

HURLEY PLACE OWNERS ASSOCIATION

8340 AUBURN BOULEVARD, SUITE 100, CITRUS HEIGHTS CA 95610

(916) 722-8110 FAX (916) 722-8111

DATE: November 13, 2014
TO: All Hurley Place Homeowners Association Members
FROM: Board of Directors
RE: 2014 Annual Budget Report and Annual Policy Statement

2014 Annual Budget Report and Annual Policy Statement

Annually the Association Board of Directors must report to each homeowner the Association's financial needs for the following year. Enclosed for your information is the 2014 Annual Budget Report which includes the 2015 Operating Budget. Also included in this packet is the 2014 Annual Policy Statement.

Please note: the dues will increase to \$403 per month.

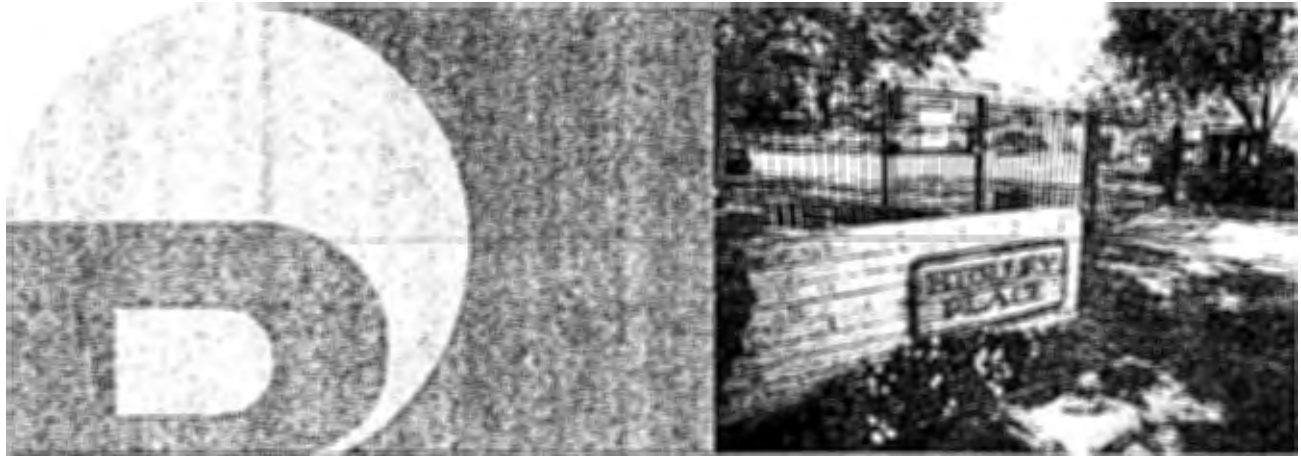
**Hurley Place Homeowners Association
2014 ANNUAL BUDGET REPORT**

The Annual Budget Report includes the following:

- (1) Pro Forma Operating Budget;
- (2) Summary of the Association's Reserves;
- (3) Summary of the Reserve Funding Plan;
- (4) Statement Regarding Deferring Repairs or Replacement of Major Components;
- (5) Statement Regarding the Likelihood of Future Special Assessments;
- (6) Statement Regarding Funding Mechanisms for Repair or Replacement of Major Components;
- (7) Statement Regarding the Calculation and Establishment of Reserves;
- (8) Assessment and Reserve Funding Disclosure Summary Form;
- (9) Statement Regarding Outstanding Loans; and
- (10) Summary of the Association's Insurance Coverages.

