



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

September 9, 2016

Dear SVLA Homeowner:

The SVLA Board of Directors is pleased to announce the adoption of the new 2016-2017 annual budget, reserve and personal property replacement schedules with their respective funding plans. The annual assessment will be \$1060.00 per unit. The assessment will be due quarterly at a rate of \$265.00 on the following due dates: November 1, 2016; February 1, 2017; May 1, 2017; and August 1, 2017. You may pay in full with one payment on November 1, 2016. For your convenience payments may be paid by automatic electronic funds transfer or on-line at www.proactivepm.pro.

Included with this mailing is the required annual disclosure package which contains: the compiled financial forecast (2016-2017 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.

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,

Stephen Garcia, President
SVLA Board of Directors

Association Office – 760.245.9756
Fax – 760.245.3076
Website – 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 9, 2016

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, 2016;
2. Reserve statement for fiscal year 2016-2017, and;
3. The approved assessment collection policy.

After careful review of the 2015-2016 operating and reserve expenses, we have determined that the projected expenses for 2016-2017 cannot be met with the current income. Therefore, the total assessment will increase to \$265.00 per unit per quarter.

Your assessment includes reserve funding of \$81,000.00 per quarter, which is less than the amount recommended in the most recent reserve study projected at 53.9% funded starting 2017. 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 9, 2016

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 ProActive Professional Management
23201 Lake Center Drive #101
Lake Forest CA 92630
Fax: (949) 346-9925

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 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 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 ProActive Professional Management
23201 Lake Center Drive #101
Lake Forest CA 92630

Spring Valley Lake Association

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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. 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.

Spring Valley Lake Association
Fiscal Year End October 31, 2017
Approved Budget for the period: 11/01/2016 - 10/31/2017

Income		Annual	Quarterly	Per Unit / Per Quarter
Assessments		\$4,466,840	\$1,116,710	\$ 265.00
Community Service Fees		37,900	9,475	2.25
Marina Fees		170,000	42,500	10.09
Equestrian Fees		42,200	10,550	2.50
Owner Fees		113,800	28,450	6.75
Investment Income		5,000	1,250	0.30
Other Revenue		15,000	3,750	0.89
	Total Income	<u>4,850,740</u>	<u>1,212,685</u>	<u>\$ 287.78</u>
	Expenses			
Compensation	(Sch 1)	2,435,720	608,930	144.50
Reserve Funding	(Sch 2)	324,000	81,000	19.22
Lake, Marina & Equestrian	(Sch 3)	486,002	121,501	28.83
Professional Services	(Sch 4)	348,680	87,170	20.69
Administrative Support	(Sch 5)	159,100	39,775	9.44
Vehicles, Equipment & Technology	(Sch 6)	161,640	40,410	9.59
Insurance: Umbrella, Auto, D&O		166,400	41,600	9.87
Utilities	(Sch 7)	223,100	55,775	13.24
Grounds & Building	(Sch 8)	165,598	41,400	9.82
Association Sponsored Events	(Sch 9)	80,500	20,125	4.78
Bad Debt		35,000	8,750	2.08
Capital Improvements	(Sch 10)	265,000	66,250	15.72
	Total Expenses	<u>4,850,740</u>	<u>1,212,685</u>	<u>\$ 287.78</u>

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.

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

Assessment and Reserve Funding Disclosure Summary

Spring Valley Lake Association

For Fiscal Year Beginning: 11/1/2016

of Units: 4214

1) Budgeted Amounts:	Total	Average Per unit*	
Reserve Contributions:	\$324,000.00	\$76.89	
Total Assessment Income:	\$4,466,242.00	\$1,059.86	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 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:	11/1/2016
Fully Funded Balance (based on formula defined in 5570(b)4):	\$3,005,955.00
Projected Reserve Fund Balance:	\$1,621,009.00
Percent Funded:	53.9%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$330.93

From the 9/1/2016 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 (Kevin Leonard)

