



Dear Homeowner:

Enclosed you will find the CANON DEL SOL HOMEOWNERS ASSOCIATION 2019 Annual Budget Report and Annual Policy Statement. This package is being distributed pursuant to California Civil Code 5300.

The budget was reviewed and approved by the Board of Directors at their November 5, 2018 meeting.

Effective January 1, 2019 your dues will remain the same

In addition to the fiscal year budget, please find the following items included:

- A. Annual Policy Statement
- B. Violation & Fine Policy
- C. Alternative Dispute Resolution
- D. Internal Dispute Resolution
- E. Master Policies
- F. Architectural Guidelines
- F. Annual Insurance Disclosure
- G. Assessment and Reserve Funding Disclosure Summary
- H. Assessment Collection Policy

The attached document is intended to provide homeowners with an overview of both operating and reserve expenses that are expected in the coming year. Homeowners who desire a more detailed picture of the budget may request a copy through management at any time.

Questions regarding the budget, its projects and components as well as any other financial information may be addressed directly to Management.

Sincerely,

Nate Summer
Anderson & Company



2019 Annual Budget Report and Policy Statement

CANON DEL SOL HOMEOWNERS ASSOCIATION

For Fiscal Year

*January 1, 2019 to
December 31, 2019*

CANON DEL SOL HOMEOWNERS ASSOCIATION

Annual Policy Statement-2019

Included in this Report:

- Annual Policy Statement
- Assessment Collection Policy
- Internal Dispute Resolution Policy
- Alternative Dispute Resolution Policy
- Master Policies
- Architectural Forms
- Solar Policy

ANNUAL POLICY STATEMENT

(per Civil Code 5310)

Primary Contact for the Association

In accordance with Civil Code 4035 and 5260, any official communication intended for the Association must be in writing and delivered to the person designated to receive documents on behalf of the association. Documents may be delivered by first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service center. Documents may be delivered by email, facsimile, or other electronic means, if the association has assented to that method of delivery.

The person designated to receive communication for the Association is:

Anderson & Company
783 Rio del Mar Blvd. Ste. 59
Aptos, CA 95003

Secondary Address for Delivery of Documents

Upon receipt of a request by a member, the association will deliver an additional copy of required notices to the secondary address identified in the request.

General Notices of the Association

General notices will be by mail or email if written consent is on file.

Request for Individual Delivery of Notices

Pursuant to Civil Code Section 4045(b), a member has the right to request to receive general notices by individual delivery. The term “individual delivery” means delivery by one of the following methods (a) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the recipient at the address last shown on the books of the Association or (b) Email, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery.

Minutes

Pursuant to California Civil Code 4950(a) the minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any board meeting, other than an executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member upon written request (pursuant to Civil Code 5260) and upon reimbursement of the association’s costs for making that distribution.

Assessment-Collection Policies

The statement describing the association’s assessment collection policy and procedures required by Civil Code Section 5730 is a separate enclosure to this Annual Policy Statement. (Civil Code Section 5310 (a)(6)).

Lien Policy

The statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments is included as part of the assessment collection policy. (Civil Code Section 5310 (a)(7)).

Rules Enforcement Policy

In accordance with Civil Code 5850 a schedule of the association's penalty fine schedule is included as a separate enclosure.

Dispute Resolution Procedures

A summary of Dispute Resolution Procedures pursuant to Civil Code Sections 5920 and 5965 is included as a separate enclosure to this Annual Policy Statement. (Civil Code Section 5310 (a)(9)).

Architectural Changes

No architectural changes may be made without prior approval from the architectural committee. Per Civil Code 4765 a copy of the Association's ARC guidelines and application are included if applicable.

Overnight Payment of Assessment

The mailing address for overnight payment of assessments is:

c/o Anderson & Company
783 Rio del Mar Blvd. Ste 59
Aptos, CA 95003.

CANON DEL SOL HOMEOWNERS ASSOCIATION

ASSESSMENT COLLECTION POLICY 2019

Notice to Members:

This document sets forth the Association's policy regarding the collection of assessments pursuant to the Association's Governing Documents and California Civil Code Sections 5600 - 5740.

1.0 Assessments in General.

The Association has a duty to levy regular and special assessments sufficient to perform its obligations under the governing documents and California law. Regular assessments are determined at least once annually and are payable during the year in monthly installments or at such other intervals as the Board of Directors shall designate. The Association shall distribute the written notice described in Civil Code Section 5730 to each member of the Association during the 60-day period immediately preceding the beginning of the Association's fiscal year.

2.0 Obligation to Pay Assessments.

A regular or special assessment and any late charges, reasonable fees and costs of collection, reasonable attorney's fees, if any, and interest, if any, as determined in accordance with Civil Code Section 5650, shall be a debt of the owner of the separate interest at the time the assessment or other sums are levied. Each assessment or charge is also a lien on the owner's property from and after the time the Association causes a Notice of Delinquent Assessment (Lien) to be recorded with the County Recorder's Office of the County in which the property is located.

3.0 Monetary Charge for Reimbursement to Association for Damage to Common Areas and Facilities.

A monetary charge imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to common areas and facilities for which the member or the member's guests or tenants were responsible may become a lien against the member's separate interest enforceable by the sale of the interest under Sections 2924, 2924b, and 2924c, provided the authority to impose a lien is set forth in the governing documents.

4.0 Monetary Penalty Imposed by the Association as a Disciplinary Measure.

A monetary penalty imposed by the Association as a disciplinary measure for failure of a member to comply with the governing instruments, except for the late payments, may not be characterized nor treated in the governing instruments as an assessment that may become a lien against the member's subdivision separate interest enforceable by the sale of the interest under Sections 2924, 2924b, and 2924c.

5.0 Notice of Assessments.

Neither less than 30 days nor more than 60 days before any increase in the regular assessment or any special assessment becomes due, the Association will give the owners notice of the assessment. Notice will be sent by first-class mail to addresses on the membership register as of the date of notice. The Association can deliver notice of change of assessments via e-mail, if the owner has agreed in writing to accept Association documents via e-mail. The Board of Directors may elect from time to time to provide additional periodic statements of assessments and charges, but lack of such statements does not relieve the owners of the obligation to pay assessments.