Hurley Place
2015 Approved Budget

	INCOME:	UNIT/MO	MONTHLY	2015	2014
41000	Dues	\$ 403.00	\$ 33,852.00	\$ 406,224.00	\$ 386,013.60
43220	Interest	\$ 0.10	\$ 8.33	\$ 100.00	\$ 100.00
43340	Keys & Remotes	\$ 0.18	\$ 15.00	\$ 180.00	\$ 180.00
46000	Other	\$ 0.69	\$ 58.33	\$ 700.00	\$ 700.00
49990	Total Income	\$ 403.97	\$ 33,933.67	\$ 407,204.00	\$ 386,993.60
	OPERATING EXPENSES:				
51000	Accounting	\$ 1.49	\$ 125.00	\$ 1,500.00	\$ 1,500.00
51400	Legal	\$ 2.98	\$ 250.00	\$ 3,000.00	\$ 3,000.00
51450	Management Fees	\$ 23.40	\$ 1,966.00	\$ 23,592.00	\$ 23,592.00
51575	Misc. Operating Exp.	\$ 0.40	\$ 33.33	\$ 400.00	\$ 400.00
51625	Office Expenses	\$ 4.37	\$ 366.67	\$ 4,400.00	\$ 4,400.00
51825	Security Service	\$ 8.93	\$ 750.00	\$ 9,000.00	\$ 8,000.00
52050	Telephone	\$ 0.60	\$ 50.00	\$ 600.00	\$ 560.00
52150	Utility - Electric	\$ 7.94	\$ 666.67	\$ 8,000.00	\$ 7,800.00
52200	Utility - Garbage	\$ 8.53	\$ 716.67	\$ 8,600.00	\$ 8,400.00
52250	Utility - Gas	\$ 4.09	\$ 343.33	\$ 4,120.00	\$ 4,000.00
52350	Utility - Sewer	\$ 47.62	\$ 4,000.00	\$ 48,000.00	\$ 46,981.00
52375	Utility - Cable TV	\$ 34.44	\$ 2,893.00	\$ 34,716.00	\$ 39,350.00
52400	Utility - Water	\$ 42.92	\$ 3,605.00	\$ 43,260.00	\$ 42,000.00
	Total Operating Expense	\$ 187.69	\$ 15,765.67	\$ 189,188.00	\$ 189,983.00
54100	Building/Outside Maintenance	\$ 10.42	\$ 875.00	\$ 10,500.00	\$ 9,262.00
54600	Tree Trimming	\$ 1.49	\$ 125.00	\$ 1,500.00	\$ 1,000.00
54850	Gate Maintenance	\$ 1.49	\$ 125.00	\$ 1,500.00	\$ 2,500.00
55300	Landscape - Contract	\$ 33.93	\$ 2,850.00	\$ 34,200.00	\$ 34,200.00
55350	Landscape Repairs/Maintenance	\$ 1.59	\$ 133.33	\$ 1,600.00	\$ 1,600.00
56500	Pool Maintenance	\$ 1.98	\$ 166.67	\$ 2,000.00	\$ 2,000.00
56450	Plumbing	\$ 4.56	\$ 383.33	\$ 4,600.00	\$ 4,600.00
	Total Maint. Expense	\$ 55.46	\$ 4,658.33	\$ 55,900.00	\$ 55,162.00
59000	Insurance-Fire/Liability	\$ 16.29	\$ 1,368.42	\$ 16,421.00	\$ 46,790.00
59420	Taxes-Federal/State	\$ 0.10	\$ 8.33	\$ 100.00	\$ 100.00
	Total Taxes & Insurance	\$ 16.39	\$ 1,376.75	\$ 16,521.00	\$ 46,890.00
	Total Expenses	\$ 259.53	\$ 21,800.75	\$ 261,609.00	\$ 292,035.00
	Total Cash Flow Before Reserves	\$ 144.44	\$ 12,132.92	\$ 145,595.00	\$ 94,958.60
	RESERVES:	\$ -			
60600	Reserve Contribution	\$ 144.44	\$ 12,132.92	\$ 145,595.00	\$ 94,958.60
	Total Cash Flow After Reserves	\$ (0.00)	\$ (0.00)	\$ -	\$ (0.00)



RESERVE STUDY

Member Distribution Materials

Hurley Place

Update w/o Site Visit Review

2014 Update

Published - August 20, 2014

Prepared for the 2015 Fiscal Year

<i>Section</i>	<i>Report</i>	<i>Page</i>
<i>California:</i>	Member Summary	1
	Assessment and Reserve Funding Disclosure Summary	[Civil Code §5570] 3
<i>Section III:</i>	30 Year Reserve Funding Plan	Cash Flow Method {c} 5

Professionally managed by

FREI Real Estate
(916) 722-8110

Browning Reserve Group
www.BrowningRG.com

August 20, 2014

This is a summary of the Reserve Study that has been performed for Hurley Place, (the "Association"). This study was conducted in compliance with California *Civil Code Sections 5300, 5550 and 5560* and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group prepared this Update w/o Site Visit Review for the January 1, 2015 - December 31, 2015 fiscal year.

