



**Spring Valley Lake Association**  
13325 Spring Valley Parkway  
7001 SVL Box  
Spring Valley Lake, CA 92395-5107

September 11, 2015

Dear SVLA Homeowner:

The SVLA Board of Directors is pleased to announce the adoption of the new 2015-2016 annual budget, reserve and personal property replacement schedules with their respective funding plans. The annual assessment will be \$1056.00 per unit. The assessment will be due quarterly at a rate of \$264.00 on the following due dates: November 1, 2015; February 1, 2016; May 1, 2016; and August 1, 2016. You may pay in full with one payment on November 1, 2015. For your convenience payments may be paid by automatic electronic funds transfer or on-line at [www.totalpm.com](http://www.totalpm.com).

Included with this mailing is the required annual disclosure package which contains: the compiled financial forecast (2015-2016 annual budget), reserve and personal property schedule, the funding schedules, insurance information, collection and delinquency policy, and security disclaimer. The association's governing documents are available on the website at [www.svla.com](http://www.svla.com).

We will continue to look for ways to increase efficiency, improve service, and reduce our operating costs through-out the coming year. SVLA continues to have success in improving our Reserve funding, collection of delinquent accounts, and improving the overall look of our community. Everything we do has one purpose - to make Spring Valley Lake the community of choice and the "Jewel of the High Desert".

Respectfully,

Scott B. Eckert, President  
SVLA Board of Directors

Association Office – 760.245.9756  
Fax – 760.245.3076  
Website – [www.svla.com](http://www.svla.com)

## **Spring Valley Lake Association**

13325 Spring Valley Parkway  
7001 SVL Box  
Spring Valley Lake, CA 92395-5107

**To: All Members**  
**Date: September 10, 2015**  
**From: Board of Directors**  
**Subject: Annual Budget Report**

---

In accordance with California Civil Code 4076; 5300-5320, enclosed is the;

1. Fiscal year budget effective November 1, 2015;
2. Reserve statement for fiscal year 2015-2016, and;
3. The approved assessment collection policy.

After careful review of the 2014-2015 operating and reserve expenses, we have determined that the projected expenses for 2015-2016 cannot be met with the current income. Therefore, the total assessment will increase to \$264.00 per unit per quarter.

Your assessment includes reserve funding of \$74,250.00 per quarter, which is less than the amount recommended in the most recent reserve study projected at 55.9% funded starting 2016. Based on this level of funding the Board of Directors does not anticipate that one or more special assessments may be required this year to repair, replace or restore any major component or to provide adequate reserves. A copy of the full reserve study plan is available upon request.

The Association has a loan with Pacific Western Bank with a maturity date of February 21, 2025.

Pursuant to the requirements of California Civil Code 5300(a);(b)(9), enclosed please find the Annual Insurance Disclosure Statement and Information.

The successful operation of any association is dependent on the cooperation of all homeowners. Your continued support is appreciated.

Enclosure

## **Spring Valley Lake Association**

13325 Spring Valley Parkway  
7001 SVL Box  
Spring Valley Lake, CA 92395-5107

**To: All Members**  
**Date: September 10, 2015**  
**From: Board of Directors**  
**Subject: Annual Policy Statement**

---

In accordance with California Civil Code Section 5320 the following information must be distributed to the members.

1. Pursuant to Section 4035, the person designated to receive official communications to the association is;

Spring Valley Lake Association  
13325 Spring Valley Parkway  
7001 SVL Box  
Spring Valley Lake, CA 92395-5107

2. Pursuant to subdivision (b) of Section 4040, homeowners are entitled to give their Association a secondary mailing address for both fiscal matters and collection matters. Such requests may be made through the Association's management company via mail or fax at;

Spring Valley Lake Association  
c/o Total Property Management, Inc.  
2301 Dupont Drive, Suite 100  
Irvine, CA 92612  
Fax: (949) 261-6958

3. Pursuant to paragraph (3) of subdivision (a) of Section 4045, the location designated for posting of the official notice is the Association office bulletin board and additional boards in the community.

4. Pursuant to subdivision (b) of Section 4045, members have an option to receive general notices by individual delivery. In order to activate this option you must notify the Association's management company via mail or fax at;

Spring Valley Lake Association  
13325 Spring Valley Parkway  
7001 SVL Box  
Spring Valley Lake, CA 92395-5107  
Fax (760) 245-3076

5. Pursuant to subdivision (b) of Section 4950, a member has the right to receive copies of meeting minutes. The minutes, proposed for adoption draft minutes, or a summary of the minutes for meetings of the Board of Directors, other than executive sessions, shall be available to members within 30 days of the meeting. These minutes will be distributed to any member upon request and upon reimbursement for the costs in making that distribution.
6. Pursuant to Section 5730, a statement of assessment collection policies is included with this mailing. In addition, the policy includes a statement describing the association's policies and practices in enforcing lien rights and other legal remedies for default in the payment of assessments.
7. Pursuant to Section 5850, a statement describing the association's discipline policy including a schedule of penalties for violations of the governing documents is available on the Association web-site at [www.svla.com](http://www.svla.com) as the Fine Schedule.
8. Pursuant to Sections 5920 and 5965, a summary of dispute resolution procedures is included with this mailing.
9. Pursuant to Section 4765, a summary of requirements for association approval of physical change to property is available on the Association Web-site at [www.svla.com](http://www.svla.com) as the Architectural Policy and Procedure.
10. Pursuant to Section 5655, the mailing address for overnight payment of assessments is;

Spring Valley Lake Association  
c/o Total Property Management, Inc.  
2301 Dupont Drive, Suite 100  
Irvine, CA 92612

## **Spring Valley Lake Association**

13325 Spring Valley Parkway  
7001 SVL Box  
Spring Valley Lake, CA 92395-5107

**SECURITY DISCLAIMER:** We hope that our security systems and Public Safety Department provide some deterrence to crime. However, no matter what steps we take, the Association 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, and for guests of residents 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. Additionally, the duties of the Public Safety Department personnel are ONLY to patrol and secure the various Association properties and amenities and to observe and report on service calls, suspicious activities or violations of the Association's Rules and Regulations, where applicable.