6.0 Designation of Agent.

The Board of Directors may designate an agent or agents to collect assessment payments and administer this Assessment Collection Policy. Such designated agent may be an officer of the Association, manager, collection service, banking institution, law firm, attorney, or other appropriate agent.

7.0 Association Cannot Voluntarily Assign or Pledge the Association's Right to Collect.

An Association may not voluntarily assign or pledge the Association's right to collect payments or assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association; however, the foregoing provision may not restrict the right or ability of an Association to assign any unpaid obligations of a former member to a third party for purposes of collection. After the expiration of 30 days following the recording of a lien per the Covenants, Conditions and Restrictions (CC&R's), subject to the limitations of this subdivision, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a trustee substituted pursuant to Section 2934a. Any sale by the trustee shall be conducted in accordance with Sections 2924, 2924b, and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in Sections 2924c and 2924d.

8.0 Due Date/Delinquency Date of Assessments.

Unless otherwise specified by the Board or the governing documents, an assessment is due on the first of each month. An assessment or any portion thereof, is delinquent if it has not been received as directed by the Board or its designated agent 15 days after it is due.

9.0 Late Charges and Interest on Delinquent Amounts.

Delinquent accounts become subject to the following additional charges as contained in Civil Code section 5650 and the governing documents: costs of collection including reasonable attorney's fees; a late charge of \$10 or 10% of the delinquent assessment, whichever is greater and interest on all sums (including the delinquent assessment, collection fees and costs, and reasonable attorney's fees) at an annual interest rate not to exceed 12.00% commencing 30 days after the assessment becomes due; whether or not charged prior to collection. If it is determined the assessment was paid on time to the association the owner will not be liable to pay the charges, interest, and costs of collection.

10.0 Collection Charges.

Any costs and fees incurred in setting up, processing and collecting delinquent amounts, including, without limitation, late charges, statement charges, monthly administrative charges, charges for preparation of delinquency notices or forward to collection charges, or request for a payment plan as well as the recordation of a lien or initiation of foreclosure proceedings, postage, copies, envelopes, labels, filing and recordation charges, delivery charges and attorney's fees and costs, title searches, bankruptcy searches, pulling copies of grant deeds or property ownership history, address and or phone number verification searches, in addition to any other charges necessary to collect a delinquent assessment shall become an additional charge against the owner and the owner's property and shall be subject to collection action pursuant to this Policy.

11.0 Application of Payments.

Neither the Association nor its designated agent has any obligation to accept partial payments on an assessment account. Unless stated otherwise in writing, partial payments accepted will be applied first to the oldest assessments owed, and, only after the assessments owed are paid in full will the payments be applied to the fees and costs of collection, attorney's fees, late charges, or interest. Owners may request a receipt and the association shall provide it. The receipt shall indicate the date of payment and the person who received it. Payments may be required to be made in certified funds, e.g. cashier's check or money order.

12.0 Initial Delinquency Notice.

Once an assessment, or any portion thereof, has become delinquent, the owner may receive an initial delinquency notice stating all amounts past due and any known collection charges imposed as of the date of the notice, which may be in the form of a letter, monthly statement, past due notice, or any other form of writing or notice from the Association or its designated agent.

13.0 Notice of Intent to Record a Lien.

If an assessment account remains unpaid for 45 days after it is due, the Association or its designated agent shall, at least 30 days prior to recording a lien upon the separate interest of the owner of record, notify the owner in writing by certified mail all of the notice requirements pursuant to Civil Code Section 5660. Prior to recording a lien for delinquent assessments, the owner has the right to request to participate in dispute resolution pursuant to the Association's "Meet and Confer" program required in Civil Code Sections 5900-5920. A copy of the "Meet and Confer" Offer and Procedure is attached to this collection policy as an ADDENDUM titled "ADDENDUM TO ASSESSMENT COLLECTION POLICY: OFFER FOR INTERNAL DISPUTE RESOLUTION (IDR). MEET AND CONFER, AND ADR."

14.0 Recording of Lien.

At the expiration of 30 days following the Notice of Intent to Record a Lien, the Association, or its designated agent will without further notice to the owner, record a lien against the owner's property. The notice of delinquent assessment shall be mailed in the manner set forth in Section 2924b, to all recorded owners of the owner's interest in the common interest development no later than 10 calendar days after recordation.

15.0 Association Lien Subordination.

A lien created pursuant to 14.0 Recording of Lien shall be prior to all other liens recorded subsequent to the notice of assessment, except that the declaration may provide for the subordination thereof to any other liens and encumbrances.

16.0 Recording of Release of Lien.

A release of lien will not be recorded until the entire balance of the owner's account is paid in full. All charges incurred in recording a Release of Lien, including reasonable attorney or agent fees and costs, will be charged to the account. Within 21 days of payment in full the Association shall record or cause to be recorded in the office of the county recorder a release of lien or notice of rescission and provide the owner of the separate interest a copy of the recorded release of lien.

17.0 Lien Recorded In Error.

If it is determined that a lien previously recorded against a separate interest was recorded in error, the party who recorded the lien shall, within 21 calendar days, record or cause to be recorded in the office of the county recorder, a release of lien or notice of rescission and provide the owner of the

separate interest a copy of the recorded document with a declaration stating that the recording was in error.

18.0 Foreclosure.

Judicial or Non Judicial foreclosure proceedings may not begin until the amount of the delinquent assessments secured by the lien, exclusive of any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest, equals or exceeds one thousand eight hundred dollars (\$1,800) or the assessments are more than 12 months delinquent. Prior to initiating a foreclosure for delinquent assessments, the association will offer the owner and, if so requested by the owner, shall participate in dispute resolution pursuant to the association's "Meet and Confer" program required in Civil Code Sections 5900 - 5920 or alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 5925 - 5965. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure. A copy of the "Meet and Confer" Offer and Procedure is attached to this collection policy as an ADDENDUM titled "ADDENDUM TO ASSESSMENT COLLECTION POLICY: OFFER FOR INTERNAL DISPUTE RESOLUTION (IDR), MEET AND CONFER, AND ADR."

19.0 Deed in Lieu of Foreclosure.

Nothing in this section or in subdivision (a) of Section 726 of the Code of Civil Procedure prohibits actions against the owner of a separate interest to recover sums for which a lien is created or prohibits an association from taking a deed in lieu of foreclosure.

