association:

Due to the unreliable nature of e-mail, facsimile, and other electronic means of communication the association has deemed these as unacceptable forms of communication. If an owner chooses to send documents or communication in this manner the association will only accept them **upon receipt**. An acknowledgment that your document or correspondence was received will be sent to you.

Owners sending documents or other communication should never assume that they are received by the intended party. Mail can be lost or delayed, etc. Owners should contact their association manager to verify that correspondence or documents have been received.

Discipline and Dispute Resolution Procedures of
Islay Pointe Villas Homeowners Association

In compliance with California Civil Code 5905 the Board of Directors has adopted the Dispute Resolution Procedure below. The following procedures are intended to help resolve disputes between homeowners and the association in a fair, reasonable, expeditious and cordial manner.

I.

Discipline Procedure

(Monetary Penalties, Suspension of voting rights, etc.)

To enforce any alleged violation of the CC&Rs, Rules or other governing documents of the Association (except for the failure to pay assessments), the Board must give the owner written notice setting forth the nature of the alleged violation and the date, time and place of the Board hearing according to the following:

- (A) The notice of hearing must be sent to the owner by prepaid first class or registered United States mail (to the most recent address in the Association's records) or personally delivered at least ten (10) days before the hearing before the Board.
- (B) The written notice shall state that the owner has the right to attend the hearing and may address the Board at the hearing.
- (C) The hearing shall be held in closed executive session of the Board, if requested by the owner.
- (D) Following the hearing, the Board must decide whether or not the owner should in fact be disciplined. The written notice of the decision and penalty or discipline must be sent to the owner by personal delivery or first-class mail within fifteen (15) days of the action by the Board.

At any time the owner or the Association may invoke the following dispute resolution process, which may or may not affect the above discipline procedures.

II.

Dispute Resolution Procedures

Please keep in mind that the following procedures do not replace the Alternative Dispute Resolution per Civil Code 5925 This law requires associations and owners to use mediation or arbitration under most circumstances before they are allowed to file a lawsuit. These procedures apply to a dispute between the association and a member involving their rights, duties, or liabilities under the Nonprofit Mutual Benefit Corporation, the CC&Rs or under the other governing documents of the association.

- A. Either party to a dispute, within the scope of the section listed above, may invoke the following procedure:
 - (1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

- (2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
- (3) The association's board of directors shall designate one or more members of the board to meet and confer.
- (4) The parties shall meet within 30 days of receipt of the written request at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
- (5) Only the member and the designated Board member(s) shall be allowed to meet on confer. No agents to either party or legal counsel will be allowed to participate in the meeting.
- (6) The Association may involve a neutral third party of its choosing to mediate the dispute.
- (7) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association. The written resolution shall state that the resolution is subject to ratification by the Board and is subject to review by the Association's legal counsel.

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

- (1) The agreement is not in conflict with law or the governing documents of the common interest development or association.
- (2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

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

III.

Requirements Prior to Filing a Lawsuit

In accordance with Civil Code Section 5965, the following are the requirements an owner must follow, as applicable, prior to filing a lawsuit or other proceeding:

A. Definitions for terms used in this Section III.

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

(2) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for: (a) enforcement of the Davis-Stirling Common Interest Development Act; (b) enforcement of the Nonprofit Mutual Benefit Corporation Law; (c) enforcement of the CC&Rs, rules and other governing documents of the Association.

B. Filing enforcement actions

(1) The Association or an owner may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution as described below.

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

(3) This section does not apply to a small claims action and assessment disputes.

C. Request for Resolution

(1) Any party to a dispute may initiate the process by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include: (a) a brief description of the dispute between the parties; (b) a request for alternative dispute resolution; (c) a notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected; (d) if the party on whom the request is served is the owner of a separate interest, a copy sections 5925 through 5965 of the *Civil Code*.

(2) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

(3) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

D. Timeline for completion, Inadmissibility in Court, Costs

(1) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(2) Evidence obtained through mediation shall be inadmissible in court

(3) The costs of the alternative dispute resolution shall be borne by the parties.

E. Tolling of statute of limitations

If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation may be tolled during this process.

F. Certificates filed with initial pleading

(1) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (a) alternative dispute resolution has been completed in compliance with this article;

(b) one of the other parties to the dispute did not accept the terms offered for alternative dispute resolution; (c) preliminary or temporary injunctive relief is necessary.

(2) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this procedure would result in substantial prejudice to one of the parties.

(3) The costs of the alternative dispute resolution shall be borne by the parties.

