

**IMPORTANT HOMEOWNER NOTICE**  
**(MINUTES)**

Please be advised that California Civil Code Section 1363.05 requires that the Association notify all owners of their right to have copies of the minutes of meetings of the Association's Board of Directors.

The minutes, minutes proposed for adoption that are marked to indicate draft status or a summary of the minutes, of any meeting of the board of directors of the Association, other than executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary of minutes shall be distributed to any member of the Association upon request and upon reimbursement of the Association's costs for making that distribution.

To obtain a copy of the minutes, proposed minutes or summary of minutes, please contact the Association secretary .

**IMPORTANT HOMEOWNER NOTICE**

**SUMMARY OF  
INTERNAL DISPUTE RESOLUTION PROCESS  
AND  
ALTERNATIVE DISPUTE RESOLUTION PROCEDURES**

**I. ASSOCIATION'S INTERNAL DISPUTE RESOLUTION PROCESS.**

In accordance with Civil Code Section 1363.810 et seq., the Association has adopted the following internal dispute resolution process to be followed by the Association and owners in connection with disputes relating to the enforcement of the Association's governing documents, the Davis-Stirling Common Interest Development Act (Civil Code Section 1350 et seq.) and Section 7110 et seq. of the Nonprofit Mutual Benefit Corporation Code (collectively, the "Disputes").

Either party to a Dispute 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) An owner 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 a member of the Board to meet and confer.
- (4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
- (5) 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.
- (6) The agreement reached binds the parties and is judicially enforceable if both of the following conditions are satisfied: (a) The agreement is not in conflict with law or the governing documents of the common interest development or association; and (b) 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."

Please note that a member of the association may not be charged a fee to participate in the process.

## **II. ALTERNATIVE DISPUTE RESOLUTION ("ADR")**

Please be advised that California Civil Code Section 1369.510 et seq. requires that the Association and owners endeavor to submit certain types of disputes to ADR prior to initiating a lawsuit. This notice merely provides a summary of the statute. If there is a dispute which may require ADR pursuant to Civil Code Section 1369.510 et seq., please review all of the provisions of the statute or seek your own independent legal counsel.

### **PARTIES BOUND BY THE STATUTE**

The parties required to comply with the new statute are the Association (through the Board of Directors) and any owners of record.

### **DISPUTES SUBJECT TO THE STATUTE (QUALIFYING DISPUTES)**

Section 1369.520 provides that the Association or owners may not file an enforcement action in the Superior Court unless the parties have endeavored to submit their dispute to ADR. An "enforcement action" is defined as a civil action or other proceeding for any of the following purposes:

- 1) Enforcement of the Davis-Stirling Common Interest Development Act (Civil Code Section 1350 et seq.);
- 2) Enforcement of the California Nonprofit Mutual Benefit Corporation law, commencing with Corporations Code Section 7110.
- 3) Enforcement of the Association's governing documents.

Where, however, an owner has a private dispute with another owner or a tenant, or the Board has a dispute with a third party such as a landscaper, such a dispute is not within the confines of the statute.

### **DISPUTES SPECIFICALLY EXCLUDED FROM THE STATUTE**

The ADR statute 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 \$5,000. The following types of disputes are specifically excluded from being required to resort to ADR:

- 1) A Small Claims action;
- 2) Assessment collection, except as provided for in Civil Code Section 1366.3;
- 3) Claims for money damages in excess of \$5,000.00 in conjunction with a claim for declaratory, injunctive or writ relief;
- 4) Actions for preliminary or temporary injunctive relief; and
- 5) The filing of a cross-complaint in response to a complaint already filed.

### **COMPLIANCE PROCEDURES**

A. INITIATING PARTY. The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party a "Request for Resolution" including the following information and language:

- 1) A brief description of the dispute;
- 2) A request that the matter be submitted to ADR;
- 3) A notice that the party receiving the Request for Resolution (the "Responding Party") is required to respond thereto within thirty (30) days of receipt or it will be deemed rejected.
- 4) If the party on whom the Request is served is an owner, a copy of Civil Code Section 1369.510 et seq.

B. SERVICE. A Request for Resolution may be served by personal delivery, first-class mail, express mail, facsimile transmission or other means reasonably calculated to provide the Responding Party actual notice of the Request.

### **COMPLIANCE PROCEDURES (continued)**

C. **RESPONDING PARTY'S OBLIGATION.** Upon receipt of a Request for Resolution the Responding Party, whether the Association or an owner, has thirty (30) days in which to either accept or reject the Request. In the event no such response is received, the Request is deemed "rejected."

D. **TIME FOR COMPLETION OF ADR.** Where the Request is accepted, the parties must complete the ADR within ninety (90) days of receipt of the acceptance. However, the parties can stipulate in writing to extend this period.