Hurley Place is a Condominium with a total of 84 Units.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves are **inadequately funded** as the reserve fund ending balances may fail to remain positive throughout the replacement of all major components during the next 30 years. **Additional reserve funding including some combination of increased contributions, special assessments and loans may be necessary to meet all reserve obligations.**

California statute imposes no reserve funding level requirements nor does it address funding level adequacy.

Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2014 Fully Funded Balance	2015 Fully Funded Balance	2015 Line Item Contribution based on Cash Flow Method
01000 - Paving	148,361	5-25	1-14	85,136	95,692	8,199
02000 - Concrete	5,547	2-2	1-1	2,774	5,686	2,325
03000 - Painting: Exterior	139,400	1-5	0-3	97,285	94,249	22,961
03500 - Painting: Interior	2,837	15-15	3-3	2,269	2,520	167
04000 - Structural Repairs	232,938	1-10	0-4	132,580	167,373	41,300
05000 - Roofing	512,968	25-25	8-8	348,818	378,570	20,446
08000 - Rehab	2,521	15-15	3-3	2,017	2,240	148
11000 - Gate Equipment	21,328	8-10	1-3	18,449	21,473	2,104
12000 - Pool	29,737	1-15	0-3	24,154	26,980	2,185
13000 - Spa	11,347	5-12	1-5	7,407	8,866	1,100
18000 - Landscaping	9,153	1-10	1-4	5,081	7,831	2,178
19000 - Fencing	44,750	1-30	0-13	26,806	30,039	2,837
20000 - Lighting	1,891	5-5	1-1	1,513	1,938	317
23000 - Mechanical Equipment	4,885	12-20	1-3	4,212	4,598	238
24000 - Furnishings	3,404	15-15	3-4	2,664	2,964	201
25000 - Flooring	2,942	15-25	1-3	2,426	2,675	161
26000 - Outdoor Equipment	2,711	10-18	4-11	1,220	1,441	186
27000 - Appliances	2,947	15-20	1-3	2,732	2,985	152
30000 - Miscellaneous	14,919	4-15	1-12	9,823	12,923	2,389
31000 - Reserve Study	1,800	3-3	1-1	1,200	1,845	503
32000 - Undesignated	1,261	1-1	1-1	630	1,292	528
Totals	\$1,197,647			\$779,199	\$874,183	\$110,627
Estimated Ending Balance				\$80,833	\$125,264	\$109.75
Percent Funded				10.4%	14.3%	/Unit/month @ 84



August 20, 2014

- (1) The regular assessment per ownership interest is \$403.00 per month for the fiscal year beginning January 1, 2015.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ____ of the attached summary.

- (2) Additional regular or special 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 assessment will be due:	Amount per ownership interest per month or year (if assessments are variable, see note immediately below):	Purpose of the assessment:
N/A	\$0.00	N/A
Total:	\$0.00	

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ____ of the attached report.

- (3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes _____ No **X**

This disclosure has been prepared by Browning Reserve Group and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation. The accuracy of this information over the next 30 years will be dependent upon circumstances which are impossible to predict with specificity, and will require future action to adjust assessments over the period in accordance with the current projections and future developments.

- (4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members

Approximate date assessment will be due:	Amount per ownership interest per month or year:
2015 One-Time Only	\$1,000

- (5) All major components are included in the reserve study and are included in its calculations. See next page §5300(b)(4), for any major component exclusions.

- (6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$779,199, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of August, 2014. The projected reserve fund cash balance at the end of the current fiscal year is \$80,833 resulting in reserves being 10.4% percent funded at this date. Civil code section 5570 does not require the board to fund reserves in accordance with this calculation.

