

EUCALYPTUS GROVE HOMEOWNERS' ASSOCIATION

FINANCIAL & BUDGET

	2010	"Projected"			
	BUDGET	2009	2008	2007	2006
		ACTUAL	ACTUAL	ACTUAL	ACTUAL
-- REVENUES --					
OWNER ASSESSMENTS	\$816,240.00	\$816,240.00	\$815,728.80	\$730,416.44	\$628,071.54
SPECIAL ASSESSMENT	0.00	0.00	0.00	0.00	25,857.36
INTEREST INCOME	8,500.00	8,700.00	13,784.13	13,263.20	25,840.33
OTHER INCOME	0.00	1,300.00	106,909.25	2,791.44	10,650.00
TOTAL REVENUE	\$824,740.00	\$826,240.00	\$936,422.18	\$746,471.08	\$690,419.23
-- EXPENDITURES --					
CLEANING	\$12,000.00	\$12,000.00	\$9,405.00	\$10,970.00	\$13,984.00
ELECTRIC	23,000.00	20,000.00	20,809.92	21,738.22	20,342.88
LANDSCAPING	63,000.00	62,000.00	61,020.00	54,035.00	55,020.00
LANDSCAPING SUPPLY/EXTRAS	24,000.00	12,000.00	8,625.15	12,340.15	15,608.69
MANAGEMENT	26,772.00	26,244.00	24,756.00	23,916.00	22,668.00
PAINTING	1,000.00	1,000.00	600.93	349.00	3,775.00
POOL MAINT & SUPPLIES	12,500.00	11,000.00	19,215.79	15,936.69	10,234.22
POOL HEATING (GAS)	10,000.00	7,000.00	7,041.47	7,388.95	7,334.66
REPAIRS & MAINT	50,000.00	40,000.00	31,922.83	30,877.75	36,561.76
RUBBISH REMOVAL	53,000.00	52,000.00	49,124.43	49,789.03	48,036.54
PATROL/ALARM SERVICES	2,500.00	0.00	0.00	0.00	1,008.00
SUPPLIES	5,000.00	5,700.00	4,519.61	3,468.55	2,942.53
WATER & SEWER	25,000.00	25,000.00	25,897.33	24,300.52	17,029.26
INSURANCE	110,000.00	103,000.00	102,022.99	128,213.28	135,133.07
PEST CONTROL	2,000.00	500.00	466.00	619.00	1,447.00
PROFESSIONAL FEES	5,000.00	10,000.00	2,784.30	8,888.58	16,029.31
TELEPHONE (ENTRY GATE)	500.00	500.00	441.58	427.38	387.51
TAXES	3,000.00	3,469.00	829.00	8,563.00	1,764.00
MISCELLANEOUS	3,000.00	1,500.00	2,085.18	2,099.46	4,010.96
TOTAL OPERATING EXPENSES	\$431,272.00	\$392,913.00	\$371,567.51	\$403,920.56	\$413,317.39
Plus: Amount Added to Reserve	393,468.00	433,327.00	564,854.67	342,550.52	277,101.84
TOTAL FUNDS NEEDED	\$824,740.00	\$826,240.00	\$936,422.18	\$746,471.08	\$690,419.23
CHANGE IN RESERVE:					
Total Funding	\$824,740.00	\$826,240.00	\$936,422.18	\$746,471.08	\$690,419.23
Less: Operating Expenses	(431,272.00)	(392,913.00)	(371,567.51)	(403,920.56)	(413,317.39)
Reserve Expenditures	(460,100.00)	(160,000.00)	(186,776.66)	(378,505.22)	(538,809.74)
NET RESERVE Increase (Decrease)	(\$66,632.00)	\$273,327.00	\$378,078.01	(\$35,954.70)	(\$261,707.90)

Item #1. MONTHLY FEES: In order to meet this budget, the monthly fees (assessments) will be:

(179 Units-13 Bldgs) **\$380.00 EFFECTIVE JANUARY 1, 2010**
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Note: Units paying fees after the 30th day of the Month, will be charged a late charge of 1.5% of the outstanding balance

Item #2. SPECIAL ASSESSMENT: No Special Assessment is anticipated in 2010.