20.0 Payment Plan Agreement.

An owner of a separate interest may submit a written request to meet with the Board of Directors, in executive session, to discuss a payment plan agreement to allow the owner to make periodic partial payments on the entire balance of the assessment account in addition to assessments that will accrue during the payment plan period. The Association has no obligation to enter into such a payment agreement. If the Association accepts an agreement with the owner it shall be reasonable, as determined by the Board in its sole discretion, and in accordance with the standards for payment plans, if any exist. The payment agreement shall be in writing and will include a provision that additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. Interest and administrative charges will accrue until the account is paid in full. The agreement will also include a provision that in the event of a default on the payment plan, the Association may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan. A lien will be recorded against the property to secure debt for the Association. The owner will be charged for the additional collection fees and costs to administer the payment plan. Payment plan requests outside of the Association's payment plan standards require Board approval. The board may designate a committee of one or more members to meet with an owner.

21.0 Validation of Debt.

Unless an owner disputes the validity of the debt, or any portion thereof, within thirty (30) days after receipt of the notice pursuant to 13.0 Notice of Intent to Record a Lien, the debt will be assumed to be valid. Validation of the debt will be provided in writing, at no additional cost to the owner and will include 1) an itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any 2) the Association's name and 3) the Association's mailing address.

22.0 Disputes.

Federal law states that initial dispute can be either oral or in writing. State law requires disputes to be in writing. It is therefore recommended that all disputes be put in writing to avoid misunderstanding.

23.0 Internal Dispute Resolution (IDR) Procedure, Meet And Confer.

An owner has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "Meet and Confer" program required in Civil Code Sections 5900 - 5920. A copy of the "Meet and Confer" Offer and Procedure is attached to this collection policy and serves as an official offer to the owner. See attached ADDENDUM titled "ADDENDUM TO ASSESSMENT COLLECTION POLICY: OFFER FOR INTERNAL DISPUTE RESOLUTION (IDR), MEET AND CONFER, AND ADR."

24.0 ADR - Alternative Dispute Resolution.

An owner has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 5925 - 5965 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 judicial foreclosure. A summary of the ADR - Alternative Dispute Resolution Civil Code 5965 is attached as an ADDENDUM to this policy titled "ADDENDUM TO ASSESSMENT COLLECTION POLICY: OFFER FOR INTERNAL DISPUTE RESOLUTION (IDR), MEET AND CONFER, AND ADR."

25.0 Owner has Right to Request Meeting with Board.

An owner has the right to request a meeting with the board. The board shall meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice 13.0 Notice of Intent to Record a Lien, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner.

26.0 Owner has Right to Review Association Records.

Owner has the right to review the Association records, pursuant to Civil Code Section 5205. Owner should contact the Association's managing agent for the policies and procedures set forth to inspect the records.

27.0 Dispute Resolution, Meet And Confer Procedure Civil Code Section § 5920. See attached Addendum titled "ADDENDUM TO ASSESSMENT COLLECTION POLICY: OFFER FOR INTERNAL DISPUTE RESOLUTION (IDR), MEET AND CONFER, AND ADR."

28.0 Other Remedies.

The Association reserves the right to avail itself of any other remedy permitted by law and the Association's governing documents to collect assessments and related costs and charges, including but not limited to bringing an action in Small Claims or Superior Court. Such remedies may be taken in addition to, or in lieu of, any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.

29.0 Address of the Association and the Board of Directors.

For the purpose of OVERNIGHT PAYMENTS owners are directed to use the same mailing address that is used for mailing routine assessments payments, unless otherwise directed by the

designated agent. For the purpose of CORRESPONDENCE owners are directed to use the mailing addresses of the designated agent, unless otherwise directed. These addresses are subject to change after the distribution of this policy. Notification of a change will be in writing to the membership through normal day-to-day correspondence from the association or its designated managing agent. It is the owners' responsibility to note any changes for their records.

30.0 Returned Payments.

Payments returned for insufficient funds, closed account, stop payment or for any other reason will be charged back to the owners account in addition to any administrative fee, bank fee or collection fees and costs incurred to handle the returned payment. Personal checks will not be accepted if two payments are "Returned" by the bank for any reason.

31.0 Sufficiency of Notice.

Except for notice that under California law must be sent by certified mail, notice is sufficient if either hand delivered or mailed first class, postage prepaid, to the owner at the address on the membership register at the time of notice. Notice is presumed received (3) three days after notice was mailed.

32.0 Owner's Change of Address.

Owner is required to notify the Association of any change in the owner's name or mailing address. Upon receipt of a written request by an owner identifying a SECONDARY ADDRESS for purposes of collection notices, the Association shall send additional copies of any notices required by this section to the secondary address provided. The owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. The 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.

33.0 Void Provisions.

If any provision of this Policy is determined to be null and void, all other provisions of the Policy shall remain in full force and effect.

ADDENDUM TO ASSESSMENT COLLECTION POLICY: OFFER FOR INTERNAL DISPUTE RESOLUTION (IDR), MEET AND CONFER, AND ADR

DISPUTE RESOLUTION, MEET AND CONFER PROCEDURE CC §5920

WHO MAY START: This procedure may be invoked by the Association or an Owner. Either party may make a written request to meet and confer to resolve a dispute. The Board shall designate a member of the Board to meet and confer.

WHO PARTICIPATES: When a written request for Dispute Resolution is received from an owner, the Association shall participate. If the Association makes a written request for an owner to participate, the owner may elect not to participate.

NON-PARTICIPATION BY THE OWNER: If the owner declines to participate, the Association may begin Alternative Dispute Resolution, pursuant to Civil Code § 5930.

IF THE OWNER PARTICIPATES THEN THE MEET AND CONFER TAKES PLACE:

- A. Both parties shall meet and confer to resolve the dispute within forty-five (45) days of receipt of the written request by the other party.
- B. The meeting shall take place promptly at a mutually convenient time and place. Each party shall explain their position and shall confer in good faith to resolve the dispute.
- C. An agreement resolving the dispute by the parties shall be made in writing and dated and signed by the parties, including the Board designee on behalf of the Association.
- D. A written decision shall be made by the designated Board Member and delivered or received by the owner within ten (10) days after the meet and confer.
- E. If the owner participates, but the dispute is resolved other than by agreement of the owner, the owner shall have the right to appeal to the Association's Board of Directors.