E. **COST OF ADR.** The cost of ADR shall be borne by the parties.

F. **TOLLING OF STATUTE OF LIMITATIONS.** If a Request for Resolution is served before the end of the applicable statute of limitations, the time limitation is tolled for certain periods specified in Civil Code Section 1369.550.

G. **CERTIFICATE.** In the event that a lawsuit is eventually commenced, the party filing must file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (1) Alternative dispute resolution has been completed in compliance with 1369.510 et seq.; (2) One of the parties to the dispute did not accept the terms offered for alternative dispute resolution; or, (3) preliminary or injunctive relief is necessary.

### **CONSEQUENCES FOR FAILURE TO COMPLY WITH THE ADR LAW**

The failure to file the aforementioned certificate with the Court is grounds for a demurrer or motion to strike unless the Court finds that dismissal of the action for failure to comply would result in substantial prejudice to one of the parties. Additionally, in awarding attorneys' fees and costs, a court may consider whether a party's refusal to participate in ADR before commencement of the enforcement action was reasonable. As a result, it is important to seek independent counsel in the event that you, as an owner have further questions.

Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 1369.520 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.

The preceding summary has been provided in accordance with Civil Code Section 1369.590.

### **DISCLOSURE REGARDING APPROVAL NEEDED TO MAKE PHYSICAL CHANGES TO PROPERTY**

No owner shall, at his own expense or otherwise, make any alteration, addition or modification to the building in which the unit is located or to any part or portion of the common area without the prior written approval of the Board of Directors.

**Collection Policy**  
**HARBOR TERRACE HOA**  
**November 15, 2006**

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 under the Declaration of Covenants, Conditions and Restrictions (CC&R's) and the California Civil Code to enforce the members' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&R's, and Civil Code Sections 1365 (d) & 1367.1, 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.
2. Regular monthly assessments are due and payable on the first day of each month. A courtesy billing statement is sent each month to the billing address on record with the Association. However, it is the owner of record's responsibility to pay each assessment in full each month regardless of whether a statement is received. All other assessments, including special assessments, are due and payable on the date specified by the Board on the notice of the special assessment (which notice will be sent by first class mail); The due date will not be less than thirty (30) days after the date of the notice of special assessment is mailed.
3. Assessments not received within 15 days of the due date are delinquent and shall be subject to a late charge of ten percent (10%) for each delinquent assessment per unit.
4. An interest charge at the rate of 12 % per annum will be assessed against any outstanding balance, including delinquent assessments, and cost of collection, which may include attorneys' fees. Such interest charges shall accrue thirty (30) days after the assessment becomes due and shall continue to be assessed each month until the account is brought current.
5. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.
6. If an assessment is not received within sixty (60) days after the assessment becomes due, 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 1367.1(a) by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a fee for the pre-lien letter.
7. If an owner fails to pay the amounts set forth in the pre-lien letter within thirty (30) days of the date of that letter, a lien will be recorded for the amount of any

delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees against the owner's property. The owner will be charged for the fees and costs of preparing and recording the lien. Thirty (30) 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.

8. 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, including small claims court at the discretion of the Board.

9. 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.

10. All charges listed herein are subject to change upon thirty (30) days' prior written notice.

390 N. Area Ste A Bldg, CA 91101

Homeowners' Association Certification

Project Name: [Redacted]

Address: [Redacted]

Association's Name: Hacienda Homeowners' Association, Inc.

Management Company: Self Managed

Total number of legal phases ..... 1

Subject unit is in phase?..... 1

Are all common elements and facilities substantially complete? ..... Yes

Is the project subject to additional phasing or add-ons? ..... No

Is the project a conversion of an existing building?..... No

Date control of the HOA transferred from the developer to the unit owners ..... 1974

Total number of units in this project? ..... 100

Number of units sold and closed? ..... 100

Number of units rented?..... 17

Number of units owned as a second home? ..... 3

Does any one person or entity own more than one unit?..... No

Are more than 10% of the unit owners more than one month delinquent in their HOA dues?\*

..... Yes

How many units are over 30 days delinquent?..... 12

Are there any pending special assessments?..... Yes

Is the HOA involved in any litigation?..... No

Are there any adverse environmental factors affecting the property?..... No

Does the owners' association have a reserve fund separate from the operating account?.. Yes

Does the HOA receive monthly bank statements on these accounts? ..... Yes

How many members of the Board of Directors must sign checks written on the reserve account?