Date: 9/1/2016

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

759-6

Fiscal Year Beginning: 11/01/16

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
2016	\$1,621,009	\$3,005,955	53.9%	Fair	\$324,000	\$0	\$14,163	\$746,330
2017	\$1,212,842	\$2,655,028	45.7%	Fair	\$336,960	\$0	\$12,616	\$250,908
2018	\$1,311,511	\$2,813,686	46.6%	Fair	\$350,438	\$0	\$14,473	\$92,033
2019	\$1,584,389	\$3,150,868	50.3%	Fair	\$364,456	\$0	\$16,138	\$320,388
2020	\$1,644,596	\$3,273,387	50.2%	Fair	\$379,034	\$0	\$16,628	\$357,799
2021	\$1,682,459	\$3,371,788	49.9%	Fair	\$394,196	\$0	\$18,046	\$166,356
2022	\$1,928,345	\$3,681,390	52.4%	Fair	\$409,963	\$0	\$20,019	\$281,140
2023	\$2,077,188	\$3,893,446	53.4%	Fair	\$426,362	\$0	\$19,938	\$611,309
2024	\$1,912,179	\$3,783,525	50.5%	Fair	\$443,416	\$0	\$19,641	\$357,546
2025	\$2,017,691	\$3,943,770	51.2%	Fair	\$461,153	\$0	\$21,786	\$159,248
2026	\$2,341,382	\$4,325,520	54.1%	Fair	\$479,599	\$0	\$24,586	\$267,641
2027	\$2,577,927	\$4,619,902	55.8%	Fair	\$498,783	\$0	\$27,535	\$172,822
2028	\$2,931,423	\$5,033,987	58.2%	Fair	\$518,734	\$0	\$29,102	\$587,841
2029	\$2,891,418	\$5,046,629	57.3%	Fair	\$539,484	\$0	\$23,552	\$1,633,450
2030	\$1,821,004	\$3,996,687	45.6%	Fair	\$561,063	\$0	\$20,697	\$82,512
2031	\$2,320,253	\$4,527,146	51.3%	Fair	\$583,506	\$0	\$24,338	\$378,664
2032	\$2,549,433	\$4,783,348	53.3%	Fair	\$606,846	\$0	\$26,354	\$459,107
2033	\$2,723,526	\$4,979,693	54.7%	Fair	\$631,120	\$0	\$27,851	\$533,539
2034	\$2,848,957	\$5,121,035	55.6%	Fair	\$656,365	\$0	\$27,751	\$829,425
2035	\$2,703,647	\$4,978,099	54.3%	Fair	\$682,619	\$0	\$26,382	\$837,738
2036	\$2,574,911	\$4,839,045	53.2%	Fair	\$709,924	\$0	\$25,905	\$702,487
2037	\$2,608,252	\$4,852,362	53.8%	Fair	\$727,672	\$0	\$25,686	\$830,435
2038	\$2,531,175	\$4,752,043	53.3%	Fair	\$745,864	\$0	\$25,619	\$707,809
2039	\$2,594,849	\$4,793,304	54.1%	Fair	\$764,510	\$0	\$27,829	\$413,960
2040	\$2,973,229	\$5,157,299	57.7%	Fair	\$783,623	\$0	\$29,674	\$822,519
2041	\$2,964,006	\$5,130,795	57.8%	Fair	\$803,214	\$0	\$31,372	\$485,547
2042	\$3,313,045	\$5,470,556	60.6%	Fair	\$823,294	\$0	\$35,186	\$444,473
2043	\$3,727,051	\$5,883,395	63.3%	Fair	\$843,876	\$0	\$38,355	\$662,166
2044	\$3,947,115	\$6,105,591	64.6%	Fair	\$864,973	\$0	\$40,136	\$768,744
2045	\$4,083,481	\$6,246,510	65.4%	Fair	\$886,598	\$0	\$44,255	\$243,080

3-Minute Executive Summary

Association: Spring Valley Lake Association **Assoc. #:** 759-6
Location: Spring Valley Lake, CA
of Units: 4214
Report Period: November 1, 2016 through October 31, 2017