**EMERGENCY/DISASTER PREPAREDNESS DISCLAIMER:** In the event of an emergency or disaster, residents should be self-prepared. The Association does not maintain emergency food, water, fuel, medical professionals or medical supplies. Accordingly, you should NOT rely on Spring Valley Lake Association to provide for your personal needs during or following an emergency event or disaster scenario. Instead, you should take common sense precautions such as maintaining a stock of food and water for your family and pets, storing emergency medical supplies, storing a supply of any prescriptions or medications required, etc. You can find more information about emergency preparedness by visiting [www.ready.gov](http://www.ready.gov). There are also other helpful links on the Association website. Additionally, the duties of the Association Staff are ONLY to assist in making and maintaining contact with official entities, and to assist in obtaining services for the community as quickly as possible in the event of a disaster.

**T150 - Spring Valley Lake Association**  
**Fiscal Year End October 31, 2016**  
**Approved Budget for the period: 11/01/2015 - 10/31/2016**

<b>Income</b>		<b>Annual</b>	<b>Quarterly</b>	<b>Per Unit / Per Quarter</b>
<b>Assessments</b>		<b>\$4,448,928</b>	<b>\$1,112,232</b>	<b>\$ 264.00</b>
Community Service Fees		24,900	6,225	1.48
Marina Fees		184,000	46,000	10.92
Equestrian Fees		42,840	10,710	2.54
Owner Fees		103,200	25,800	6.12
Investment Income		2,800	700	0.17
Other Revenue		50,000	12,500	2.97
<b>Total Income</b>		<b>4,856,668</b>	<b>1,214,167</b>	<b>\$ 288.20</b>
<b>Expenses</b>				
Compensation	(Sch 1)	2,218,519	554,630	131.65
Reserve Funding	(Sch 2)	297,000	74,250	17.62
Lake, Marina & Equestrian	(Sch 3)	671,002	167,751	39.82
Professional Services	(Sch 4)	374,571	93,643	22.23
Administrative Support	(Sch 5)	143,600	35,900	8.52
Vehicles, Equipment & Technology	(Sch 6)	171,640	42,910	10.19
Insurance: Umbrella, Auto, D&O		158,158	39,540	9.39
Utilities	(Sch 7)	252,200	63,050	14.97
Grounds & Building	(Sch 8)	153,078	38,270	9.08
Association Sponsored Events	(Sch 9)	91,400	22,850	5.42
Income Taxes		5,500	1,375	0.33
Bad Debt		70,000	17,500	4.15
Capital Improvements	(Sch 10)	250,000	62,500	14.84
<b>Total Expenses</b>		<b>4,856,668</b>	<b>1,214,167</b>	<b>\$ 288.20</b>

Expense schedules are available on the Association website as well as at the Association office.

The minutes, proposed for adoption draft minutes, or a summary of the minutes for meetings of the Board of Directors, other than executive sessions, shall be available to members within 30 days of the meeting. These minutes will be distributed to any member upon request and upon reimbursement for the costs in making that distribution.

Homeowners are entitled to give their Association a secondary mailing address for both fiscal matters and collection matters. Such requests may be made through the Association's office via mail or fax.

**Spring Valley Lake Association**  
**13325 Spring Valley Parkway**  
**Spring Valley Lake, CA 92395**  
**Fax: (760) 245-3076**

**T150 - Spring Valley Lake Association****Fiscal Year End October 31, 2016****Approved Budget for the period: 11/01/2015 - 10/31/2016****Expense Schedules 1 thru 4**

<b>Schedule 1 - Compensation</b>	<b>Annual</b>	<b>Quarterly</b>	<b>Per Unit / Per Quarter</b>
Gross Pay - Regular	\$1,678,956	\$419,739	\$99.63
Gross Pay - Overtime	10,000	2,500	0.59
Employer Taxes	167,896	41,974	9.96
Group Health, Etc	184,685	46,171	10.96
Workers Compensation	151,106	37,777	8.97
Employer 401k Contributions	5,876	1,469	0.35
HR Services (Payroll)	20,000	5,000	1.19
<b>Total Compensation</b>	<b>2,218,519</b>	<b>554,630</b>	<b>\$ 131.65</b>

**Schedule 2 - Reserve Funding**

Reserve Funding	\$297,000	\$74,250	\$17.62
<b>Total Reserve Funding</b>	<b>297,000</b>	<b>74,250</b>	<b>\$ 17.62</b>

**Schedule 3 - Lake, Marina & Equestrian**

Leased Water	\$165,000	\$41,250	\$9.79
Makeup Water	30,000	7,500	1.78
Lake Stock/Fishery	30,000	7,500	1.78
Water Purchase Loan	286,002	71,501	16.97
Watermaster Bio/Admin Fee	10,000	2,500	0.59
Fishing Maintenance & Supplies	10,000	2,500	0.59
Lake Maintenance & Supplies (Alum Treatment)	115,000	28,750	6.82
Water Monitoring/Testing	5,000	1,250	0.30
Horse Feed (Equestrian)	20,000	5,000	1.19
<b>Total Lake, Marina &amp; Equestrian</b>	<b>671,002</b>	<b>167,751</b>	<b>\$ 39.82</b>

**Schedule 4 - Professional Services**

Accounting	\$95,481	\$23,870	\$5.67
Accounting-Requested Service	2,500	625	0.15
Legal	120,000	30,000	7.12
Consulting	25,000	6,250	1.48
Audit	6,180	1,545	0.37
Technology	10,000	2,500	0.59
Web Site Maintenance/Design	2,000	500	0.12
Fireworks - 4th of July	20,000	5,000	1.19
Service Contracts	88,000	22,000	5.22
Reserve Study	2,910	728	0.17
HR Admin	2,500	625	0.15
<b>Total Professional Services</b>	<b>374,571</b>	<b>93,643</b>	<b>\$ 22.23</b>