"Projected"

Item #3. FUNDS AVAILABLE:

12/31/09	Community West Bank	\$241,700.00			
	CDAR's Accounts	630,000.00			
	Operating Account	5,000.00	TOTAL	\$876,700.00	=====

Item 4. MAJOR REPAIRS AND REPLACEMENTS: The following cost estimates and reserve analysis is based on a reserve study which is reviewed by the Board of Directors each year to account for inflation and planning changes:

ITEM-Expected Life	EXPECTED		EXPECTED COST	RECOMMENDED		BALANCE NEEDED	2010 ADDITIONS	PROJ. BAL. 12/31/10
	LIFE	DATE DUE		IN RESERVE 12/31/09				
Roof Shingle (3 Bldgs)	25	2010	66,000	66,000	0	(63,360)	2,640	
Foundation Repair	30	2010	195,000	195,000	0	(188,500)	6,500	
Paint Metal Fence & Rail	3	2010	6,400	6,400	0	(4,267)	2,133	
Termite Fumigation (Bal)	15	2010	19,100	19,100	0	(17,827)	1,273	
Stair Landing Reseal	4	2010	11,000	11,000	0	(8,250)	2,750	
Paint Wood/Metal Trim	4	2010	74,200	74,200	0	(55,650)	18,550	
Gate Operator (Slide)	10	2010	2,800	2,800	0	(2,520)	280	
Cabana Water Htr.	12	2010	2,700	2,700	0	(2,475)	225	
Pool Pump	6	2010	800	800	0	(667)	133	
Spa Pumps	6	2010	1,700	1,700	0	(1,417)	283	
Gate Operator (Slide)	10	2010	2,800	2,800	0	(2,520)	280	
Paint Carports	6	2010	76,300	76,300	0	(63,583)	12,717	
Spa Filter	12	2010	1,300	1,300	0	(1,192)	108	
Roof Shingle (5 Bldgs)	25	2011	110,000	105,600	4,400	4,400	110,000	
Tree Trimming	3	2012	15,900	5,300	10,600	5,300	10,600	
Paint - Wood Siding	6	2012	152,600	101,733	50,867	25,433	127,167	
Mailbox Pagodas	15	2012	12,700	11,007	1,693	847	11,853	
Lights-Street Fixtures	28	2012	22,300	20,707	1,593	796	21,504	
Asphalt Overlay	28	2013	190,000	169,643	20,357	6,786	176,429	
Asphalt Seal Coat/Repair	4	2013	22,900	5,725	17,175	5,725	11,450	
Paint Front Wood Fence	6	2013	6,400	3,200	3,200	1,067	4,267	
Spa Retile	30	2014	5,300	4,593	707	177	4,770	
Stair Rails (3.5')	30	2014	11,700	10,140	1,560	390	10,530	
Metal Pool Fence (6')	30	2014	6,500	5,633	867	217	5,850	
Cabana Floor & Wall Tile	30	2014	10,300	8,927	1,373	343	9,270	
Termite Fumigation (760¢	15	2014	6,400	4,693	1,707	427	5,120	
Termite Fumigation (763¢	15	2015	6,400	4,267	2,133	427	4,693	
Spa Heater	8	2016	4,000	1,000	3,000	500	1,500	
Pool Filter	12	2016	1,400	700	700	117	817	
Pool Heater	10	2016	3,500	1,400	2,100	350	1,750	
Sauna Heater	15	2016	2,700	1,620	1,080	180	1,800	
Termite Fumigation (763¢	15	2016	6,400	3,840	2,560	427	4,267	
Stair Landing Resurface	20	2017	44,100	28,665	15,435	2,205	30,870	
Bridge Repair	15	2017	10,600	5,653	4,947	707	6,360	
Termite Fumigation (762¢	15	2017	6,400	3,413	2,987	427	3,840	
Siding Replacement	20	2017	636,000	413,400	222,600	31,800	445,200	
Sub-Totals			\$1,754,600	\$1,380,960	\$373,640	(\$323,181)	\$1,057,779	