APPEAL:

- A. If the owner disputes the resolution, an appeal must be taken to the Board of Directors within thirty (30) days of the date of the decision by the designated Board member.
- B. If there is an appeal, the Board must hear the Appeal at its next regularly scheduled executive session, and then issue a written decision within ten (10) days.

NO CONFLICT:

- A. The resolution must not be in conflict with the Law or the governing documents.
- B. The agreement must be consistent with the authority granted to the Board of Directors or the Board must ratify the agreement.
- C. The written agreement, which is dated and signed by the parties, will bind both parties and be judicially enforceable.

NO FEE: No fee will be charged to the owner during this process.

EXCEPTIONS: Reasonable exceptions may be made to the time deadlines, in the discretion of the Board. Any exceptions will be made on a case-by-case basis.

TIME: The maximum time to act on a request by the owner is forty-five (45) days. Initiation to termination of the dispute will take no more than one hundred eighty (180) days.

ADR.ALTERNATIVE DISPUTE RESOLUTION CC §5925 -5965 0.00 As of January 1, 2006

1. If an association, owner or member of an association seeks either:
 - A. Declaratory or injunctive relief; or
 - B. Declaratory or injunctive relief and a claim for monetary damages not in excess of the jurisdictional limits of small claims court (as of January 1, 2012: \$10,000 for individuals or \$5,000 for homeowner association), other than for association assessments, concerning the enforcement of the governing documents; the parties shall submit their dispute to Alternative Dispute Resolution (ADR), such as mediation or arbitration. A Request for Resolution ("Request") begins the process and it shall include:
 - 1) A description of the dispute;
 - 2) A request for ADR
 - 3) Notice that the party receiving the Request is required to respond within thirty (30) days or the Request will be deemed rejected.
 - C. This does not apply to small claims action.
 - D. Except as required by law, this does not apply to an assessment dispute.
2. A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.
3. If the Request is accepted, ADR shall be completed within ninety (90) days from the date of acceptance, or it can be extended by a written stipulation signed by both parties.

"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."

4. Unless otherwise stated by the Association, this document serves as the Association's OFFER FOR INTERNAL DISPUTE RESOLUTION (IDR), MEET AND CONFER, AND ADR and it serves as its procedure for the same.

Required Notice Regarding Assessments And Foreclosure

***Civil Code §5730 - Effective January 1, 2006**

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 - 5740) 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 5740 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 Civil Code Sections 5650 - 5740 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)

Required Notice Regarding Assessments and Foreclosure

***Civil Code §5730 - Effective January 1, 2006**

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 Civil Code Section 5900 – 5965. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth Civil Code Sections 5935 – 5965, 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.

INTERNAL DISPUTE RESOLUTION PROCEDURE

Civil Code Section §5920

1. This policy applies to a dispute between the association and a member involving their rights, duties or liabilities under the Davis-Sterling Act, under the provisions of the Corporations Code relating to mutual benefit corporations (commencing with Corporations Code §7110), or under the associations governing documents.
2. Either party to a dispute within the scope of this article may invoke the following procedure:
 - a. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
 - b. A member of the association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
 - c. The association's board of directors shall designate a member of the board to meet and confer.
 - d. 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.
 - e. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board's designee on behalf of the association.
3. A member of the association will not be charged a fee to participate in the process.

REQUEST FOR ALTERNATIVE DISPUTE RESOLUTION

1. Requesting Party: _____

Responding Party: _____

ADR REQUIRED. As provided for in Civil Code Section §5930, an association or a member of a common interest development may not file an enforcement action in Superior Court unless the parties have endeavored to submit their dispute to alternative dispute resolution.

NATURE OF DISPUTE: _____

FORM OF RESOLUTION REQUESTED:

☐ Mediation ☐ Non-Binding Arbitration ☐ Binding Arbitration

TIME FOR RESPONSE: You have thirty (30) days following receipt of this Request to accept or reject the Request. If you do not accept the Request within that period, it will be deemed rejected. If you accept the Request, the parties must complete Alternative Dispute Resolution within 90 days, unless extended by written stipulation signed by the parties.

COSTS: The costs of Alternative Dispute Resolution are borne by the parties.

ADR PROVISIONS. Attached to this request is a copy of the provisions of the Davis-Sterling Act describing Alternative Dispute Resolution (Civil Code §5925).

Signature of Requesting Party: _____

Date: _____

I AGREE to submit to Alternative Dispute Resolution

Signature of Responding Party: _____

Date: _____

CANON DEL SOL HOMEOWNERS ASSOCIATION, INC.
POLICIES

PIGEON ABATEMENT POLICY (Adopted October 5, 2009)

Control of pigeons on individual residences is a homeowner responsibility. Owners will need to hire a licensed contractor for abatement. Solutions can include wire netting, wire prongs, electric wires, noise, and blocking roosting areas. Before work can begin the owner (or their contractor) will need to submit a simple plan on the abatement measures to be undertaken to the exterior of their residence for association approval.

New California Law PROHIBITS CHARCOAL BRIQUETTE FIRES. California Fire code effective January 1, 2009, prohibits the use of charcoal briquette fires or other open flame combustible on balconies or within ten feet of combustible construction in multi-family dwellings.

CLUBHOUSE RENTAL POLICY (Revised March 23, 2009)

1. All requests to reserve and use the recreation room for parties and other social gatherings shall be made through the Homeowners Association by calling the Canon del Sol's office at 831/ 722-4048. At the end of each use, the entire recreational facility shall be left in a clean and orderly condition. Furthermore, at the end of each function, those persons who have reserved it, shall be responsible for determining that the facility is properly locked up and secured. Keys are to be returned within twenty-four (24) hours after use.
2. Owners and tenants may reserve the clubhouse on a first come, first served basis. Reservations will be confirmed once the On Site Manager receives a check for the \$275.00 cleaning deposit (refundable if the clubhouse is left clean) and a check for \$50.00/day rental (non-refundable). If there is more than one owner/group wanting to reserve the Clubhouse on the same day(s), the second and subsequent person(s) requesting the date will be put on a waiting list should the first requestor cancel.