**T150 - Spring Valley Lake Association****Fiscal Year End October 31, 2016****Approved Budget for the period: 11/01/2015 - 10/31/2016****Expense Schedules 5 thru 7**

<b>Schedule 5 - Administrative Support</b>	<b>Annual</b>	<b>Quarterly</b>	<b>Per Unit / Per Quarter</b>
Professional Certification Fees	\$3,000	\$750	\$0.18
Licenses & Permits	12,000	3,000	0.71
Uniform Expense	22,000	5,500	1.31
Safety Equipment/Supplies	5,000	1,250	0.30
Training Expense	10,000	2,500	0.59
Travel Expense	5,500	1,375	0.33
Office Supplies	15,000	3,750	0.89
Materials, Supplies & Signage	10,000	2,500	0.59
Postage	22,000	5,500	1.31
Printing	25,000	6,250	1.48
BOD & Committee Meals	5,000	1,250	0.30
Bank & Credit Card Processing Fees	2,600	650	0.15
Advertising	2,500	625	0.15
C.O.P. Program	3,000	750	0.18
Other Expense	1,000	250	0.06
<b>Total Administrative Support</b>	<b>143,600</b>	<b>35,900</b>	<b>\$ 8.52</b>

<b>Schedule 6 - Vehicles, Equipment &amp; Technology</b>			
Vehicle - Fuel & Oil	\$70,000	\$17,500	\$4.15
Marina - Fuel	35,000	8,750	2.08
Equipment/Vehicle Repair	25,000	6,250	1.48
Software Licenses	8,640	2,160	0.51
Computer Equipment	20,000	5,000	1.19
Property Tax Expense/Vessels	3,000	750	0.18
Small Tools & Equipment	10,000	2,500	0.59
<b>Total Vehicles, Equipment &amp; Technology</b>	<b>171,640</b>	<b>42,910</b>	<b>\$ 10.19</b>

<b>Schedule 7 - Utilities</b>			
Electricity	\$37,800	\$9,450	\$2.24
Electricity - Lake	85,000	21,250	5.04
Natural Gas	8,000	2,000	0.47
Water/Sewer	67,000	16,750	3.98
Trash Collection	23,000	5,750	1.36
Telephone/Internet/Cellular	31,400	7,850	1.86
<b>Total Utilities</b>	<b>252,200</b>	<b>63,050</b>	<b>\$ 14.97</b>



**T150 - Spring Valley Lake Association**

**Fiscal Year End October 31, 2016**

**Approved Budget for the period: 11/01/2015 - 10/31/2016**

**Expense Schedules 8 thru 10**

<b>Schedule 8 - Grounds &amp; Building</b>	<b>Per Unit / Per</b>		
	<b>Annual</b>	<b>Quarterly</b>	<b>Quarter</b>
Weed/Lot Maintenance	\$34,000	\$8,500	\$2.02
Building Maintenance	46,128	11,532	2.74
Grounds/Park Maintenance	46,350	11,588	2.75
Equipment Rental	8,000	2,000	0.47
Janitorial Supplies	8,600	2,150	0.51
Surveillance Cameras	10,000	2,500	0.59
<b>Total Grounds &amp; Building</b>	<b>153,078</b>	<b>38,270</b>	<b>\$ 9.08</b>

<b>Schedule 9 - Association Sponsored Events</b>			
Scheduled Events	\$41,900	\$10,475	\$2.49
Optional Events	8,000	2,000	0.47
Family Festival	16,000	4,000	0.95
Concerts	18,000	4,500	1.07
SVL Employee Appreciation	5,500	1,375	0.33
Committee Appreciation	2,000	500	0.12
<b>Total Association Sponsored Events</b>	<b>91,400</b>	<b>22,850</b>	<b>\$ 5.42</b>

<b>Schedule 10 - Capital Improvements</b>			
Capital Improvements Projects TBD	\$250,000	\$62,500	\$14.84
<b>Total Capital Improvements</b>	<b>250,000</b>	<b>62,500</b>	<b>\$ 14.84</b>

## Assessment and Reserve Funding Disclosure Summary

### Spring Valley Lake Association

For Fiscal Year Beginning: 11/1/2015

# of Units: 4213

1) Budgeted Amounts:	Total	Average Per unit*
Reserve Contributions:	\$297,000.00	\$70.50
Total Assessment Income:	\$4,446,950.00	\$1,055.53

per: Year

- 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:

Date Due	Total Amount Per Unit*	Purpose
N/A		
N/A		
Total:		\$0.00

- 3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will 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**

- 4) If the answer to #3 is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*	
N/A		
N/A		
N/A		
N/A		
Total:		\$0

- 5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

6) All computations/disclosures are based on the fiscal year start date of:	11/1/2015
Fully Funded Balance (based on formula defined in 5570(b)4):	\$2,642,557.00
Projected Reserve Fund Balance:	\$1,478,384.00
Percent Funded:	55.9%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$276.33

From the 9/8/2015 Reserve Study by Association Reserves, Inc. and any minor changes since that date.

\* If assessments vary by the size or type of unit, allocate per unit per the attached.

- 7) See attached 30-yr Summary Table, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