Sub-Totals (Previous Pg):			1,754,600	1,380,960	373,640	(323,181)	1,057,779
Pool Tile/Coping	20	2018	5,300	3,180	2,120	265	3,445
Pool Replaster	10	2018	10,600	2,120	8,480	1,060	3,180
Exercise Room Equip.	15	2024	6,400	427	5,973	427	853
Concrete Replacement	30	2039	70,000	2,333	67,667	2,333	4,667
Roof - Metal Carport	30	2018	159,000	116,600	42,400	5,300	121,900
Termite Fumigation (7632)	15	2018	6,400	2,987	3,413	427	3,413
Split Rail Fence	35	2019	5,700	4,234	1,466	163	4,397
Termite Fumig. (7602)	15	2019	6,400	2,560	3,840	427	2,987
Termite Fumig. (7610)	15	2019	6,400	2,560	3,840	427	2,987
Intercom	15	2021	4,000	1,067	2,933	267	1,333
Card Readers/Buzzers	15	2021	4,200	1,120	3,080	280	1,400
Termite Fumigation (7636)	15	2022	6,400	1,280	5,120	427	1,707
Termite Fumigation (7640)	15	2022	6,400	1,280	5,120	427	1,707
Slide Gates	25	2022	6,400	3,328	3,072	256	3,584
Termite Fumigation (7624)	15	2023	6,400	853	5,547	427	1,280
Gutters/Downspouts	20	2024	37,100	11,130	25,970	1,855	12,985
Front Wood Fence	20	2027	19,100	2,865	16,235	955	3,820
Siding Replacement	20	2028	106,000	10,600	95,400	5,300	15,900
Roof Shingle 7624 & 28	25	2031	40,000	6,400	33,600	1,600	8,000
Roof Shingle 7626, 30 & 32	25	2031	63,600	10,176	53,424	2,544	12,720
Cabana Sauna/Bath Remodel	26	2034	5,300	408	4,892	204	612
Reserve Surplus (Shortage)				(664,184)	664,184	240,829	(423,355)
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TOTALS			\$2,335,700	\$904,284	\$1,431,416	(\$56,984)	\$847,300

Item #5: Ratio of actual cash reserves on hand to estimated cash reserves currently required	57.7%	Projected Ratio at Year-End	66.7%
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Item #6: Reserve Shortage per unit:	(\$3,710.52)	(\$2,365.11)
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Item #7: Reserve Projections at year-end for next five years:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Estimated Required in Reserve	\$1,270,655	\$1,322,942	\$1,281,729	\$1,224,716	\$1,346,804
Based on Current Funding:					
Net Change In Reserves	(56,984)	283,468	189,968	174,168	353,268
Projected Reserve Balance	847,300	1,130,768	1,320,736	1,494,904	1,848,172
Projected Percentage Funded	66.7%	85.5%	103.0%	122.1%	137.2%
Based on Plan Being Implemented:					
Net Change In Reserves Per Plan	(56,984)	283,468	150,961	(57,013)	122,088
Projected Balance Per Plan	847,300	1,130,768	1,281,729	1,224,716	1,346,804
Projected Percentage Per Plan	66.7%	85.5%	100.0%	100.0%	100.0%

Item #8: Reserve Funding Plan: The Board of Directors has adopted a plan to fully fund the reserves with increases in assessments and/or special assessments as needed. In the event of a surplus, the Board will reduce assessments as needed to eliminate the surplus in an orderly fashion. Increases or decreases in assessments shall be effective annually on January 1st in an amount adequate to meet increased operating costs and to fund the reserves.

NOTES:

IN 2006:

1. New gate system installed with new openers & access cards (\$9,700-Openers were paid by assoc & sold to members).
2. Various trees trimmed throughout complex (Approx \$5,600).
3. Utility doors at 7634 replaced (Approx \$1,200).
4. Creekbed outlet #2 renovated (Approx \$8,800).
5. Exit gate damaged by unknown car replaced (Approx \$3,000).
6. Pool heater replaced (Approx \$3,300).
7. Carport roofs cleaned (Approx \$4,200).
8. Bender boards replaced throughout complex (Approx \$3,400).
9. Reroofed 7626, 7630, & 7634 (Approx \$54,400).
10. Dryrot & siding repaired or replaced at units #228, 229, 230, 231, 232, 236, 240, 245, 248, 249, 250, 251, 252, 328, 329, 330, 331, 332, 334, 335, 336, 337, 338, 340, 341, 345, 348, 349, 350, 351, 352, 353, 358, 359, 370, & 372 (Approx \$453,200).
11. The cost of earthquake insurance increased dramatically due to its general unavailability. The unexpected cost was borrowed from reserves which the Board voted to replace over three years.