For all major holiday reservations (Mother's Day, July 4th, Thanksgiving, Christmas, New Year's) when clubhouse usage is most popular, the above rules apply with the following exceptions:

- Reservations will be taken for these holidays 6 months prior to the holiday date.
 - If there is more than one owner wanting to reserve the clubhouse, the owner who rented in one year will not be eligible to rent on the same holiday for the next year.
3. The clubhouse may be rented for more than one day for event preparations and cleanup or use over several days for workshops, training, etc.

Any party using this facility will release the Association from any and all liability resulting in any harm, which may occur at the facility to any homeowner or guest present. Owners take full responsibility for their tenants.

4. If any damage is done to the facility, furniture, pictures, carpeting etc., in or about the recreation room, the resident who reserved and used said facility will be financially responsible and billed for any damages, cleaning repairs and/or replacement costs over and above the \$275.00 deposit.
5. The recreation room is available for the use and convenience of the homeowners; however, it is not intended and may not be used for profit making purposes. The recreation room should not be used as an additional guest sleeping facility. Any owner or tenant who is found to be using the clubhouse for this purpose will be fined.
6. Two months written notice must be given in advance to the Board for approval of any event with over fifty (50) people present. In such an event, the Board may impose extra rules (i.e., increase deposit for security and professional cleaning service).
7. For Thanksgiving Day reservations, if more than one owner wishes to rent the Clubhouse, the Board will hold a drawing in May, at the Annual Meeting, to determine who shall receive the reservation.
8. For Thanksgiving Day reservations, if more than one owner wishes to rent the Clubhouse, the members who rented for last year's Thanksgiving will not be eligible for this year's drawing.
9. Once any member has been approved for a Clubhouse rental reservation, a Security Deposit in the amount of \$275.00 shall be required.
10. Any exception to the Clubhouse Rental policy is subject to a majority Board of Directors vote. The exception will be confirmed in writing.

CLUBHOUSE RULES

Owner Use:

- ▶ May not be used by a non-owner although originally scheduled by the owner.
- ▶ Assumes all liability for any damage, which will be billed with the next monthly dues statement.
- ▶ Must end by 11:00 p.m.
- ▶ Must have responsible adults present at all times.

DECKS AND PORCHES (Adopted January 1, 2006)

1. "Deck Clutter" has been perceived to be a problem, thus any items stored therein must be aesthetically covered. All "unsightly" items must be removed, if perceived as such by the on-site manager in conjunction with the Board of Directors.
2. Dangerous conditions which could relate to structural failures, result in premature replacement or general hazards to the owners, common area, or structures must be corrected immediately. Such items include: items on as built decks/porches with "footprints" which exceed design loadings of 20 lbs. sq. ft., planters/pots which are in contact with wooden surfaces (should maintain 1" air space clearance), items fastened to railings, open-flamed clay pots, etc.
3. Excessive outside wall decor, lattices between decks and lattices displayed above railing level are prohibited, unless approved by the ARC in writing. Free standing lattices/ arbors must be physically attached to building walls, using approved construction techniques per the ARC.

PET AMOUNT (Adopted June 6, 2005)

It has been noted that some owners have more than one pet, which is in violation of the limit in the CC&Rs; this breach of the association's rules needs to be addressed.

According to the CC&Rs, Article VII USE RESTRICTIONS, Section 7.8. "No more than **one (1) household pet** may be kept and it must be kept under control at all times."

The directors voted to "grandfather in" all current pet owners with two (2) pets, who formally apply for the variance, and agreed that no action will be taken against any owner in violation of the current CC&R pet restrictions, as long as the pets are under control and they are "cleaned-up" after. However, if one pet should die, the owner will **not** be permitted to replace it, and new or existing owners will not be allowed to have more than one pet from this day forward.

BBQ OPERATIONS (Adopted January 5, 2004)

The following rules shall apply regarding use of the Common Area Barbeques:

- ▶ Do not use paper to ignite the briquettes.
- ▶ Please make sure that you have immediate accessibility to the clubhouse garden hose in the event you need to quickly extinguish the fire.
- ▶ When you have finished using the barbeque, it is your responsibility to extinguish the coals and to remove the ashes from the pit. The ashes must be placed in the lidded metal container adjacent to the barbeque.
- ▶ The burning of trash is not permitted.
- ▶ Please call the Clubhouse Office (831/ 722-4048) to notify the association when you desire to use the barbeque facilities. In the event the Clubhouse has been reserved, by another resident, please respect their priority.

LANDSCAPE LIGHTING STANDARDS (Adopted August 4, 2003)

1. The 120 volt house current must be supplied through a “GFCI” protected outside electrical outlet with a waterproof cover.
2. The 120 volt house current is then delivered to a transformer to step down the 120 volt current to 12 volts. The transformer should have enough capacity to support the cumulated wattage of the lights in the system.
3. We require that any homeowner have a maximum of ten (10) lights.
4. The cable should be buried a minimal of four (4) inches.
5. The CDS HOA requires that the lights meet a standard design, that is: Intermatic (Malibu), three (3) tier, 18 watt capacity, which are available at OSH14 ½” light fixture, 6” embedment.
6. Landscaping lighting must be maintained in safe working order by the homeowner. Broken light fixtures or bulbs may not be left unrepaired for any length of time.
7. Owners should contact On-Site Resident Manager, to discuss their landscape lighting plans, and to obtain approval from the association before their installation.

GLASS NOT PICKET ON DECK (Adopted February 5, 2001)

Effective immediately all new proposed deck additions, and for the repair of existing upper balcony decks, shall eliminate the pickets used, and in their place use safety or tempered glass.

- (a) If picket railings have to be replaced due to dry rot, decay, etc. the association will replace them with glass. Not a “few pickets”, rather, the entire railing for a particular balcony deck area.
- (b) If an individual owner applies for a balcony deck addition, the addition will require glass and not pickets.

FRONT DECK ADDITION (Adopted November 6, 2000)

A minimum distance of ten feet measured from the face of curb [Face of curb defined. Concrete curbs constructed at Canon Del Sol are termed ‘valley gutters’ because they have a rolled up curb which permits vehicles to drive over onto the driveway, but at the same time create a valley for drainage along the side of each street. Face of curb at Canon del Sol shall be considered the base of the rolled curb, at its lowest point, when measured from the front towards the back, or rear edge of the curb.] to the actual deck

structure should be maintained for all front deck additions which may encroach into front yard set back areas.