G. Award of fees and costs

In an enforcement action in which fees and costs may be awarded pursuant to Civil Code Section 5975, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5905 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

INTERNAL DISPUTE RESOLUTION PROCEDURE

In compliance with California Civil Code 5905 the Board of Directors has adopted the Internal Dispute Resolution Procedure (IDR) below. This procedure is intended to help resolve disputes between homeowners and the association in a fair, reasonable, expeditious and cordial manner.

Please keep in mind that this procedure *does not* replace the Alternative Dispute Resolution per Civil Code 5925. This law requires associations and owners to use mediation or arbitration under most circumstances before they are allowed to file a lawsuit. This IDR procedure does not replace or negate the Board's right to impose fines or take any other disciplinary action provided for them in the association's governing documents.

The Board of Directors views the Internal Dispute Resolution Procedure as an initial step in resolving disputes between the association and an owner. While owners have a right to bring their legal counsel to an IDR meeting the Board prefers that attorneys not be involved at this stage of the process. The Board believes this will help maintain a cordial and non-threatening atmosphere and prevent unnecessary costs. If the IDR fails the association or owner may move on to the next step in the dispute resolution process, Alternative Dispute Resolution. Owners and the association may bring their attorneys to the mediation or arbitration.

Islay Pointe Villas Homeowners Association Internal Dispute Resolution Procedure

This procedure applies to a dispute between the association and a member involving their rights, duties, or liabilities under the Davis Stirling Act, under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code), or under the governing documents of the association.

- A. Either party to a dispute, within the scope of the section listed above, may invoke the following procedure:
- (1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
 - (2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
 - (3) The association's board of directors shall designate one or more members of the board to meet and confer.
 - (4) The parties shall meet within 45 days of receipt of the written request at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
 - (5) The member and association may be assisted by an attorney or another person in explaining their positions at their own cost.
 - (6) If either party chooses to be assisted by an attorney or another person, they shall give the other party at least 10 days written notice prior to the date of the meeting (meet and confer). The notice shall contain the name(s) of the person(s) attending and whether they are licensed attorneys and/or acting as legal counsel. Failure to properly notify the other party will result in the meeting (meets and confers) being postponed until a later date.

- (7) The Association may involve a neutral third party of their choosing to mediate the meeting.
 - (8) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.
- B. An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:
 - (1) The agreement is not in conflict with law or the governing documents of the common interest development or association.
 - (2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.
- C. A member of the association may not be charged a fee to participate in the process.
- D. The association or member may not bring the same dispute against the other party, for IDR, more than once in any 12-month period.
- E. Recording of the meeting (meet and confer) by any means is prohibited unless consented to by both the association and member.

ASSESSMENT DELINQUENCY POLICY

Prompt payment of assessments by all owners is critical to the financial health of the Association, to the enhancement of the property values of our homes and for the health, safety and welfare of the owners and tenants. Assessments are the lifeblood of the Association. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (the "CC&Rs") and the California Civil Code to enforce the owner's obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly-adopted resolution of the Board of Directors. Therefore, pursuant to the CC&Rs and Article 2 and 3 of Chapter 8 of the Civil Code, the following are the Association's assessment practices and policies:

1. Assessments, late charges, interest and collection costs, including any attorneys' fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied. (Civil Code 5650(a))
2. Regular monthly assessments are due and payable on the first day of each month. All other assessments, including special assessments, are due and payable on the date specified by the Board in the Notice of Assessment, which date will not be less than 30 days after the date of notice of the special assessment.
3. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full shall such payments be applied to late charges, interest, and collection expenses, including attorneys' fees, unless the owner indicates the payment is to be applied in a different manner, or the owner and the Association enter into an agreement providing for payments to be applied in a different manner.
4. Assessments not received within 15 days of the stated due date are delinquent and shall be subject to a late charge of \$10.00 or 10% of the delinquent assessment, whichever is greater.
5. An interest charge at the rate of 12% per annum will be assessed against any outstanding balance, including delinquent assessments, late charges and costs of collection, which may include attorneys' fees. Such interest charges shall accrue 30 days after the assessment becomes due and shall continue to be assessed each month until the account is brought current.
6. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than 30 days, at the option of the Association, all installments may be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge, interest, and other charges as provided herein.
7. A first notice of past due assessments (an account statement or late letter) will be prepared and mailed after an assessment becomes delinquent.
8. If an assessment is not received within 30 days after the assessment becomes delinquent, the Association or its designee, in the event the account is turned over to a collection agent, will send a pre-lien letter to the owner as required by Civil Code Section 5740(b) (for liens that may record before January 1, 2003) or 5660 (for liens that may record on or after January 1, 2003), by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a fee for the pre-lien letter.