**Prepared by: Association Reserves (Chad McCloskey)**

**Date: 9/9/2015**

*The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.*

Table 4: 30-Year Reserve Plan Summary

759-5

Fiscal Year Beginning: 11/01/15

Interest: 1.0%

Inflation: 3.0%

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2015	\$1,478,384	\$2,642,557	55.9%	Fair	\$297,000	\$0	\$14,478	\$371,400
2016	\$1,418,462	\$2,648,922	53.5%	Fair	\$308,880	\$0	\$14,696	\$220,111
2017	\$1,521,927	\$2,821,479	53.9%	Fair	\$321,235	\$0	\$15,669	\$245,704
2018	\$1,613,126	\$2,984,721	54.0%	Fair	\$334,085	\$0	\$17,377	\$100,749
2019	\$1,863,839	\$3,321,494	56.1%	Fair	\$347,448	\$0	\$18,231	\$445,701
2020	\$1,783,816	\$3,309,109	53.9%	Fair	\$361,346	\$0	\$18,153	\$314,917
2021	\$1,848,398	\$3,441,472	53.7%	Fair	\$375,800	\$0	\$20,004	\$90,091
2022	\$2,154,111	\$3,820,099	56.4%	Fair	\$390,832	\$0	\$22,028	\$313,679
2023	\$2,253,291	\$3,990,835	56.5%	Fair	\$406,465	\$0	\$20,962	\$739,730
2024	\$1,940,988	\$3,739,237	51.9%	Fair	\$417,643	\$0	\$20,143	\$289,529
2025	\$2,089,244	\$3,955,517	52.8%	Fair	\$429,128	\$0	\$22,190	\$189,895
2026	\$2,350,667	\$4,292,977	54.8%	Fair	\$440,929	\$0	\$24,625	\$239,819
2027	\$2,576,402	\$4,601,571	56.0%	Fair	\$453,055	\$0	\$26,874	\$255,639
2028	\$2,800,692	\$4,915,933	57.0%	Fair	\$465,514	\$0	\$28,107	\$471,252
2029	\$2,823,060	\$5,030,833	56.1%	Fair	\$478,315	\$0	\$22,678	\$1,609,547
2030	\$1,714,506	\$3,990,321	43.0%	Fair	\$491,469	\$0	\$18,480	\$241,329
2031	\$1,983,126	\$4,341,849	45.7%	Fair	\$504,984	\$0	\$20,788	\$332,736
2032	\$2,176,162	\$4,624,186	47.1%	Fair	\$518,871	\$0	\$21,902	\$510,895
2033	\$2,206,040	\$4,746,333	46.5%	Fair	\$533,140	\$0	\$22,508	\$464,168
2034	\$2,297,520	\$4,935,562	46.6%	Fair	\$547,802	\$0	\$21,730	\$816,695
2035	\$2,050,357	\$4,783,114	42.9%	Fair	\$562,866	\$0	\$18,702	\$940,262
2036	\$1,691,663	\$4,515,039	37.5%	Fair	\$578,345	\$0	\$17,683	\$441,262
2037	\$1,846,429	\$4,769,599	38.7%	Fair	\$594,249	\$0	\$17,487	\$805,721
2038	\$1,652,444	\$4,673,610	35.4%	Fair	\$610,591	\$0	\$15,951	\$739,799
2039	\$1,539,188	\$4,660,366	33.0%	Fair	\$627,383	\$0	\$15,670	\$586,055
2040	\$1,596,186	\$4,823,338	33.1%	Fair	\$644,636	\$0	\$15,704	\$710,628
2041	\$1,545,897	\$4,881,692	31.7%	Fair	\$662,363	\$0	\$17,691	\$232,049
2042	\$1,993,903	\$5,454,102	36.6%	Fair	\$680,578	\$0	\$20,575	\$572,204
2043	\$2,122,852	\$5,713,273	37.2%	Fair	\$699,294	\$0	\$20,491	\$865,523
2044	\$1,977,114	\$5,698,648	34.7%	Fair	\$718,525	\$0	\$20,208	\$649,587



### 3- Minute Executive Summary

Association: Spring Valley Lake Association Assoc. #: 759-5  
Location: Spring Valley Lake, CA  
# of Units: 4213  
Report Period: November 1, 2015 through October 31, 2016

#### *Results as-of 11/1/2015:*

Projected Starting Reserve Balance: .....	\$1,478,384
Fully Funded Reserve Balance: .....	\$2,642,557
Average Reserve Deficit Per Unit: .....	\$276
Percent Funded: .....	55.9%
Recommended 2015/2016 monthly Reserve Contribution: .....	\$30,550
Recommended 2015/2016 Special Assessment for Reserves: .....	\$0
Most Recent Reserve Contribution Rate: .....	\$23,800

#### *Economic Assumptions:*

Net Annual "After Tax" Interest Earnings Accruing to Reserves .....1.00%  
Annual Inflation Rate .....3.00%

- This is an "Update With-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2013/2014 Fiscal Year. The information in this Reserve Study is based on our site inspection on May 5, 2015.
- This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is between 30% and 70% at 55.9% Funded, this represents a fair Reserve Fund position. In perspective, associations above 70% funded experience a lower risk of special assessments and greater stability in their Reserve Contributions.
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions.
- Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".