Results as-of 11/1/2016:

Projected Starting Reserve Balance:	\$1,621,009
Fully Funded Reserve Balance:	\$3,005,955
Average Reserve Deficit (Surplus) Per Unit:	\$331
Percent Funded:	53.9%
2016/2017 monthly Reserve Contribution:	\$27,000
Special Assessment for Reserves:	\$0

Most Recent Reserve Contribution Rate:\$24,750

Economic Assumptions:

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

- This is an “Update No-Site-Visit” Reserve Study, based on a prior Report prepared by Association Reserves for your 2016 Fiscal Year. No site inspection was performed as part of this Reserve Study.
- This Reserve Study was prepared by a credentialed Reserve Specialist (RS).
- Because your Reserve Fund at 53.9% Funded, this represents a fair position. In perspective, associations funded above 70% enjoy little risk of a special assessment. Your multi-year Funding Plan is designed to gradually bring you to the 60% - 70% level.
- This funding plan is not a recommendation of Association Reserves, but rather a request by the board of the association.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
Administration & Maintenance Buildings					
303	HVAC System - Replace (Front)	20	0	\$7,400	\$13,365
303	HVAC System - Replace (Rear)	20	0	\$7,400	\$13,365
304	Parking Lot Lights - Replace	25	12	\$5,900	\$8,412
305	Handheld Radios - Replace (Maint.)	4	3	\$9,300	\$10,162
310	Security System - Modernize	7	4	\$6,500	\$7,316
350	Flag Pole - Replace	40	6	\$6,250	\$7,463
601	Carpet - Replace	6	6	\$8,150	\$9,732
702	Overhead Doors - Replace	20	13	\$18,200	\$26,727
909	Restroom - Refurbish (Maint)	25	0	\$3,500	\$7,328
909	Restrooms - Refurbish (Admin)	25	25	\$6,600	\$13,819
909	Restrooms - Refurbish (Public)	25	0	\$17,500	\$36,641
911	Furniture - Partial Replacement	4	0	\$7,000	\$7,879
912	Computer/Printers - Replace	5	0	\$12,750	\$14,781
1304	Tile Roof - Replace Underlay -Admin	30	0	\$18,150	\$44,055
1304	Tile Roof - Replace Underlay -Maint	30	20	\$18,600	\$33,594
1402	Entrance Sign - Replace	25	10	\$18,000	\$24,190
1900	Building Exteriors - Repair	30	3	\$25,000	\$27,318
1901	Building Interior - Remodel	30	0	\$143,000	\$347,099
Community Center					
303	HVAC Systems - Replace	20	19	\$64,000	\$112,224
304	Defibulators - Replace	5	2	\$2,700	\$2,864
304	Interior Lighting - Replace	25	3	\$15,000	\$16,391
305	Dig. Mobile Radios - Replace (PSD)	7	6	\$8,100	\$9,672
305	Handheld Radios - Replace (PSD)	4	3	\$13,950	\$15,244
310	Security System - Modernize	7	4	\$6,500	\$7,316
320	Parking Lot Lights - Replace	25	4	\$12,600	\$14,181
350	Flag Pole - Replace	40	6	\$4,500	\$5,373
404	Patio - Refurbish	10	8	\$9,250	\$11,718
602	Vinyl Floor - Replace	15	13	\$39,000	\$57,273
603	Tile - Replace	25	10	\$23,800	\$31,985
702	Metal Doors - Replace	40	26	\$45,000	\$97,047
901	Refrigerator/Freezer - Replace	15	4	\$6,250	\$7,034
901	Stoves - Replace	20	18	\$3,000	\$5,107
903	Folding Furniture - Replace	10	2	\$12,250	\$12,996
903	Furniture - Replace (Boardroom)	10	0	\$7,750	\$10,415
908	Window Coverings - Replace	10	1	\$9,900	\$10,197
909	Kitchen - Refurbish	20	14	\$17,500	\$26,470
909	Restrooms - Refurbish	25	12	\$37,500	\$53,466
909	Security Offices - Refurbish	15	12	\$12,150	\$17,323
915	Stage - Replace	15	0	\$9,200	\$14,333
1301	Cap Sheet Roof - Replace	12	10	\$12,950	\$17,404
1303	Flat Roof - Replace	20	4	\$50,400	\$56,726