..... 2

Total income budget for this year? ..... \$212,000

Total reserves budgeted for this year? ..... \$20,000

Do the project legal documents include any restrictions on sale which would limit the free transferability of title?..... No

Is the unit part of a legally established condominium project in which common areas are owned jointly by unit owners? ..... Yes

Are the units owned in fee simple or leasehold?..... Fee Simple

Are the amenities and recreational facilities owned by the HOA? ..... Yes

If a unit is taken over in foreclosure or deed-in-lieu, is the mortgagee responsible for the delinquent HOA dues? ..... Yes

Does the property operate as a resort hotel?..... No

Is any part of the project used for commercial purposes? ..... No

**INSURANCE**

Is HOA named insured on the master insurance policy? ..... Yes

Are common elements insured to 100% replacement cost?..... Yes

Coverage?..... \$9,388,468

Deductible..... \$1,000

Expiration date?..... June 1<sup>st</sup>

Are units or common improvements located in a flood zone? ..... No

Is the HOA insured for general liability? ..... Yes

Amount per occurrence? ..... \$1,000,000

Is the HOA insured for fidelity bond?..... Yes

Amount? ..... \$100,000

Minimum number of days required for written notification to be given to HOA or insurance trustee before any substantial changes or cancellations of the project coverage:..... 30

Insurance Agent:..... Berg Insurance Agency, Inc

Address:..... 23651 Birtcher Drive, Lake Forrest CA 92630

Telephone:..... (949) 830-4590

Items marked with an \* change month to month. These numbers were current when this form was prepared. For the current numbers, fax a legible request to the HOA office.

**HOMEOWNERS ASSOCIATION, INC.**  
**INSURANCE DISCLOSURE STATEMENT**  
*(As required by California Civil Code)*

Unless otherwise noted:

The name of the Insurance Company is: Farmers Insurance

The name of the Insurance Agent is

The policy term is June 01, 2005 through June 01, 2006

1. Property Coverage:
  - The policy limits of the insurance: \$9,515,968.00
  - The amount of deductibles, if any: \$ 1,000.00
  
2. General Liability Insurance:
  - The policy limits of the insurance: \$ 2,000,000.00
  - The amount of deductibles, if any: \$ 0
  
3. Fidelity Coverage:
  - The policy limits of the insurance: \$ 100,000.00
  - The amount of deductibles, if any: \$ 1,000.00

Unless otherwise noted:

The name of the Insurance Company is: Redlands Insurance Company

The policy term is August 10, 2005 through August 10, 2006

4. Earthquake Insurance:
  - The policy limits of the insurance: \$ 9,626,368.00
  - The amount of deductibles, if any: \$ 10%, minimum \$25,000.00
  
5. Flood Insurance:
  - The policy limits of the insurance: \$ 9,626,368.00
  - The amount of deductibles, if any: \$ 25,000.00

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

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
05/27/2004

PRODUCER

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

## INSURERS AFFORDING COVERAGE

- (A) FARMERS INSURANCE EXCHANGE
- (B) STATE COMPENSATION INSURANCE FUND
- (C) RLI/GREAT AMERICAN OF NY

INSURED

LAWNDALE, CA 90260

## COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INS LTR	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJ <input type="checkbox"/> LOC	602322489	06/01/	06/01/	EACH OCCURRENCE	\$2,000,000
					FIRE DAMAGE (Any one fire)	\$75,000
					MED EXP (Any one person)	\$5,000
					PERSONAL & ADV INJURY	\$2,000,000
					GENERAL AGGREGATE	\$4,000,000
					PRODUCTS - COMPO P AGG	\$2,000,000
A	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	602322489	06/01/	06/01/	COMBINED SINGLE LIMIT (Ea accident)	\$2,000,000
					BODILY INJURY (Per person)	
					BODILY INJURY (Per accident)	
					PROPERTY DAMAGE (Per accident)	
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT	
					OTHER THAN AUTO ONLY	EA ACC AGG
	UMBRELLA OCCUR CLAIMS  DEDUCTIBLE RETENTION				EACH OCCURRENCE	
					AGGREGATE	
B	WORKERS COMPENSATION & EMPLOYER'S LIABILITY	156739303	10/01/	10/01/	<input checked="" type="checkbox"/> WC LIMITS OTHER	
					EL EACH ACCIDENT	\$1,000,000
					EL DISEASE - EACH EMPLOYEE	\$1,000,000
					EL DISEASE - POLICY LIMIT	\$1,000,000
A	OTHER Building	602322489	06/01/	06/01/	\$9,515,968	\$1,000 Ded
A	Directors/Officers	602322489	06/01/	06/01/	\$2,000,000	\$500 Ded
C	Earthquake	RQE021254	08/10/	08/10/	\$9,548,860	10% Ded
A	Fidelity	602322489	06/01/	06/01/	\$100,000	\$1,000 Ded

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Extended Replacement Cost Endorsement Included up to 125%

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, IT'S AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

ACORD 25 (7/97)