Table 1: Executive Summary

759-5

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
<b>Administration &amp; Maintenance Buildings</b>					
303	HVAC System - Replace (Front)	20	3	\$5,450	\$5,955
303	HVAC System - Replace (Rear)	20	9	\$4,850	\$6,328
304	Parking Lot Lights - Replace	25	13	\$5,900	\$8,664
305	Handheld Radios - Replace (Maint.)	4	0	\$9,300	\$10,467
305	Telephone System - Replace	10	0	\$11,050	\$14,850
310	Security System - Modernize	7	5	\$6,000	\$6,956
350	Flag Pole - Replace	40	7	\$6,250	\$7,687
601	Carpet - Replace	6	2	\$8,150	\$8,646
702	Overhead Doors - Replace	20	14	\$18,200	\$27,529
909	Restroom - Refurbish (Maint)	25	0	\$3,500	\$7,328
909	Restrooms - Refurbish (Admin)	25	20	\$6,600	\$11,920
909	Restrooms - Refurbish (Public)	25	0	\$17,500	\$36,641
911	Furniture - Partial Replacement	4	0	\$6,000	\$6,753
912	Computer/Printers - Replace	5	0	\$12,750	\$14,781
1304	Tile Roof - Replace Underlay -Admin	30	19	\$18,150	\$31,826
1304	Tile Roof - Replace Underlay -Maint	30	21	\$18,600	\$34,601
1402	Entrance Sign - Replace	25	11	\$18,000	\$24,916
1900	Building Exteriors - Repair	N/A	4	\$25,000	\$28,138
<b>Community Building</b>					
303	HVAC - Replace	15	0	\$34,500	\$53,750
304	Defibulators - Replace	5	3	\$2,700	\$2,950
304	Interior Lighting - Replace	25	4	\$15,000	\$16,883
305	Dig. Mobile Radios - Replace (PSD)	7	0	\$8,100	\$9,962
305	Handheld Radios - Replace (PSD)	4	0	\$13,950	\$15,701
310	Security System - Modernize	7	5	\$6,000	\$6,956
320	Parking Lot Lights - Replace	25	5	\$12,600	\$14,607
350	Flag Pole - Replace	40	7	\$4,500	\$5,534
404	Patio - Refurbish	10	9	\$9,250	\$12,069
602	Vinyl Floor - Replace	15	14	\$39,000	\$58,991
603	Tile - Replace	25	11	\$23,800	\$32,945
702	Metal Doors - Replace	40	27	\$45,000	\$99,958
901	Refrigerator/Freezer - Replace	15	5	\$6,250	\$7,245
901	Stoves - Replace	20	19	\$3,000	\$5,261
903	Folding Furniture - Replace	10	3	\$12,250	\$13,386
903	Furniture - Replace (Boardroom)	10	0	\$7,750	\$10,415
908	Window Coverings - Replace	10	2	\$9,900	\$10,503
909	Kitchen - Refurbish	20	15	\$17,500	\$27,264
909	Restrooms - Refurbish	25	13	\$37,500	\$55,070
909	Security Offices - Refurbish	15	13	\$12,150	\$17,843
915	Stage - Replace	15	1	\$9,200	\$9,476
1301	Cap Sheet Roof - Replace	12	11	\$12,950	\$17,926
1303	Flat Roof - Replace	20	5	\$50,400	\$58,427
1304	Tile Roof - Replace Underlayment	30	5	\$14,300	\$16,578
1802	Antenna Tower - Replace	15	12	\$22,500	\$32,080
1803	Fire Alarm System - Replace	20	3	\$12,500	\$13,659



Table 1: Executive Summary

759-5

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
1804	Fire Suppression System - Replace	20	11	\$11,250	\$15,573
1805	Sound System - Replace	15	5	\$7,600	\$8,810
<b>Equestrian Center</b>					
303	HVAC Unit - Replace (Apartment)	15	4	\$5,625	\$6,331
303	HVAC Unit - Replace (Clubroom)	15	4	\$9,375	\$10,552
350	Flag Poles - Replace	40	7	\$4,400	\$5,411
408	Judges Gazebo - Replace	30	0	\$5,750	\$13,957
409	Bridges - Replace	30	2	\$46,200	\$49,014
409	Sand - Replace (Arena)	4	2	\$9,200	\$9,760
425	Metal Hay Barns - Replace	35	27	\$11,000	\$24,434
503	Heavy Pipe Rail - Replace (Arenas)	25	24	\$40,000	\$81,312
503	Pipe Rail - Replace (Stalls/Pens)	30	8	\$64,900	\$82,213
505	Wood Fence - Replace	15	0	\$13,000	\$20,254
506	Vinyl Fence - Replace	30	21	\$68,000	\$126,500
702	Metal Doors - Replace	25	9	\$23,700	\$30,923
1304	Tile Roof - Replace Underlayment	30	20	\$23,400	\$42,263
1304	Tile Roof - Replace Underlayment	30	20	\$44,000	\$79,469
1904	Walkway Poles - Replace	30	9	\$11,000	\$14,353
1908	Propane Tank - Replace	40	5	\$5,000	\$5,796
<b>Asphalt</b>					
201	Asphalt - Overlay (Admin)	40	39	\$54,700	\$173,236
201	Asphalt - Overlay (Beach)	40	39	\$84,750	\$268,406
201	Asphalt - Overlay (CB, MP)	40	39	\$96,300	\$304,985
201	Asphalt - Overlay (EQ)	40	39	\$48,700	\$154,234
201	Asphalt - Remove & Replace (Admin)	40	14	\$119,200	\$180,301
201	Asphalt - Remove & Replace (Beach)	40	14	\$185,000	\$279,829
201	Asphalt - Remove & Replace (CB, MP)	40	14	\$210,000	\$317,644
201	Asphalt - Remove & Replace (EQ)	40	14	\$106,250	\$160,713
202	Asphalt - Seal/Repair (All)	5	4	\$30,050	\$33,822
<b>Lake &amp; Marina</b>					
103	Boat Ramp - Replace	25	11	\$8,750	\$12,112
111	Gangways - Replace	50	8	\$17,000	\$21,535
314	Fuel Dispenser - Replace	20	7	\$17,500	\$21,523
314	Fuel Station POS - Replace	8	7	\$13,500	\$16,603
315	Fuel Storage Tank - Replace	40	7	\$45,700	\$56,205
501	Sea Wall - Partial Replace	15	3	\$13,800	\$15,080
503	Iron Fence/Rail - Replace	20	0	\$6,000	\$10,837
510	Shade Structure - Replace	20	18	\$8,600	\$14,641
511	Shade Fabric - Replace	5	3	\$2,500	\$2,732
1901	Docks - Replace (Phase 1)	50	8	\$229,500	\$290,724
1901	Docks - Replace (Phase 2)	50	14	\$255,500	\$386,467
1902	Dock Bumpers - Partial Replace	5	0	\$5,150	\$5,970
1904	Fish Cleaning Station - Replace	25	13	\$5,300	\$7,783



Table 1: Executive Summary

759-5

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
1910	Lake Coving - Partial Repair	4	0	\$50,000	\$56,275
1912	Dam - Refurbish	45	13	\$52,600	\$77,245
1914	Aerators - Replace	15	10	\$25,500	\$34,270
1914	Lake Water Flow Meters - Replace	15	9	\$17,550	\$22,899
1914	Outflow Monitor Devices - Replace	20	0	\$17,500	\$31,607
1915	Wells - Replace (#1,2,10,15)	25	22	\$310,000	\$593,992
1915	Wells - Replace (#3,5,14)	25	19	\$233,000	\$408,567
1915	Wells - Replace (#6,11,13)	25	23	\$233,000	\$459,846
1915	Wells - Replace (#7,9,16)	25	20	\$233,000	\$420,824
1916	Well Pumps - Replace (#1,2,10,15)	10	7	\$66,000	\$81,172
1916	Well Pumps - Replace (#3,5,14)	10	4	\$49,500	\$55,713
1916	Well Pumps - Replace (#6,11,13)	10	8	\$49,500	\$62,705
1916	Well Pumps - Replace (#7,9,16)	10	6	\$49,500	\$59,106