CHIMNEY CLEANING (Adopted May 14, 1996; Revised June 5, 2000)

1. The Association will require that all chimneys be inspected by a licensed chimney cleaner on a bi-yearly basis (every two years, commencing with 1996).
2. The Association will pay for these inspections provided that they are scheduled in accordance with pre-defined dates established by the Board.
 - ▶ **There is a trip charge for confirmed appointments missed of \$125.00.**
 - **Failure to schedule an appointment for an inspection will result in an initial fine of \$50.00.**
3. If the chimney requires cleaning, the Association will arrange to have the chimney cleaned, the owner will be assessed this cost.
4. The owner may retain their own contractor to perform the chimney cleaning, however the Association reserves the right to re-inspect the chimney at the expense of the owner.

CC&Rs SUMMARY OF LIMITS OF ACTIONS (Adopted April 23, 2005)

- 6.1 Any changes to the exterior of any unit must be approved by the ACC prior to any action being taken by an owner or contractor.
- 6.3 Any landscaping/decorating of yards, decks, patios visible from the street must be approved by the Board/Architectural Control Committee (ACC).
- 7.2 No noxious, illegal or offensive activities shall be carried out in the complex which interferes with the quiet enjoyment of each owner.
- 7.4 All common area parking spaces shall remain permanently available for guest parking.
- 7.5 No business, professional or commercial activity shall be conducted on any lot.
- 7.6 Nothing may be stored in the common areas.
- 7.9 All rubbish, trash, garbage shall be removed weekly.

- 7.10 No external antennas or structure used to send or receive radio, TV, etc., signals may be installed without the approval of the Board/ACC.
- 7.11 No portion of any window covering installed in the interior of any residence may be in color disharmony with the exterior appearance of the residences.
- 7.12 No clotheslines shall be erected on decks, patios or the common areas.
- 7.13 No power equipment, hobby shops or auto maintenance projects may be permitted on the property without approval of the Board.
- 7.14 The owner of each unit is liable for all damages made to the common area, as a result of any modifications made or improvements they have added.

PENALTY FINE SCHEDULE (Adopted October 2006)

ALL RULES AND REGULATIONS, AS DEFINED IN CC&R'S, ARC GUIDELINES, HANDBOOKS, ETC., OF THE CANON DEL SOL HOMEOWNERS ASSOCIATION ARE SUBJECT TO THIS PENALTY SCHEDULE. FAILURE TO PAY DEFINED FEES, AS BILLED, COULD RESULT IN LATE FEES AND LEGAL ACTION.

Recurring Violations in Common Area. *For example:* documented or posted rule violations of pool, spa, tennis courts, recreation areas, billing charges or fees, use of nonconforming window coverings, etc.

FINE: \$50 for the violation; \$100 for each subsequent violation of the same type within three months of the last fine. The Association will bill the owner reasonable costs incurred for the repair or replacement of damage to the common area. The Board may revoke the "common area use" privileges of owners and/or renters who continue to abuse said rules.

Recurring Nuisance, Obnoxious and/or Offensive Activities on the Property. *For example:* Loud music, parties after 10 o'clock, continually barking dogs, demeaning behavior toward Board Members (and their assignees) or any other situations which interfere with the peace and tranquility of owners, renters or their guests.

FINE: \$50 for the violation; \$100 for the second violation; and each subsequent violation shall be multiplied by the total number of said violations within a 12-month period.

Recurring Violations Involving Vehicles and Parking. *For example:* parking of nonconforming vehicles (e.g., those "stored" or "on blocks" for repair), parking in designated "Guest Parking Areas," parking in fire lanes, etc.

FINE: \$50 for the violation; \$100 for the second violation (\$500 if a fire lane violation i.e., unattended vehicles); each subsequent violation shall be multiplied

by the number of said violations within a 12-month period. If a fire lane violation is not corrected the vehicle may be towed away, in addition to the fine.

Recurring Architectural Violations. *For example:* Use of signs, antennas, deck clutter items, fire safety items, etc.

FINE: \$100 for the violation; \$500 for the second violation.

Structural Violations. *For example:* Non approved construction, cutting down trees, alterations or physical changes to the structure of the town home without written approval from the Board.

FINE: \$1,000 plus \$100 per day until the nonconformance is corrected or approved by the Board, or a court injunction instituted against any owner for the alterations. **In addition,** penalty fines for any owner who **intentionally** breaks any structural association rule shall be charged \$1,000, which will be doubled for each occurrence of an intentional offense during his or her **period of ownership.**

ARC Fee Increased for “After-the-Fact” Application

Directors voted their unanimous approval to increase the application fee from \$25 to \$75 for an application received “after-the-fact” for installing new windows, satellite dish antennas, etc., without first obtaining Board of Directors approval.

RULES & REGULATIONS

Please review your Canon del Sol Membership Directory and Handbook. This contains a complete copy of the Associations’ CC&R’s, Articles, Bylaws and Rules and Regulations.

CANON DEL SOL HOMEOWNERS ASSOCIATION, INC.

Dear Property Owner:

Since CDS is a planned development and not a community of individual private homes; individual owners are not permitted to make **unapproved** changes to the external aspects of their units. These actions are legally governed by the **majority of the owners** and the **CC&Rs** of the Association. The attached application form governing construction changes is to aid your Association in its effort to maintain the quality, design, consistency and appearance of the construction, as it was originally intended. **It should be noted that any changes resulting in the addition of internal floor space to the modified unit, will result in a direct increase in the monthly maintenance fees, based upon the % increase in floor space over the initially built-to floor plan.**

The Architectural Review Committee/Board is appointed to approve, suggest revisions or reject architectural plans and applications. Although the Committee/Board is capable of making limited decisions based on the Associations' Governing documents, they do not have professional knowledge of architectural or engineering standards. Accordingly, the Committee/ Board may employ the services of an architect or engineer to render professional advice, and may pay a reasonable compensation for such services. The amount paid by the Committee/ Board will be charged to any Owner who has submitted plans, specifications or other materials requiring review by such architect or engineer, provided that the Owner has been informed in advance that such compensation will be so charged.

Any questions or concerns regarding this application should be directed to the Architectural Review Committee, Board of Directors, or the management company, Anderson & Company. Failure to obtain association approval may result in demolition of all changes at owner's expense.