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
1304	Tile Roof - Replace Underlayment	30	4	\$14,300	\$16,095
1802	Antenna Tower - Replace	15	11	\$22,500	\$31,145
1803	Fire Alarm System - Replace	20	2	\$12,500	\$13,261
1804	Fire Suppression System - Replace	20	10	\$11,500	\$15,455
1805	Sound System - Replace	15	4	\$7,700	\$8,666
Equestrian Center					
303	HVAC Unit - Replace (Apartment)	15	3	\$5,625	\$6,147
303	HVAC Unit - Replace (Clubroom)	15	3	\$9,375	\$10,244
350	Flag Poles - Replace	40	6	\$4,400	\$5,254
408	Judges Gazebo - Replace	30	0	\$15,230	\$36,967
409	Bridges - Replace	30	1	\$46,200	\$47,586
409	Sand - Replace (Arena)	4	1	\$9,300	\$9,579
425	Metal Hay Barns - Replace	35	26	\$11,000	\$23,723
503	Heavy Pipe Rail - Replace (Arenas)	25	23	\$40,000	\$78,943
503	Pipe Rail - Replace (Stalls/Pens)	30	7	\$64,900	\$79,819
505	Wood Fence - Replace	15	0	\$13,000	\$20,254
506	Vinyl Fence - Replace	30	20	\$68,000	\$122,816
702	Metal Doors - Replace	25	8	\$23,700	\$30,022
1304	Tile Roof - Replace Underlayment	30	19	\$23,400	\$41,032
1304	Tile Roof - Replace Underlayment	30	19	\$44,000	\$77,154
1904	Walkway Poles - Replace	30	8	\$11,000	\$13,934
1908	Propane Tank - Replace	40	4	\$5,000	\$5,628
1910	Windows (apartment) - Replace	25	24	\$2,875	\$5,844
1911	Tile Floor (apartment) - Replace	20	19	\$5,900	\$10,346
1912	Carpet (apartment) - Replace	5	4	\$1,050	\$1,182
1913	Sliding Doors (apartment) - Replace	25	24	\$5,800	\$11,790
Asphalt					
201	Asphalt - Overlay (Admin)	40	38	\$54,700	\$168,191
201	Asphalt - Overlay (Beach)	40	38	\$84,750	\$260,588
201	Asphalt - Overlay (CB, MP)	40	38	\$96,300	\$296,102
201	Asphalt - Overlay (EQ)	40	38	\$48,700	\$149,742
201	Asphalt - Remove & Replace (Admin)	40	13	\$119,200	\$175,049
201	Asphalt - Remove & Replace (Beach)	40	13	\$185,000	\$271,679
201	Asphalt - Remove & Replace (CB, MP)	40	13	\$210,000	\$308,392
201	Asphalt - Remove & Replace (EQ)	40	13	\$106,250	\$156,032
202	Asphalt - Seal/Repair (All)	5	3	\$36,250	\$39,611
Lake & Marina					
103	Boat Ramp - Replace	25	10	\$8,750	\$11,759
111	Gangways - Replace	50	7	\$17,000	\$20,908
314	Fuel Dispenser - Replace	20	6	\$17,500	\$20,896
314	Fuel Station POS - Replace	8	6	\$13,500	\$16,120