An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast). This is a method of developing a reserve funding plan where the contributions to the reserve fund are designated to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is presented in column (b) 'Fully Funded Balance' in the table immediately below; and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2015	\$874,183	\$125,264	14.3%
2016	\$872,644	\$66,864	7.7%
2017	\$836,561	\$77,329	9.2%
2018	\$852,385	\$236,809	27.8%
2019	\$999,607	\$378,146	37.8%

If the reserve funding plan approved by the association is implemented, the projected fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of December 31, 2015 is \$8,916 per ownership interest (average).

This is calculated as the current estimate of the amount of cash reserves necessary as of the end of the fiscal year for which the study is prepared, less, the amount of accumulated cash reserves actually (Projected to be) set aside to repair, replace, restore, or maintain the major components.

Deficiency =
$$\frac{2015 \text{ Fully Funded Balance} - 2015 \text{ Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§5300(b)(4) The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years.

Major Component:	Justification for Deferral:
N/A	N/A

§5300(b)(5) The board of directors as of the date of the study **does anticipate** the levy of a special assessment for the repair, replacement, or restoration of the major components.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Balance	34,846	80,833	125,264	66,864	77,329	236,809	378,146	385,986	559,852	140,640
Inflated Expenditures @ 2.5%	50,400	152,740	189,652	141,460	17,065	64,822	229,946	100,415	729,856	151,641
Reserve Contribution	94,959	110,627	128,880	150,145	172,667	198,567	228,352	262,605	301,996	172,500
<i>Units/month @ 84</i>	94.21	109.75	127.86	148.95	171.30	196.99	226.54	260.52	299.60	171.13
<i>Percentage Increase</i>		16.5%	16.5%	16.5%	15.0%	15.0%	15.0%	15.0%	15.0%	-42.9%
Special Assessments / Other	0	84,000 ¹	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	1,428	2,544	2,372	1,780	3,878	7,592	9,434	11,677	8,648	3,777
Ending Balance	80,833	125,264	66,864	77,329	236,809	378,146	385,986	559,852	140,640	165,276

1) Without a special assessment (\$1,000 per unit), the reserve fund will go negative in the next few years. Large increases are necessary for several years to re-build funding.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	165,276	170,417	216,599	300,781	291,662	246,803	395,909	467,065	509,652	396,493
Inflated Expenditures @ 2.5%	175,816	139,828	107,968	206,839	246,674	58,875	144,545	179,644	339,773	24,262
Reserve Contribution	176,812	181,232	185,763	190,407	195,167	200,046	205,047	210,173	215,427	220,813
<i>Units/month @ 84</i>	175.41	179.79	184.29	188.90	193.62	198.46	203.42	208.50	213.72	219.06
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	4,144	4,778	6,387	7,314	6,648	7,935	10,654	12,058	11,187	12,369
Ending Balance	170,417	216,599	300,781	291,662	246,803	395,909	467,065	509,652	396,493	605,413

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Beginning Balance	605,413	796,351	838,253	785,845	873,587	1,124,978	1,270,117	1,193,336	1,320,505	1,455,127
Inflated Expenditures @ 2.5%	52,701	210,270	310,249	176,481	23,112	140,505	369,670	172,905	175,410	69,579
Reserve Contribution	226,333	231,991	237,791	243,736	249,829	256,075	262,477	269,039	275,765	282,659
<i>Units/month @ 84</i>	224.54	230.15	235.90	241.80	247.85	254.04	260.39	266.90	273.58	280.42
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	17,306	20,180	20,051	20,487	24,674	29,569	30,413	31,035	34,267	39,042
Ending Balance	796,351	838,253	785,845	873,587	1,124,978	1,270,117	1,193,336	1,320,505	1,455,127	1,707,249

Statement Regarding Outstanding Loans

The Association currently has no outstanding loans with a term of more than one year.

IMPORTANT CHANGE

Subject: Hurley Place HOA Insurance Coverage 2014

Dear Hurley Place Homeowner,

Your CC&R's require the Association to carry a master insurance policy that covers your Home, including the original quality interior walls, built in countertops, plumbing and electrical for the normal causes of loss. The master policy does not provide coverage for Earthquake or FLOOD. The policy contains a \$10,000 deductible per occurrence that you could be responsible for if the loss occurs to your unit. You should contact your insurance agent to inquire about purchasing LOSS ASSESSMENT OR IMPROVEMENTS AND ALTERATIONS limits of at least \$10,000 that could possibly offset this deductible. Normally you can add this coverage to your personal property policy [HO-6] If you should have any questions please have your agent or yourself call me to discuss the master insurance coverage. I have a toll free number 1-800 431 1994 ext 35.