**CANON DEL SOL
BOARD OF DIRECTORS**

**CANON DEL SOL HOMEOWNERS ASSOCIATION
ARCHITECTURAL REVIEW COMMITTEE APPLICATION FORM**

Name of Owner/Applicant _____ Telephone:

Address of Subject Property

General Description of Proposed work:

Size of any additions, either lateral or external to unit _____ square feet.

**NOTE: FAILURE TO OBTAIN APPROVAL OF THE ASSOCIATION MAY
RESULT IN DEMOLITION OF ALL CHANGES AT OWNER'S EXPENSE.**

Notice. Any approval by the Association does not negate the necessity for obtaining necessary building and other permits or for the performance of the work of improvement in accordance with applicable building and other codes. It is the Applicant's responsibility for obtaining all permits and complying with all federal, state, and local codes. The Association's approval is limited to consideration of factors such as the harmony of the design of improvement with existing structures, the location of the improvement in relation to the surrounding structures, topography and grade elevation. No inference regarding necessary permits and compliance with federal, state, and local codes is to be drawn from Association's approval."

PROCEDURES, CHARGES, FORM, NEW CONDITIONS

PRELIMINARY APPROVAL:

1. Homeowner to submit Application, supporting plans and specifications in triplicate (3 copies) along with 1 electronic copy (pdf preferred) together with a **non-refundable review fee** of one hundred dollars (\$100.00) to the Association. Also, owner will be charged the mailing costs to send out notices to the membership regarding application.
2. If the change impacts other homeowners they will be given the right to comment on said changes prior to approval being given by the ARC or Board.
3. If the approval includes any comments or conditions they will be contained in a written response from the ARC. Upon receipt of written preliminary approval one set of the applicants' plans and specifications will be returned marked "approved", dated, and signed by an authorized representative of the Association. A copy of the approved plans and specifications shall be submitted to the County of Santa Cruz Building Department by homeowner for any and all required approvals and permits as required by law.

4. Before the start of any construction the Applicant must submit to the ARC:
 - a. A copy of the approved County of Santa Cruz Building Permits, including Coastal Permits, if applicable to the ARC.
 - b. Photographs of the existing landscaping around the construction area.
 - c. Such executed agreements and other documents which may or may not be a condition of Association approval.
5. A copy of the approved plans and specifications are to be kept on the subject property, available for review by the Association during the course of all approved construction.
6. Prior to commencement of work the Association requires a cash Performance Bond in the higher amount of 8% cost or one thousand dollars (\$1,000.00) to be held by the Association until the completion of all work. Provided that no modifications are made to final drawings and that no damage occurs to any of the Association's Common Areas, including existing pavements, landscaping and irrigation systems, the cash Bond will be refunded in its entirety. The undersigned owners agree that such funds shall be administered and distributed by the Association in accordance with the conditions hereof and of the CC&R's.

DEFINITIONS:

ADJACENT STREET IMPROVEMENTS: The sidewalks, curbs, gutters and paving, street trees and associated irrigation systems, and other site improvement within the street rights of way immediately adjacent to all sides of the lot.

ARCHITECTURAL REVIEW COMMITTEE: Board of Directors of the Association or a Board member.

ASSOCIATION: The Canon Del Sol Homeowners Association, a California nonprofit mutual benefit corporation.

CC&R'S: The Covenants, conditions, and restrictions of Canon Del Sol.

LOT: The residential lot on which the residence modification is proposed to be constructed.

CONSTRUCTION MANAGEMENT POLICIES AND RULES:

DAMAGE TO ADJACENT STREET IMPROVEMENTS: Before obtaining a building permit for the construction of the improvement, Owner shall notify the Association in writing of any existing damage to the adjacent street improvements and request a joint inspection. Except for damage noted in the joint inspection, Owner shall be responsible for damage resulting from construction changes made to the adjacent street improvements which occurs prior to the date that security deposit is refunded to the Owner, whether or not such damage is the responsibility of the Owner or Owner's employees, contractors or suppliers. Owner agrees to make such repairs to the adjacent street improvements to the full satisfaction of the Association and appropriate governmental agencies.

STREET CLEANING: Owner agrees to daily (prior to 6:00 p.m. daily and prior to 3:00 p.m.

every Friday) clean any mud, dirt or debris from the street rights-of-way caused by or a result of construction activities.

USE OF COMMON AREAS: Owner agrees that common areas will not be used for storage of construction materials or equipment.

OTHER DAMAGE AND CLEANUP: Owner acknowledges that construction may cause damage to the Association improvements in open space areas, common areas and other portions of Canon Del Sol. In addition, Owner acknowledges that open space areas, common areas and other portions of Canon Del Sol may require general cleanup of debris resulting from the construction work. Owner agrees to repair any such damages and to remove any such debris from the open space, common area and other areas which is caused by or the result of construction activities conducted by Owner or Owner's employees, contractors, subcontractors or suppliers.

STORAGE OF DEBRIS: Owner hereby agrees that Owner shall store all trash and debris in appropriate containers. Such containers and any stored material shall not be located upon any street, curb, sidewalk or adjacent property or within (10) feet of any curb. All un-contained debris shall be removed by 3:00 p.m. each Friday or, if sooner, within three (3) days after receipt of a demand from the Association.

IMPLEMENTING THE IMPROVEMENTS:

1. **Commencement and Completion.** Once the ARC and the County of Santa Cruz have approved a work of improvement, the homeowner or builder should commence the work within 120 days and complete the work within 180 days from the date of approval, or such later date as approved by the ARC. If the approved work has not been commenced on time, the approval will be deemed revoked unless written request for extension is made to and approved by the ARC prior to the end of the month period. The period will only be extended for good cause, as determined by the ARC. If approved work is not completed on schedule (and request for extension is not made to ARC), the owner will be fined One Thousand Dollars (\$1,000.00) plus \$100 per day until the work is completed (amount due subject to lien attachment).
2. **Hours of Construction.** Construction activities are permitted *Monday through Friday, 8:00 a.m. to 5:00 p.m.*, subject to compliance with the County of Santa Cruz requirements, the Project Conditions of Approval and the Habitat Conservation Plan.
3. **Responsibility.** The owner undertaking the work of improvement will be solely responsible for ensuring that the work is performed in a diligent and good and workmanlike manner, in compliance with the CC&Rs, the approval granted by the ARC and all applicable federal, state and county rules and regulations. In addition, such owner will be responsible for repairing any and all damage to the streets, sidewalks, project facilities, common area or other property within the project, and shall repair it promptly upon written demand. The Association is entitled to reimbursement and indemnity under the CC&Rs using the \$1,000.00 construction security deposit provided to the Association.
4. **Non-Compliance and Enforcement Procedures.** If the ARC finds that the work has not been done in substantial compliance with the approved plans, the ARC shall notify the owner in writing and request that the owner remedy it. If the owner fails to remedy the

non-compliance within thirty (30) days after the date of the notice of non-compliance, or if an acceptable method for remedying the non-compliance is not approved by the ARC within the thirty (30) day period, ARC shall then set the appropriate fine of \$1,000.00 per day. Nothing herein shall be deemed to modify or abridge the rights of the Association to enforce the CC&Rs as allowed by law or as set forth in the CC&Rs.