#### Parks

320	Pole Lights - Partial Replace	1	0	\$3,500	\$3,605
404	Picnic Tables - Partial Replace	2	0	\$7,650	\$8,116
405	Metal Play Equip. - Replace (MP)	20	0	\$11,000	\$19,867
405	Play Equipment - Replace (Beach)	15	12	\$32,500	\$46,337
405	Play Equipment - Replace (MP)	15	0	\$46,000	\$71,667
405	Play Equipment - Replace (Playfair)	15	2	\$46,000	\$48,801
405	Splash Equipment - Replace	10	8	\$12,000	\$15,201
410	Bleachers - Replace	25	10	\$12,500	\$16,799
502	Softball Backstops - Replace	25	8	\$22,800	\$28,882
503	Metal Fence/Rail - Replace (BP)	25	11	\$79,500	\$110,047
510	Shade Structure - Replace (PF)	20	18	\$8,600	\$14,641
511	Shade Fabric - Replace	5	3	\$2,500	\$2,732
909	Restrooms - Refurbish (Beach Park)	25	22	\$22,000	\$42,154
909	Restrooms - Refurbish (MP)	25	0	\$17,000	\$35,594
1010	Irrigation System - Repair/Replace	N/A	0	\$20,000	\$0
1304	Concrete Tile Roof - Replace (MP)	30	0	\$5,450	\$13,229
1308	Metal Roof - Replace (Beach)	35	28	\$13,200	\$30,201
1601	Dugouts - Replace	20	4	\$28,800	\$32,415
1607	Basketball Court - Resurface (BP)	10	8	\$12,000	\$15,201
1607	Basketball Court - Resurface (LP)	10	2	\$12,000	\$12,731
1607	Basketball Court - Resurface (MP)	10	8	\$12,000	\$15,201
1610	Lifeguard Towers - Replace	10	9	\$18,000	\$23,486
1901	Bocce Ball Courts - Resurface (MP)	15	2	\$30,000	\$31,827

#### Vehicles & Equipment

1	Security Car - Replace	4	1	\$26,000	\$26,780
2	Security Car - Replace	4	1	\$26,000	\$26,780
3	Security Car - Replace	4	1	\$26,000	\$26,780
4	Security Car - Replace	4	1	\$26,000	\$26,780
5	Community Services Car - Replace	10	7	\$26,000	\$31,977
6	Community Services Car - Replace	10	7	\$26,000	\$31,977
7	Security Truck - Replace	6	1	\$26,000	\$26,780



#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
8	Security Golf Cart - Replace	10	7	\$7,600	\$9,347
11	Security Boat - Replace	12	4	\$12,000	\$13,506
12	Security Boat - Replace	12	2	\$12,000	\$12,731
13	Security Boat - Replace	25	4	\$26,000	\$29,263
14	Security Boat - Replace	12	1	\$36,000	\$37,080
20	Maint. Truck - Replace	20	5	\$32,000	\$37,097
21	Maint. Truck - Replace	20	8	\$29,000	\$36,736
22	Maint. Truck - Replace	20	3	\$37,000	\$40,431
23	Maint. Truck - Replace	20	8	\$29,000	\$36,736
24	Maint. Truck - Replace	20	1	\$35,000	\$36,050
25	Maint. Truck - Replace	20	18	\$30,000	\$51,073
26	Maint. Truck - Replace	20	18	\$36,000	\$61,288
27	Maint. Truck - Replace	20	18	\$30,000	\$51,073
28	Maint. Truck - Replace	20	19	\$32,000	\$56,112
29	Maint. Truck - Replace	20	0	\$30,000	\$54,183
30	Maint. Truck - Replace	20	18	\$30,000	\$51,073
31	Maint. Truck - Replace	20	4	\$32,000	\$36,016
32	Maint. Boat - Replace	30	19	\$48,000	\$84,168
33	Maint. Boat - Replace	25	4	\$26,000	\$29,263
34	Maint. Trailer - Replace	20	6	\$5,600	\$6,687
35	Maint. Trailer - Replace	20	11	\$7,900	\$10,935
36	Maint. Trailer - Replace	20	19	\$8,900	\$15,606
37	Maint. Trailer - Replace	20	19	\$8,900	\$15,606
38	Maint. Trailer - Replace	20	14	\$700	\$1,059
39	Maint. Trailer - Replace	20	14	\$2,100	\$3,176
40	Maint. Trailer - Replace	20	11	\$3,800	\$5,260
41	Maint. Trailer - Replace	20	11	\$3,800	\$5,260
42	Security Trailer - Replace	20	18	\$2,100	\$3,575
43	Equestrian Tractor - Replace	30	28	\$27,000	\$61,774
44	Maint. Tractor - Replace	30	23	\$37,000	\$73,023
45	Equestrian Tractor - Replace	30	2	\$47,000	\$49,862
47	Maint. Wood Chipper - Replace	20	5	\$6,100	\$7,072
48	Maint. Mower	15	0	\$9,000	\$14,022
49	Maint. Mower - Replace	15	13	\$18,000	\$26,434
1900	Outboard Motor - Replace	6	4	\$11,000	\$12,381
1900	Outboard Motor - Replace	6	4	\$15,000	\$16,883
1900	Outboard Motor - Replace	6	4	\$9,250	\$10,411
1900	Outboard Motor - Replace	6	4	\$11,000	\$12,381
165	Total Funded Components				

Note 1: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Note 2: highlighted line items are expected to require attention in the initial year



**SPRING VALLEY LAKE ASSOCIATION  
INSURANCE DISCLOSURE STATEMENT**

California Civil Code 5300 (a) (9) requires homeowner associations to disclose a summary of certain insurance policies maintained by the association. For your information, Spring Valley Lake Association is pleased to summarize the insurance coverage as follows:

	<b>CARRIER</b>	<b>EXPIRATION DATE</b>	<b>POLICY LIMIT</b>	<b>DEDUCTIBLE</b>
<b>WORKERS COMPENSATION</b>	State Fund	1/1/2016	\$1,000,000	N/A
<b>LIABILITY COVERAGE</b>	Philadelphia	1/1/2016	\$11,000,000	\$1,000
<b>DIRECTORS &amp; OFFICERS COVERAGE</b>	Liberty International UW	7/1/2016	\$1,000,000	\$35,000
<b>BUILDING COVERAGE</b>	Philadelphia	1/1/2016	\$3,048,509	\$1,000
<b>FIDELITY BOND COVERAGE</b>	Philadelphia	1/1/2016	\$250,000	\$1,000
<b>EARTHQUAKE COVERAGE</b>	N/A			
<b>FLOOD COVERAGE</b>	N/A			

This disclosure statement is a general description of coverage. All coverage is subject to the exclusions and conditions of the insurance contracts. Statements here cannot alter, reduce, or expand any coverage in the policies. The information provided is deemed accurate at the time of issue. Owners with questions are encouraged to contact the association's insurance agent at the following address:

ISU Insurance Services – ARMAC Agency  
Agent: Tami Pickens  
17177 Yuma Street, Victorville CA 92395  
Office 760.269.3310 Fax 760.269.3360

This summary of the association's policies of insurance provides only certain information, as required by subdivision (9) of Section 5300 (a) of the Civil Code, and should not be considered a substitute for the completed 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.

\*\*\*\*\*

**Individual Liability Policies and Loss Assessment Coverage:**

It is very important that you explore your own risks with a knowledgeable insurance agent, and purchase coverage to protect you from any liability from an accident occurring in your own unit, the common area, and/or any exclusive use common area (such as patios, garages, carports, balconies), and to protect you from any liability or insurance gaps in coverage between the association's coverage and your own. It is also strongly recommended that you inquire about Loss Assessment Coverage. An endorsement for loss assessment provides protection to individual unit owners for extraordinary special assessments, such as excess liability over the association's insurance proceeds or an extraordinary expense incurred by the association, allocated to the owners, through a special assessment (such as a special assessment to pay for rebuilding costs which exceed insurance proceeds from an earthquake or fire loss). Please contact your personal insurance agent for further details.

# **SPRING VALLEY LAKE ASSOCIATION ASSESSMENTS AND FORECLOSURE NOTICE**

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 California 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 5705 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 5600, 5650 and 5705 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 5605 and 5650 of the Civil Code)

The association must comply with the requirements of Section 5650 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 5650 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 5650 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 5650 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, 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 5650 of the Civil Code).

An owner may, but is not obligated to, pay under protest any dispute 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 going, 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 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 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 5650 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 5650 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 5650 of the Civil Code)

(c) A member of an association may provide written notice by facsimile transmission or United States mail to the association of a secondary address. If a secondary address is provided, the association shall send any and all correspondence and legal notices required pursuant to this article both the primary and secondary address. (Section 4040(b) of the Civil Code)



## SPRING VALLEY LAKE ASSOCIATION DELINQUENT ASSESSMENT COLLECTION POLICY

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&Rs) 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&Rs and Civil Code Section 5310(a), 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 Section 5650(a)).
2. Annual Assessments shall be paid quarterly in four (4) equal installments. Each installment is due 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 Assessment, which date will not be less than thirty (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 and the Association enter into an agreement providing for payments to be applied in a different manner.
4. Assessments not received within fifteen (15) days of the stated due date are late and shall be subject to a late charge not to exceed ten percent (10%) of the delinquent assessment or ten dollars (\$10), whichever is greater.
5. 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 thirty (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 thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. Any unpaid balance shall be subject to a late charge and interest as provided above.
7. If an assessment is not received within thirty (30) days after the assessment becomes due, the Association or its designee, will send a pre-lien letter to the owner as required by Civil Code Section 5660 by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account, impending collection action and the owner's right to request that the Association participate in some form of internal dispute resolution process ("IDR"). The owner will be charged a fee for the pre-lien letter. Notwithstanding the provisions of this paragraph, the Association may (i) send a pre-lien letter to a delinquent owner at any time when there is an open escrow involving the Owner's Unit/Lot, and/or (ii) issue a pre-lien letter immediately if any special assessment becomes delinquent.

**Effective May 27, 2014**

## **SPRING VALLEY LAKE ASSOCIATION DELINQUENT ASSESSMENT COLLECTION POLICY**

8. If an owner fails to pay the amounts set forth in the pre-lien letter and fails to request IDR within thirty (30) days of the date of the pre-lien letter, the Board shall decide, by majority vote in an open meeting, whether to authorize the Management Company or the collection attorney to 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. The owner will be charged for the fees and costs of preparing and recording the lien. The lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure (Civil Code Section 5700(a)).

9. Once the matter has been transferred to the collection attorney, the collection attorney may be authorized to commence a non-judicial foreclosure action to enforce the lien if and/or when thirty (30) days has passed since the lien was recorded and either (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars (\$1,800) or more, excluding accelerated assessments and specified late charges and fees or (b) the assessments are delinquent for more than twelve (12) months. An owner could lose ownership of the property if a foreclosure action is completed. Owners will be responsible for significant additional fees and costs if a foreclosure action is commenced against your property.

10. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent owner(s) by identifying the matter in the minutes by only the parcel number of the owner's property. Prior to initiating any foreclosure sale on the recorded lien, the Association shall offer delinquent homeowners the option to participate in IDR or Alternative Dispute Resolution ("ADR").

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. An owner has the right to dispute the assessment debt by submitting a written request for dispute resolution to the collection attorney for delivery to the association pursuant to Article 2 (commencing with Section 5900) of Chapter 10 of the Civil Code.