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
315	Fuel Storage Tank - Replace	40	6	\$45,700	\$54,568
501	Sea Wall - Partial Replace	15	2	\$13,800	\$14,640
503	Iron Fence/Rail - Replace	20	0	\$6,000	\$10,837
510	Shade Structure - Replace	20	17	\$8,600	\$14,214
511	Shade Fabric - Replace	5	2	\$2,500	\$2,652
1901	Docks - Replace (Phase 1)	50	7	\$229,500	\$282,256
1901	Docks - Replace (Phase 2)	50	13	\$255,500	\$375,210
1902	Dock Bumpers - Partial Replace	5	0	\$5,150	\$5,970
1904	Fish Cleaning Station - Replace	25	12	\$5,300	\$7,557
1910	Lake Coving - Partial Repair	4	1	\$50,000	\$51,500
1912	Dam - Refurbish	45	12	\$52,600	\$74,995
1914	Aerators - Replace	15	9	\$25,500	\$33,272
1914	Lake Water Flow Meters - Replace	15	8	\$17,550	\$22,232
1914	Outflow Monitor Devices - Replace	20	0	\$17,500	\$31,607
1915	Wells - Replace (#1,2,10,15)	25	21	\$310,000	\$576,691
1915	Wells - Replace (#3,5,14)	25	18	\$233,000	\$396,667
1915	Wells - Replace (#6,11,13)	25	22	\$233,000	\$446,452
1915	Wells - Replace (#7,9,16)	25	19	\$233,000	\$408,567
1916	Well Pumps - Replace (#1,2,10,15)	10	6	\$66,000	\$78,807
1916	Well Pumps - Replace (#3,5,14)	10	3	\$49,500	\$54,090
1916	Well Pumps - Replace (#6,11,13)	10	7	\$49,500	\$60,879
1916	Well Pumps - Replace (#7,9,16)	10	5	\$49,500	\$57,384

Parks

320	Pole Lights - Partial Replace	1	0	\$3,500	\$3,605
404	Picnic Tables - Partial Replace	2	1	\$7,700	\$7,931
405	Metal Play Equip. - Replace (MP)	20	19	\$11,000	\$19,289
405	Play Equipment - Replace (Beach)	15	11	\$33,000	\$45,680
405	Play Equipment - Replace (MP)	15	0	\$46,000	\$71,667
405	Play Equipment - Replace (Playfair)	15	1	\$46,000	\$47,380
405	Splash Equipment - Replace	10	7	\$12,000	\$14,758
406	Bark - Replace (MP)	15	14	\$16,000	\$24,201
407	Shade Structure - Replace (MP)	20	19	\$14,000	\$24,549
408	Shade Fabric - Replace (MP)	5	4	\$3,000	\$3,377
410	Bleachers - Replace	25	0	\$13,000	\$27,219
502	Softball Backstops - Replace	25	0	\$22,800	\$47,738
503	Metal Fence/Rail - Replace (BP)	25	10	\$79,500	\$106,841
510	Shade Structure - Replace (PF)	20	17	\$8,600	\$14,214
511	Shade Fabric - Replace	5	2	\$2,500	\$2,652
909	Restrooms - Refurbish (Beach Park)	25	21	\$22,000	\$40,926
909	Restrooms - Refurbish (MP)	25	24	\$17,000	\$34,557
1010	Irrigation System - Repair/Replace	N/A	0	\$20,000	\$0
1304	Metal Roof - Replace (MP)	30	0	\$5,450	\$13,229
1308	Metal Roof - Replace (Beach)	35	27	\$13,200	\$29,321
1601	Dugouts - Replace	20	0	\$28,800	\$52,016
1607	Basketball Court - Resurface (BP)	10	7	\$12,000	\$14,758

