

August 19, 2025

VIA GENERAL DELIVERY

To: Members of Palm Valley Homeowners Association, Inc.

Re: Transfer Fees When Selling Property

Dear Homeowner:

The Palm Valley Homeowners Association, Inc.'s ("Association") Board of Directors ("Board") is providing this courtesy notice in response to questions received from members regarding the recent small claims case involving the 2025 Capital Fund Assessment of \$9,536 ("Transfer Fee"). This is the amount an Association member is required to pay to the Palm Valley Country Club's ("Club") owner upon an owner selling their separate property. This letter is provided for informational purposes only.

Background

The Association's CC&Rs¹ grant every homeowner certain use rights in the Club facilities, called a "Maintenance Easement" (CC&Rs, Sec. 3.3.). The CC&Rs also state that when a Condominium is sold, the Maintenance Easement is transferred to the purchaser of his or her Condominium and a fee is to be paid to the Club's owner. If the fee is not paid, the Club has the right to suspend or terminate the Maintenance Easement until payment is made.

The Association is aware that, in at least one small claims court case, a selling owner challenged the Transfer Fee and obtained a judgment in their favor. The Association was not a party to that case, and small claims rulings do not apply to other owners or establish binding precedent for the community.

Association's Role

The Association has been advised by legal counsel that it is not a party to the Transfer Fee arrangement. Any obligation to pay such Transfer Fee, if any, is solely between the selling owner and the Club's owner. The Association does not have authority to enforce, waive, or contest the Transfer Fee and cannot expend Association resources to do so.

Any Association member seeking clarification regarding the Transfer Fee and the CC&Rs should retain legal counsel to provide legal guidance. The Association cannot provide legal advice to owners or third parties.

¹ First Restated Declaration of Covenants, Conditions and Restrictions of Palm Valley Homeowners Association, Inc., recorded on September 16, 2014, as Document No. 2014-0351112, in the Official Records of the County of Riverside ("CC&Rs").

Owner's Obligations

Owners are responsible for making any required disclosures pertaining to their separate property to prospective purchasers or lenders. This letter is provided for informational purposes only and should not be considered a disclosure on behalf of any owner.

Sincerely,
Your Board of Directors,

Jack Boysen – President/Treasurer
Marjorie Fieldman – Vice President
Neil Machlis
Nesim Cohen
Eddie Munoz
Ravi Lai
Jay Cathcart