We also have a web site link to obtain certificates of insurance at no cost. www.insurancecert.com/willis/search.asp
First go to the link, enter the first two letters of your association and find your association in the drop down. Enter your name, then the unit owners then lenders information. Go to the bottom of the page and print.

George Hullin Senior Vice President

Willis Insurance Services of California Inc.

800 Howe Ave. Suite 210 Sacramento CA 95825

Direct: (916) 488-1400 X 35, Mobile: (916) 230-4872, george.hullin@willis.com , www.willis.com

Willis Insurance Services of California Inc.

Hurley Place Homeowners Association

Insurance Disclosure

Civil Code 1365 (01/01/96)

This summary of the association's policies of insurance provides only certain information as required by subdivision (f) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association member may, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in the summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate coverage.

COMPANY & POLICY NO:

Allstate/648691307

- Coverage dates: 11/01/2014 to 11/01/2015
- Blanket Building: \$16,064,380
- Deductible: \$10,000
- Liability: \$1,000,000 Occurrence/\$2,000,000 Aggregate
- Deductible: None

COMPANY & POLICY NO:

Allstate/648691307

- Coverage dates: 11/01/2014 to 11/01/2015
- Crime/Employee Dishonesty: \$150,000
- Deductible: \$1,000

COMPANY & POLICY NO:

Fidelity Ins Co/82275269

- Coverage dates: 11/01/2014 to 11/01/2015
- Directors and Officers: \$1,000,000
- Retention: \$5,000

COMPANY & POLICY NO:

St. Paul Fire & Marine/ ZUP1459535612

- Coverage dates: 11/01/2014 to 11/01/2015
- Umbrella: \$5,000,000
- Self-Insured Retention: None

COMPANY & POLICY NO:

Wright National Insurance Co/Various Policy Numbers

- Coverage dates: 11/01/2014 to 11/01/2015
- Flood: \$12,706,300
- Deductible: \$1,000

COMPANY & POLICY NO:

N/A

- Workers Compensation:

COMPANY & POLICY NO:

N/A

- DIC/Earthquake:

**Hurley Place Homeowners Association
2014 ANNUAL POLICY STATEMENT**

California law requires that the Association make the following statements and disclosures to all Members annually:

Person Designated to Receive Official Communications to the Association

All official communications to the Association must be in writing and mailed or e-mailed to:

Angie Vinyard, Association Manager
Frei Real Estate Services
8340 Auburn Boulevard, Suite 100
Citrus Heights, CA 95610

avinyard@alfrei.com

Right to Have Notices Sent to Two Different Addresses

Each Member has the right, upon request to the Association, to have notices from the Association sent to two different addresses. To have the Association send notices to two different addresses, you must submit a written request, which includes the following information, to the person designated to receive official communications to the Association:

1. The name of your Association,
 2. Your name,
 3. Your lot or unit number within the Development, and
 4. Your second mailing address.
-

Mailing Address for Overnight Payment of Assessments

*Hurley Place Homeowners Association
c/o Frei Real Estate Services
8340 Auburn Boulevard, Suite 100
Citrus Heights, CA 95610*

Location for Posting General Notices

The Association shall post all General Notices at the following location(s):

1. Mail Boxes

Right to Receive General Notices by Individual Delivery

Each Member has the right, upon request to the Association, to have the Association deliver any notice or document required to be delivered by General Delivery pursuant to California Civil Code Section 4045, by Individual Delivery. To have the Association send you notices and documents by Individual Delivery, you must submit a written request, which includes the following information, to the person designated to receive official communications to the Association:

1. The name of your Association,
2. Your name,
3. Your lot or unit number within the Development, and
4. A statement that you are invoking your right to have notices and documents sent by Individual Delivery rather than by General Delivery.

Right to Receive Copies of Meeting Minutes

Each Association Member has the right, upon request to the Association, to obtain copies of the minutes of Board meetings (other than executive sessions of the Board). To obtain copies of such minutes, you must submit your written request, which includes the following information, to the person designated to receive official communications to the Association:

1. The name of your Association,
2. Your name,
3. Your lot or unit number within the Development, and
4. The date of the meeting for which the minutes are requested.