14. An owner has the right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10 of the Civil Code before the Association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

15. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to the collection attorney 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 if the payment plan request is mailed within fifteen (15) days of the postmark date of the pre-lien letter. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien on an owner's separate interest to secure payment for the

## **SPRING VALLEY LAKE ASSOCIATION DELINQUENT ASSESSMENT COLLECTION POLICY**

owner's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period. If a payment plan is approved, additional late fees from the homeowner will not accrue while the owner remains current under the terms of the payment plan. If the owner breaches an approved payment plan, the Association may resume its collection action from the time the payment plan was approved.

16. 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.

17. 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.

18. The Association shall charge the owner a Twenty-Five Dollar (\$25.00) fee for the first check tendered to the Association that is returned unpaid by the owner's bank and Thirty-Five Dollars (\$35.00) for each subsequent check passed on insufficient funds. If the check cannot be negotiated, the Association may also seek to recover damages of at least One Hundred Dollars (\$100.00), or, if higher, three (3) times the amount of the check up to One Thousand, Five Hundred Dollars (\$1,500.00) pursuant to Civil Code Section 1719.

19. Owners have the right to provide a secondary address for mailing for purposes of collection to the Association. The owner's request shall be in writing and shall be mailed to the Association in a way that shall indicate that the Association has received it. An owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

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

21. Until the owner has paid all amounts due, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, the Board of Directors may suspend the owner's right to vote, and suspend the owner's right to use the Association's recreational facilities after providing the owner with a duly noticed hearing pursuant to Civil Code Section 5855. However, any suspension imposed shall not prevent the delinquent owner from the use, benefit and pleasure of the owner's lot.

22. The mailing address for overnight payment of assessments is:

**TOTAL PROPERTY MANAGEMENT  
2301 DUPONT DRIVE, STE 100  
IRVINE, CA 92612**

23. The mailing address if your account is in collections:

**ALTERRA ASSESSMENT RECOVERY, LLC  
ATTENTION: COLLECTIONS DEPARTMENT  
30 ENTERPRISE, SUITE 320  
ALISO VIEJO, CA 92656**

**Effective May 27, 2014**



# **SPRING VALLEY LAKE ASSOCIATION DELINQUENT ASSESSMENT COLLECTION POLICY**

## **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)

## **SPRING VALLEY LAKE ASSOCIATION DELINQUENT ASSESSMENT COLLECTION POLICY**

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) (b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.



# **SPRING VALLEY LAKE ASSOCIATION ALTERNATIVE DISPUTE RESOLUTION SUMMARY**

California *Civil Code* Sections 5925 through 5965 require community associations and their homeowners to offer to participate in some form of Alternative Dispute Resolution ("ADR") prior to initiating certain types of lawsuits in superior court. ADR means mediation, arbitration, conciliation, or other non-judicial procedure that involves a neutral party in the decision making process. ADR may either be binding or non-binding, as may be agreed to by the parties. This Summary of the ADR statutes is being distributed as required by California *Civil Code* Section 5960.

## **I. When ADR Must be Offered Prior to Initiating Enforcement Action:**

An association or an owner may not file certain lawsuits in superior court unless an effort has been made to submit the dispute to ADR as required by law. Generally, ADR must be offered before filing a civil action or proceeding that seeks:

- A. A judicial declaration of the rights and responsibilities of the parties, only; or
- B. A writ of mandate or a writ of prohibition, only; or
- C. Permanent injunctive relief only; or
- D. Declaratory relief, writ relief, or injunctive relief, combined with a claim for monetary damages of five thousand dollars or less

It is not necessary to offer ADR prior to filing any other type of superior court action, or prior to filing any type of small claims action. Except as otherwise provided by law, the ADR requirement does **not** apply to an assessment dispute.

## **II. Compliance Procedures:**

The ADR process is initiated by one party serving all other parties with a "Request for Resolution," which shall include:

- A. A brief description of the dispute between the parties;
- B. A request for ADR;
- C. When directed to an owner, the request must be accompanied by a copy of the ADR statutes;
- D. Service of the Request must be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the intended recipient actual notice of the Request;
- E. A notice to all parties that they are required to respond within 30 days of receipt, or else the offer of ADR is deemed rejected; and
- F. If the Request is accepted, ADR must be completed within 90 days of the receipt of the acceptance, unless the parties sign a written agreement extending the completion date.

The cost of ADR is to be borne by the parties. Unless the parties agree, no oral or written evidence or statements made in an ADR proceeding, other than arbitration, are admissible as evidence in a later lawsuit. Each homeowner should consult with his or her own attorney regarding appropriate compliance with the ADR statutes.

### **III. Failure to Participate in Some Form of ADR Prior to Enforcement Action:**

Should a party unreasonably refuse to participate in ADR before the lawsuit is filed, the court may, in its discretion, take this refusal into consideration in determining the amount of attorneys' fees and costs ultimately awarded at trial. In accordance with the disclosure requirement of California *Civil Code* Section 5965, please be advised that:

**"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 your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law"**

### **IV. Association's Policy of Early Dispute Resolution:**

In accordance with the California *Civil Code*, a fair, reasonable, and expeditious procedure exists for resolving disputes between the Association and an owner involving their rights, duties or liabilities under the Davis-Stirling Common Interest Development Act, the Nonprofit Mutual Benefit Corporation Law, or the Association's governing documents. The procedure supplements, but does not replace the ADR process summarized above. The procedure follows:

- A. Either party may request the other, in writing, to meet and confer. While a homeowner may refuse a request to meet and confer, the Association may not.
- B. The Board shall designate a member of the Board to meet and confer with the owner.
- C. The parties shall meet promptly at a mutually convenient time and place to explain their positions and confer in good faith in an effort to resolve the dispute.
- D. A resolution of the dispute shall be memorialized in writing and signed by the parties.
- E. An agreement reached using this procedure binds the parties and is judicially enforceable if it is not in conflict with law or the governing documents and the agreement is either consistent with the authority granted by the Board of Directors to the Board member who met with the owner, or if the agreement is ratified by the Board.
- F. An owner may not be charged a fee to participate in the process.