

PACIFIC PALMS

Owners' Association, Inc.

November, 2017

Dear Member:

Enclosed are your **ANNUAL DISCLOSURES**. Anytime this document says that further information is available on the Association's web site, www.205.calcal.org, the information can also be sent to you by hard copy upon request. To access documents on the website's Minutes page enter the UserName **p35571415-25** as shown on that web page; then enter the following password: **2052054**

✦ **COMMUNICATIONS** may be sent to the Association in care of the undersigned at the P.O. Box address or email address shown at the bottom of this page. For personal service or overnight delivery, the management company's physical address is: **Pacific Palms HOA c/o ceosd.net, 3737 5th Avenue, Suite 204, San Diego, CA 92103-4217**. The P.O. Box address or email is preferred for the Association's routine business. **Members** may request that certain notices be sent to up to two different addresses pursuant to Civil Code §§5260 and 4040(b). **General Notices** are routinely emailed to Members and are placed on the property at near the mailboxes. **Members** may request general notices by "individual delivery" as described in Civil Code §4040.

✦ **MINUTES + MEETINGS**. Members have a right to obtain copies of Minutes or draft minutes, within 30 days of any Board Meeting (except Executive Session) upon request. The minutes are routinely posted at www.205.calcal.org, but may be requested in hard copy for those without web access. The Board of Directors must meet at least once per quarter to document compliance with Civil Code §5500.

✦ The **2018 BUDGET** for the Association may be found at www.205.calcal.org. No increase in Regular Assessments is budgeted

✦ **RESERVE STUDY** information from the latest study is available at www.205.calcal.org. There has been no decision to defer repairs. Reserves are being funded by a portion of the Regular Monthly Assessments.

✦ **LOANS**. The Association has no outstanding loans.

% ceosd.net

tel:1.855.669.2103 ext 205

P.O. Box 34398 – 205
San Diego, CA 92163-4398

email: 205@ceosd.net

✦ **ADR (Alternative Dispute Resolution) + IDR (Internal Dispute Resolution):** A Member, or the Association, must first offer arbitration, mediation, conciliation, or other nonjudicial procedure prior to litigating an action to enforce the Governing Documents, in seeking injunctive or declaratory relief or in seeking damages. There are limited exceptions. Details are found in Civil Code §§5900 thru 5965. **"Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."**

✦ **INSURANCE SUMMARY.** A copy of the Declarations Pages from the current master insurance policy is on the website Minutes page at www.205.calcal.org in lieu of an Insurance Summary. Members of the Association should be aware of the following details:

The Master Policy has a property damage deductible of \$500.00.

There is no earthquake or flood coverage;

The master policy generally *does not extend to the interior of units* and Members must provide their own insurance coverage for their personal property and for personal liability coverage. Should fixtures in your unit fail (e.g. tub overflow, ice maker line leak, stopped up toilet overflow) you may be liable if water damages the common area or another unit. The Association's master policy does not cover alternate housing, moving and storage expenses, nor loss of owner's personal property from fire or other losses, nor cover owner's liability for injuries on or in the owner's separate interest. Ensure you have your own insurance for your unit.

The following is required by Civil Code §5300(b)(9): **"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."**

✦ **ARCHITECTURAL APPROVAL.** The Association must approve of any physical change to an Owner's Unit. The forms and procedures for this approval may be found at www.205.calcal.org and must be submitted to Management for processing by the Architectural Committee and/or the Board of Directors. Owners must be particularly sensitive to changes to flooring, walls or ceilings. Fire sprinkler head and fire alarm sounders must not be painted over or removed. Additional requirements are listed in the Association's Rules.

✦ Members have a right to an **ANNUAL FINANCIAL REPORT.** This report is routinely posted on the Association's website.

✦ **FHA + VA Certification** statements are attached. **The status of the certification is not certified.**

✦ The **ASSESSMENT COLLECTION POLICY** of the Association is at www.205.calcal.org on the Governing Documents web page. The required extract of Civil Code §5730 is attached to this letter.

✦ **DISCIPLINE + FINE POLICY** of the Association may be found at www.205.calcal.org or in the Rules of the Association.

✦ **SECURITY DISCLAIMER.** The Association's property can never be completely safe and secure. For example, it is possible for someone to enter the property under false pretenses to commit crimes, for residents to commit crimes against their own neighbors, for guests of residents to commit crimes, and for vendors to commit crimes. As a result, the association is not and can never be free of crime and we cannot guarantee your safety or security. Accordingly, you should NOT rely on the Association to protect you from loss or harm. Instead, you should provide for your own security by taking common sense precautions such as carrying insurance against loss; keeping your doors locked; refusing to open your door to strangers; asking workmen for identification; installing a security system; locking your car; etc. Please familiarize yourself with the location of fire extinguishers in the building. Smoke detectors and carbon monoxide detectors are required by law in your unit.

For the Board of Directors,

Santina Sandoval, Association Bookkeeping Manager

✦ FHA Certification. "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."

✦ VA Certification. "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."

Civil Code §5730. Annual Statement of Collection Procedure.

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 Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 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 **5700** through **5720** of the Civil Code, inclusive)

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 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).