The Association is permitted to require Members to reimburse the Association for the Association's costs for providing copies of such minutes.

Authorization Agreement for Direct Deposits
(ACH DEBITS)

If you would like to enroll in direct debits for your monthly assessment payments, please complete the enclosed "*Authorization Agreement For Direct Deposits (ACH Debits)*" and return it to the person designated to receive official communications to the Association.

For questions regarding this program, please call Frei Real Estate Services at 916-722-8110.

If you have previously completed the ACH Agreement and are currently participating in the program, you do not need to complete the enclosed form.

Electronic Communications Authorization Form

Members interested in receiving all Association correspondence, and any required disclosures that may be distributed by electronic mail under the law, by e-mail, may complete the enclosed "*Electronic Communications Authorization Form*" and return it to the person designated to receive official communications to the Association.

Association's Assessment Collection Policies

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code

when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)"

Summary of Dispute Resolution Procedures

INTERNAL DISPUTE RESOLUTION PROCESS (Civil Code Sections 5900 - 5915)

California Civil Code Sections 5900 - 5915 require an association to provide a fair, reasonable, and expeditious procedure for resolving certain disputes between the association and a member. The following procedure, which may be invoked by either party to a dispute, shall apply:

- (1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
- (2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
- (3) The board shall designate a director to meet and confer.
- (4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.
- (5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.
- (6) A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:
 - (i) The agreement is not in conflict with law or the governing documents of the common interest development or association.
 - (ii) The agreement is either consistent with the authority granted by the board to its designee or the agreement is ratified by the board.

(7) A member shall not be charged a fee to participate in the process.

ALTERNATIVE DISPUTE RESOLUTION SUMMARY
(Civil Code Sections 5925 - 5965)

California Civil Code Sections 5925 - 5965 address your rights to sue the association or another member of the association regarding the enforcement of the governing documents. The following is a summary of the provisions of Civil code Section 5925 - 5965:

In general, Civil Code Sections 5925 - 5965 encourage parties to certain disputes involving enforcement of an association's governing documents to submit the dispute to a form of alternative dispute resolution (ADR) such as mediation or arbitration prior to filing a lawsuit. The form of ADR may be binding or non-binding, and the costs of the ADR shall be borne by the parties.

Any party to a dispute may initiate the process of ADR by serving a Request for Resolution on all other parties to the dispute. A Request for Resolution must contain: (1) a brief description of the dispute between the parties, (2) a request for ADR, (3) a notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the Request will be deemed rejected, and (4) if sent to the owner of a separate interest, a copy of Civil Code Sections 5925 - 5965. If the Request is accepted, the ADR must be completed within 90 days of receipt of the acceptance, unless otherwise agreed by the parties. Once a Request for Resolution is served, all applicable statutes of limitation are tolled as set forth in Civil Code Section 5945.

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.

The law requires the party filing a lawsuit for enforcement of the association's governing documents to file a certificate with the court stating that (1) ADR has been completed prior to the filing of the suit, or (2) ADR was not undertaken because one of the other parties to the

dispute did not accept the terms offered for the ADR, or (3) ADR was not undertaken because preliminary or temporary injunctive relief is necessary. Failure to file this certificate can be grounds for dismissing the lawsuit.

Furthermore, while the prevailing party in any lawsuit to enforce the governing documents shall be awarded attorneys' fees and cost, under Civil Code Section 5960 the court may consider whether a party's refusal to participate in ADR was reasonable when it determines the amount of the award.

18. STRUCTURAL OR ARCHITECTURAL MODIFICATIONS

Generally, owners are free to make interior improvements to their units. However, no structural alteration that involves a weight-bearing or common wall will be done without the written consent of the Board.

Individual residents cannot undertake any structural alteration or architectural modification of any exterior building surface or any other item in the common areas. Structural alterations and architectural modifications, as used here, have a broad definition to include anything that alters the appearance and visual harmony of the property. Just as window coverings, outside lighting, shade devices, antennas, etc. can alter the architectural harmony of the property, so can new heat pumps, screen doors and windows, and anything attached to an external wall, door, or other structural member. Any change that affects the exterior structure or appearance of the property requires prior written approval of the Board.