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
1607	Basketball Court - Resurface (LP)	10	1	\$12,000	\$12,360
1607	Basketball Court - Resurface (MP)	10	7	\$12,000	\$14,758
1610	Lifeguard Towers - Replace	10	8	\$18,000	\$22,802
1901	Bocce Ball Courts - Resurface (MP)	15	0	\$30,000	\$46,739
Vehicles & Equipment					
1	Security Car - Replace	4	0	\$26,000	\$29,263
2	Security Car - Replace	4	0	\$26,000	\$29,263
3	Security Car - Replace	4	0	\$26,000	\$29,263
4	Security Car - Replace	4	0	\$26,000	\$29,263
5	Community Services Car - Replace	4	0	\$26,000	\$29,263
6	Community Services Car - Replace	4	0	\$26,000	\$29,263
7	Security Truck - Replace	6	0	\$26,000	\$31,045
8	Security Golf Cart - Replace	10	6	\$7,600	\$9,075
11	Security Boat - Replace	12	3	\$12,000	\$13,113
12	Security Boat - Replace	12	1	\$12,000	\$12,360
13	Security Boat - Replace	25	3	\$26,000	\$28,411
14	Security Boat - Replace	12	0	\$36,000	\$51,327
20	Maint. Truck - Replace	20	4	\$32,000	\$36,016
21	Maint. Truck - Replace	20	7	\$29,000	\$35,666
22	Maint. Truck - Replace	20	2	\$37,000	\$39,253
23	Maint. Truck - Replace	20	7	\$29,000	\$35,666
24	Maint. Truck - Replace	20	0	\$35,000	\$63,214
25	Maint. Truck - Replace	20	17	\$30,000	\$49,585
26	Maint. Truck - Replace	20	17	\$36,000	\$59,503
27	Maint. Truck - Replace	20	17	\$30,000	\$49,585
28	Maint. Truck - Replace	20	18	\$32,000	\$54,478
29	Maint. Truck - Replace	20	19	\$30,000	\$52,605
30	Maint. Truck - Replace	20	17	\$30,000	\$49,585
31	Maint. Truck - Replace	20	3	\$32,000	\$34,967
32	Maint. Boat - Replace	30	18	\$48,000	\$81,717
33	Maint. Boat - Replace	25	3	\$26,000	\$28,411
34	Maint. Trailer - Replace	20	5	\$5,600	\$6,492
35	Maint. Trailer - Replace	20	10	\$7,900	\$10,617
36	Maint. Trailer - Replace	20	18	\$8,900	\$15,152
37	Maint. Trailer - Replace	20	18	\$8,900	\$15,152
38	Maint. Trailer - Replace	20	13	\$700	\$1,028
39	Maint. Trailer - Replace	20	13	\$2,100	\$3,084
40	Maint. Trailer - Replace	20	10	\$3,800	\$5,107
41	Maint. Trailer - Replace	20	10	\$3,800	\$5,107
42	Security Trailer - Replace	20	17	\$2,100	\$3,471
43	Equestrian Tractor - Replace	30	27	\$27,000	\$59,975
44	Maint. Tractor - Replace	30	22	\$37,000	\$70,896
45	Equestrian Tractor - Replace	30	1	\$47,000	\$48,410
47	Maint. Wood Chipper - Replace	20	4	\$6,100	\$6,866
48	Maint. Mower	15	0	\$9,000	\$14,022

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
49	Maint. Mower - Replace	15	12	\$18,000	\$25,664
1900	Outboard Motor - Replace	6	3	\$11,000	\$12,020
1900	Outboard Motor - Replace	6	0	\$15,000	\$17,911
1900	Outboard Motor - Replace	6	0	\$9,250	\$11,045
1900	Outboard Motor - Replace	6	3	\$11,000	\$12,020
172	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:

	CARRIER	EXPIRATION DATE	POLICY LIMIT	DEDUCTIBLE
WORKERS COMPENSATION	State Fund	1/1/2017	\$1,000,000	N/A
LIABILITY COVERAGE	Philadelphia	1/1/2017	\$11,000,000	\$1,000
DIRECTORS & OFFICERS COVERAGE	Liberty International UW	7/1/2017	\$1,000,000	\$35,000
BUILDING COVERAGE	Philadelphia	1/1/2017	\$3,048,509	\$1,000
FIDELITY BOND COVERAGE	Philadelphia	1/1/2017	\$250,000	\$1,000
EARTHQUAKE COVERAGE	N/A			
FLOOD COVERAGE	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:

**PROACTIVE PROFESSIONAL MANAGEMENT
23201 LAKE CENTER DRIVE #101
LAKE FOREST CA 92630**

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.