9. Prior to the recording of a lien, homeowners that are delinquent will be sent a “pre-lien” letter that will include an offer by the association to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the pre-lien letter, pursuant to the association’s meet and confer program required by Article 2 (commencing with Section 5900) of Chapter 10 of the Civil Code.
10. If an owner fails to pay the amounts set forth in the pre-lien letter within 30 days of the date of that letter, the Association or its designee will record a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys’ fees, against the owner’s property. Prior to recording of a lien, the Board of Directors will approve the recording of the lien in open session at a regular or special board meeting.

The owner will be charged for the fees and costs of preparing and recording the lien. Thirty days following recordation of the lien, the lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure. (Civil Code Sections 5673, 5675, 5700, 5705, 5710, 5715 and 5720)

11. An owner is entitled to inspect the Association’s accounting books and records to verify the amounts owed pursuant to Corporations Code Section 8333.
12. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interest, and costs of collection associated with collection of those assessments.
13. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Generally, the Board will accept a payment plan when a lien is already in place or when the owner agrees to allow a lien to be recorded against the owner’s property and the payment plan requires payment in full (including all assessments, interest, late charges, costs of collection and attorneys’ fees) within 90 days. The payment plan should be in writing and signed by the owner. The Association or its collection agent may charge a fee for the monitoring of an approved payment plan.
14. Nothing herein limits or otherwise affects the Association’s right to proceed in any lawful manner to collect any delinquent sums owed to the Association.
15. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including attorneys’ fees, must be paid in full to the Association.
16. All charges listed herein are subject to change upon thirty 30 days’ prior written notice.
17. The mailing address for overnight payment of assessments is:

Islay Pointe Villas Homeowners Association
2540 Professional Parkway
Santa Maria, CA 93455

18. The association may not foreclose unless delinquent assessments are greater than \$1,800 or greater than one year in arrears.
19. Prior to commencing foreclosure, the association will offer to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the offer of such informal dispute resolution, pursuant to the association's meet and confer program required by Article 2 (commencing with Section 5900) of Chapter 10 of the Civil Code and will also offer to engage in formal alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 5925-5965.
20. Prior to commencement of foreclosure, the Board of Directors will approve the foreclosure in executive session and note the approval in the regular minutes of the association without identification of the name of the individual.
21. All foreclosures shall be subject to a ninety (90) day right of redemption.
22. Owners are entitled to give the association a secondary address for both fiscal matters and collection matters. Fiscal second address notices may be served on the association by facsimile or first-class mail. Collection second address notices must be served on the association in a way that shows that the association received it. (i.e., Fed Ex, certified, or registered mail.) The owner must state, in writing, what the second address is to be used for, i.e., fiscal or collection second address.

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 of 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 area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

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

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

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

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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

ARCHITECTURAL REVIEW PROCEDURE

In compliance with Civ. Code 4765 the Association has adopted the following Architectural Review Procedure. This procedure applies to all owners interested in making any change to the exterior of their unit, the common area, satellite dishes, solar panels, and any other change that the governing documents of the Association requires to be reviewed for approval. This procedure does not replace any other architectural rule or policy that is in the governing documents of the association.

1. All owners must submit their architectural applications to the Association's management company only. All applications will be date stamped by the management company on the day they are received.
2. The Association's Board of Directors shall render a decision within 30 days of the date the application was received by the management company. If the Board of Directors requires additional information, the tolling of the 30-day decision period will cease until the Board receives all the information they require to make a decision.
3. A decision on a proposed change (application) shall be made in good faith and may not be unreasonable, arbitrary, or capricious.
4. A decision on a proposed change shall be consistent with any governing provision of law, including, but not limited to, the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code, or a building code or other applicable law governing land use or public safety.
5. A decision on a proposed change shall be in writing. If a proposed change is disapproved, the written decision shall include an explanation of why the proposed change is disapproved. The Board of Directors is not required to reconsider a decision made by the Board of Directors or a body that has the same membership as the Board of Directors, at a meeting that satisfies the requirements of Article 2 (commencing with Section 4900) of Chapter 6 of the Civil Code. Reconsideration by the board does not constitute dispute resolution within the meaning of Section 5905 of the Civil Code.
6. Some of the changes that require association approval are any change to the exterior of your unit, landscaping, use of common areas, fences, walls, and drainage. Please refer to Section 7.9 of your CC&Rs for a complete description of changes requiring association approval. Contact your community association manager for assistance.

Please submit all applications for a proposed change to:

The Management Trust
1400 Madonna Rd
San Luis Obispo, CA 93405