Because of the potential noise in the unit below, carpeting in a second floor unit, either in whole or in part, may be replaced only with fully padded carpeting. No part of the carpeting in a second floor unit may be replaced with hard-surfaced flooring of any kind, even if that flooring is padded or cushioned. The owner of any unit may request a variance to this policy, supported by specific accompanying documentation, which may be considered by the Board of Directors on a case-by-case basis.

See also Article VII, Sections 8 and 10, of the Declaration.

**HURLEY PLACE OWNERS ASSOCIATION
HOME IMPROVEMENT REQUEST APPLICATION**

NOTE: Supporting Materials should be submitted to the Hurley Place Owners Association at least 30 days before activity begins. Supporting materials may be submitted either to Frei Real Estate Services and/or brought to the next Hurley Place Owners Association Board meeting held the last Tuesday of each month January to October. Exceptions to the 30 day rule will be considered for emergency repairs/replacement of critical home components, such as HVAC systems, water heaters and broken windows. In these situations, the Association will make every effort to provide a timely response.

NAME _____ DATE: _____
(Please Print)

ADDRESS: _____ UNIT NO. _____
(If Absentee Owner) (Street, City, Zip Code)

PHONE: (H) _____ (W) _____

PROPOSED START/COMPLETION DATES: _____

TYPE OF HOME IMPROVEMENT

_____ Interior Remodeling	_____ Patio/Deck Shading Device
_____ HVAC System	_____ Water Heater
_____ Windows/Sliding Door	_____ Floor Coverings
_____ Windows/Doors Screens	_____ Satellite/Dish TV
_____ Windows/Doors Security	_____ Cable TV Extension
_____ Devices	_____ Other (describe below)
_____ Exterior Door Hardware	

DETAILS/DESCRIPTION: _____

NOTE: Supporting materials should include as applicable plans to scale, sketches, color charts, color samples, fabric samples, manufacturers brochure, contractor name and license number, and photos of similar existing installations, to adequately convey the specifics of the proposed improvement.

Acknowledgement of all neighbors who will be affected by your alterations/improvements is required. To expedite the processing of your application, please show and explain your plans to all those neighbors who will be affected and have them sign in the appropriate place on the back of this form.

IF ADDITIONAL DESCRIPTION IS NEEDED, PLEASE USE BACK OF FORM

ADDITIONAL DESCRIPTION: _____

For Association Use Only: ☐ Approved ☐ Not Approved ☐ Conditionally Approved

Comments: _____

By: _____

Date: _____

Hurley Place Owners Association Board of Directors

NEIGHBOR ACKNOWLEDGEMENT: I have reviewed the plans of _____ and
am aware of all their proposed alterations/improvements shown on the description and by the
supporting materials.

UNIT #	NAME (PRINT)	SIGNATURE	PHONE #	DATE

RETURN FORM TO:

Hurley Place Owners Homeowners Association
c/o Frei Real Estate Services
8340 Auburn Blvd., Suite 100
Citrus Heights CA 95610
or email to abrandt@alfrei.com