IN 2007:

1. Bldgs 7636 & 7640 were fumigated for termites (Approx \$11,500).
2. Fence along Hollister Avenue replaced (Approx \$30,000).
3. Reserve Study done by JD Brooks (\$1,100).
4. Plants and irrigation installed on creekside of 7628 (Approx \$1,630).
5. Dryrot repaired at 202, 206, 207, 208, 209, 216, 217, 220, 244, 268, 271, 272, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 316, 317, 344, 368, 371, & 372. Replaced siding was painted. (Approx \$273,000).
6. The Board modified the reserve study by moving part of the roofing to 2008, increasing siding replacement reserves, changing the dates for exercise equipment and painting wood siding, & adding a reserve for concrete replacement.
7. Leaks under pool deck repaired (Approx \$2,200).
8. Dryrot repaired at #248, 259, 313, 348, 359, & 362 (Approx \$65,200).
9. Trees pruned around buildings & 8 new trees planted (Approx \$3,500).
10. Carport at 7634 hit by car. Repair cost reimbursed by insurance company (Approx \$4,500).

IN 2008:

1. Bldg 7624 fumigated for termites (Approx \$4,900).
2. Large Eucalyptus tree removed (Approx \$4,600).
3. Jacuzzi heater replaced (Approx \$3,800).
4. Trees trimmed throughout complex (Approx \$6,000).
5. New chemtrol installed for pool (Approx \$3,600).
6. Pool resurfaced, coping replaced & drains split (Approx \$22,300).
7. Majority of pool deck replaced (Approx \$10,000).
8. Wood in sauna replaced (Approx \$5,400).
9. Settlement received from Forester on siding (Approx \$103,900).
10. Dry rot repaired & painted at units #104, 207, 210, 211, 212, 219, 220, 257, 307, 308, 309, 310, 311, 312, 319, 333, 357, 366, & 367 (Approx \$107,000).
11. Projected cost of Major Repairs & Replacements increased by 6% to anticipate increases due to inflation.
12. Jacuzzi brought up to code-new drains & rails (Approx \$2,300).
13. Dry rot repaired at #205 back balcony (Approx \$19,000).

IN 2009:

1. Preventive maintenance performed on all roofs (Approx \$4,000).
2. Building 7628 reroofed (Approx \$22,600).
3. Woodchips spread throughout common area (Approx \$1,600 for supplies only).
4. Raised concrete replaced at 7264, 7626, 7630, 7632, 7634, 7638, & 7640 (Approx \$8,600).
5. Building 7624 reroofed (Approx \$15,600).
6. Elliptical exercise machine & weights replaced (Approx \$1,100).
7. Trees trimmed throughout complex (Approx \$6,400).
8. Dryrot repaired at #214, 217, 313, 323, 234, 325, 339, 342, 343 & 363 and carport facia at 234 & 334 and a number of trash enclosures (Approx \$48,000).
9. Lumber & siding material purchased for dryrot project (Approx \$6,400).

10. Repaired dryrot areas painted (Approx \$5,700).
11. Asphalt slurry sealed (Approx \$42,000).
12. Structural & soil engineers hired to investigate 7606 foundation (Approx \$6,000).
13. Temporary supports installed for foundation of 7606 (Approx \$1,200).

Item #9. INSURANCE: California Civil Code Section 1365 requires an annual insurance disclosure of the Association's insurance as follows:

GENERAL LIABILITY INSURANCE:

Company: Allstate Insurance Company
Coverage: \$2,000,000 Per Occurrence
Umbrella: \$1,000,000 Per Occurrence

Anniversary Date: November 15th

Deductible: None

Anniversary Date: March 5th

PROPERTY INSURANCE: Coverage: \$27,899,000

Company: Allstate Insurance Company

Anniversary Date: November 15th

Deductible: \$10,000

EARTHQUAKE INSURANCE: Coverage: \$30,466,890

Company: Empire Insurance, Princeton E&S, & Lloyds of London
Deductible: 5% of Total Insurable Value

Anniversary Date: November 15th

FIDELITY INSURANCE: Coverage: \$150,000

Company: Allstate Insurance Company

Anniversary Date: November 15th

Deductible: \$250

FLOOD INSURANCE: The Association has none.

This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 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 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 coverage.

REQUIRED DISCLOSURES:

ASSESSMENT & RESERVE FUNDING DISCLOSURE SUMMARY: (Required by Civil Code Section 1365.2.5)
Item #'s are found on the first few pages.

- (1) The current assessment per unit is as per **Item #1**.
- (2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members are as per **Item #2**.
- (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**, provided the schedule as per **Item #4** is adequately funded by regular or special assessments. If there is a shortage in reserves, the amount of that shortage on a per unit basis is shown as per **Item #6**.
- (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? Not Applicable.
- (5) All major components are included in the reserve study and are included in its calculations. See schedule as per **Item #4**.
- (6) As of the last reserve study or update, the current balance in the reserve fund is as per the schedule at **Item #4**. Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the required amount in the reserve fund is as per the schedule at **Item #4**.
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years, the projected balance in each of the years taking into account only assessments already approved along with other known revenues, the projected percentage of funding, the projected balance if the funding plan approved by the association is implemented, and the projected percentage of funding if the plan is implemented are all shown per the schedule at **Item #7**.

NOTE: (a) The financial representations set forth in this summary are based on the best estimates of the preparer at that time. These estimates are subject to change. (b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 1365.5. 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 pro forma operating budget or summary thereof that is delivered pursuant to this article. 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.

EUCALYPTUS GROVE - Required Disclosures (Cont)

ASSESSMENT & RESERVE FUNDING DISCLOSURE SUMMARY (Cont.):

(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. The information contained in this disclosure is a **PROJECTION ONLY**. Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as (i) future inflation rates, (ii) levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement while others may cost more.

MINUTES & NAMES AVAILABLE: Each year the Association is required to disclose that minutes for all Association or Directors' meetings, and a list of owners are available to all owners. The cost, if any, of providing copies of the minutes and owners' list is to be paid by the requester.

DELINQUENCY & LIEN POLICY: Unless otherwise stated all fees and assessments (including special assessments) are due on the first day of each month, in advance, and shall be delinquent 30 days after the due date. A late charge of 1.5% of the delinquent fee or assessment will be charged and added to the amount due. If fees, assessments, and/or late charges are unpaid at the end of any given month, a lien will be filed against the delinquent unit for the full amount due plus applicable interest, attorney fees, lien filing costs and other costs of collection. If the balance due is not paid within thirty (30) days after the lien is filed, the Association may take any and all actions permitted by law including, but not limited to, filing suit and/or foreclosing the lien.

PRIOR ADR REQUIRED: Each year the association is required to disclose that before an association or member files a lawsuit to enforce the governing documents, (other than for the collection of assessments), the parties must attempt to resolve the dispute by use of Alternative Dispute Resolution. "Failure of any 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 rights to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

INTERNAL DISPUTE RESOLUTION PROCESS: The Association has adopted the procedures as per Section 1363.840 of the Civil Code.

INSURANCE: See summary as per **Item #9**.

MODIFICATIONS REQUIRE PRIOR APPROVAL: Each year the Association is required by Section 1378 of the Civil Code to disclose that all modifications or alterations which alter the common area or the exterior appearance of any structure in any way, require **prior** written approval of the Board of Directors or a designated committee of the Board. In addition, any alterations to the structure of any unit or building or alterations which may impact another owner in any way also require **prior** written approval.

Written requests must be submitted to the Board or designated committee for approval which shall approve, conditionally approve, or reject the request in writing within a reasonable time, but in no event later than ninety days from date of receipt of the request. If denied, the requestor shall be given the opportunity to appeal the decision or ask for reconsideration of the Board at the Board's next regularly scheduled meeting.

The following is a notice required by Civil Code Section 1365.1:

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 nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial 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 nonjudicial foreclosure subject to the conditions set forth in Section 1367.4 of the Civil Code. When using judicial or nonjudicial 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 1366, 1367.1, and 1367.4 of the Civil Code)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code).

The association must comply with the requirements of Section 1367.1 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 1367.1 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 1367.1 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 1367.1 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.

ASSESSMENTS AND FORECLOSURE (Cont):

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who

received it. The association must inform owners of a mailing address for overnight payments. (Section 1367.1 of the Civil Code)

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 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 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 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 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code)

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code)"