HURLEY PLACE OWNERS ASSOCIATION

ASSESSMENT COLLECTION POLICY

1. Regular assessments are due, in advance, on the first (1st) day of each and every month and delinquent if not received by the Association office within fifteen (15) days after the due date thereof. Special Assessments and Individual Special Assessments are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received in the Association office within fifteen (15) days after it is due. A late charge of ten percent (10%) shall be due on any such delinquent assessment.
2. If any portion of any such assessment or late charge remains unpaid sixty (60) days after the original due date thereof, a Pre-Lien Notice will be prepared and sent, by certified mail, to the delinquent record owner(s) at the owners' last mailing address provided to the Association. Such notice will include a detail of the total amounts delinquent, including but not limited to, assessments, late charges, interest, and costs of collection, if any. The mailing of this notice shall satisfy the requirements of this section, even if delivery is refused by the Owner.
3. If all such amounts have not been paid thirty (30) days after the original due date thereof, a Notice of Delinquent Assessment ("Lien") will be prepared and recorded as to the delinquent lot and the owner(s) thereof, and all resulting collection fees and costs will be added to the total delinquent amount as the Association reserves the right to recover costs of collection. A copy of the Lien will be sent, by regular and certified mail, to the address as described in item (2) above.
4. All such amounts, and all other assessments and related charges for such lot thereafter due to the Association until all such amounts are paid, must be paid in full as a condition to curing and releasing such Lien, and the Association shall not be required to accept any partial or installment payments from the Lien date to the time that all such amounts are paid in full.
5. **Payments will be applied in the following order: (1) assessments & fines, (2) late charges, (3) interest, and (4) collection costs. Payments will be applied first to the oldest balances in each of these categories.**
7. At the option of the Association, interest shall be due on all such amounts, once due and unpaid for thirty (30) days, at the rate of ten percent (10%) per annum.
8. The Association shall charge a "returned check charge" of twenty-five dollars (\$25.00) for all checks returned as "non-negotiable," "insufficient funds" or any other reason.
9. The Board of Directors of the Association may revise this policy, either generally or on a case by case basis, if it finds good cause to do so.

Hurley Place Owners Association Schedule of Monetary Penalties

Monetary penalties for breaches of the Hurley Place Owners Association Community Policies are as follows:

- \$ 100 penalty for first offense
- \$ 200 penalty for second offense
- \$ 300 penalty for third offense

It is the intention of the Board of Directors to invoke such penalties only after reasonable efforts have been expended to achieve compliance.

Once an individual has been notified of a violation by receipt of a violation letter, any repetition of substantially similar behavior, conduct, or actions provides the basis for an additional offense. If a violation is on-going in nature, such as an illegally parked car, the Board can impose a reasonable per diem penalty until the violation ceases.

This schedule of fines is a guideline for the sake of consistency. The Board may, however, in unusual circumstances, increase the fine(s). The record must be documented to show why the Board felt it was justified in departing from the norm. Similarly, the Board can reduce fines in light of sufficiently compelling circumstances. Again, the record must be documented to show the reason(s) for the departure from the norm. The Board should exercise this discretion sparingly.

AUTHORIZATION AGREEMENT FOR DIRECT DEPOSITS (ACH DEBITS)

ASSOCIATION NAME: **HURLEY PLACE OWNERS ASSOCIATION**

I (we) hereby authorize **Frei Real Estate Services** , hereinafter called COMPANY, to initiate debit entries on the 5th day of each month to my (our) () Checking () Savings account (select one) indicated below at the depository financial institution named below, hereinafter called DEPOSITORY, and to debit the same to such account for the purpose of paying monthly Association assessments.

DEPOSITORY (BANK) NAME _____

BRANCH _____

CITY _____ STATE _____ ZIP _____

ROUTING NUMBER _____ (**provide a voided check**)

ACCOUNT NUMBER _____

AMOUNT \$ _____ START DATE: _____

This authorization is to remain in full force and effect until, COMPANY has received written notification of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

NAME(S) _____
(PLEASE PRINT)

ADDRESS _____ UNIT # _____

SIGNED _____ DATE _____

SIGNED _____ DATE _____

PHONE # _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

Hurley Place Homeowners Association
Electronic Communications Authorization Form

If you are agreeable to receiving all association correspondence and other required disclosures that may legally be distributed by electronic mail, please sign the form below and provide us with your e-mail address. Your e-mail address will be kept confidential.

I hereby agree to accept electronic mail as the method of delivery, to the extent legally permissible, for any and all association correspondence and or documents required by law and/or the Hurley Place governing documents to be distributed to members.

I understand that this authorization will remain in effect until the Association receives a written notice from me terminating this authorization and that I may request a copy of the correspondence and/or document on paper in addition to the electronic format upon written request.

Street Address (In Hurley Place)

City _____ State _____ ZIP _____

E-mail Address(es) _____

(Include Family Member Name) _____

Owner Signature

Owner Name – Print

Dated

Frei Real Estate Services
8340 Auburn Blvd., Suite 100
Citrus Heights, CA 95610
(916) 722-8110
FAX (916) 722-8111
E-mail: avinyard@alfrei.com