5. **General Conditions.**

- A. **Discretionary Rulings.** Approval of any condition or material not defined herein shall become a matter of judgement on the part of the ARC unless described in the CC&Rs. See the CC&Rs for the general use restrictions.
- B. **Non-Liability.** Neither the ARC, nor the Association's Board of Directors, collectively or individually, shall be liable to any owner for any damage, loss or prejudice suffered or claimed on account of:
 - i. The approval or disapproval of any plans, drawings and specifications, whether or not defective;
 - ii. The construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications.

FINAL APPROVAL:

- 1. Upon completion, Owner is to arrange a final inspection of the subject improvements (see attached checklist) by an authorized member of the ARC. If the work required a building permit from the County of Santa Cruz it will be necessary to provide satisfactory evidence that a final inspection has been obtained from, and the work approved by, the County Planning Department. If the work is approved by the County and ARC, and completed in conformance within the approved working drawings, and no damage has occurred to the Association's common areas, a full refund of a cash Performance Bond will be given. In the event that damages have occurred, the bond will be used to cover the cost of any necessary repairs. Should the cost of repairs exceed the amount of the cash Bond, the Association will assess the additional repair cost to the Owner as provided in the CC&R's.
- 2. All construction work must be performed by contractors who have a current license with the State of California. The contractor will be permitted installation of one advertising sign, not to exceed four square feet in surface area, at the job site on the Owner's Lot for duration of the project. Upon completion of the work, the sign must be removed promptly.
- 3. It is the Owners responsibility to assure that all workers who perform work on the subject Owner's Lot obey the Association's rules and regulations as provided in the governing legal documents. This includes parking restrictions, the prohibition against loud music under any circumstances, and the requirement that dogs are not permitted to run loose and must be under the control of their owner at all times and on a leash when in the common area of the Association.
- 4. Any variations or change orders from the original approved plans and specifications must receive written approval from the ARC prior to being incorporated into the project.
- 5. All maintenance and repairs of the subject improvements, with the exception of exterior

painting, are the Owner's responsibility and must be disclosed in all transfer documents when the property sold. This disclosure shall give constructive notice to the new Owner that such new Owner is responsible for the maintenance and repair of such improvement.

**CANON DEL SOL HOMEOWNERS ASSOCIATION
P. O. BOX 408, APTOS, CA 95001**

**CANON DEL SOL HOMEOWNERS ASSOCIATION
OWNER'S FINAL INSPECTION**

INSPECTION DATE: _____ PROPERTY NO.

OWNER(S) NAME:

ADDRESS:

INITIAL CONSTRUCTION SECURITY DEPOSIT:

DATE OF COUNTY PLANNING DEPT. INSPECTION: _____ (copy to be attached)

RESULTS OF INSPECTION:

1. **CONDITION OF SIDEWALKS, SIGNS, CURBS & GUTTERS IN FRONT OF RESIDENCE:**

2. **CONDITION OF STREET TREES AND ASSOCIATED IRRIGATION IN FRONT OF, BEHIND OR ON SHARED BOUNDARIES OF A LOT:**
3. **CONDITION OF COMMON AREA LANDSCAPING AND ASSOCIATED IRRIGATION IN FRONT OF, BEHIND OR SURROUNDING LOT:**

4. **OTHER CONDITIONS NOTED:**

ACTION RECOMMENDED BY PROPERTY MANAGER:

ACTION APPROVED BY THE ARC:

ACTION TAKEN: _____ DATE:

PROPERTY

MANAGER

SIGNATURE:

THE UNDERSIGNED AGREES TO ABIDE BY AND FOLLOW ALL PROCEDURES AND RULES SET

FORTH OR REFERRED TO HEREIN. THE UNDERSIGNED FURTHER AGREES AND ACCEPTS ALL TERMS AND CONDITIONS SET FORTH ABOVE:

PRINT NAME:

SIGNATURE_____

DATE:

NAME:

SIGNATURE:_____

DATE:

PLEASE NOTE: Send or deliver all application items to the Association's property management firm: ANDERSON & COMPANY, INC., P O. BOX 408, APTOS, CA 95001-0408. Office location: 783 Rio del Mar Blvd. #59, APTOS, CA 95003. Telephone (24-hour answering service) 831/ 688-1090. Applicants will be notified within thirty (30) days after receipt of all required information and application items as to the status of the pending application.

FOR ASSOCIATION USE ONLY

APPROVAL _____

DENIAL

DATE

Architectural Review Committee Member Authorized Signature

Board of Directors Confirmation of Approval Authorized Signature

CANON DEL SOL HOMEOWNERS ASSOCIATION

ADDENDUM TO ARC APPLICATION PACKAGE FOR OWNER CHANGES

In the interest of minimizing the workload, while maintaining CDS consistency, to gain approval of Architectural Changes, the following represents a summary of previously approved changes or recommended replacements suitable for application to external structures and/or components.

1. DECK ADDITIONS / EXPANSIONS

A. Easements must be maintained from the street curbs and/or the surrounding fence line of at least ten feet or greater. Any extension of one deck in a specific unit building, to a distance beyond the edge of a neighboring deck, requires the construction of a privacy wall, that will not obstruct any views, by the person making the modifications, at their expense. Said wall is to be tied to the building facade and is to be consistent in appearance with the external construction of said unit building.

To assure that “after-the-fact” objections will not be filed against said modifications, the neighbors immediately adjacent to any unit being modified must sign the final prints showing their acceptance of the changes.

B. Construction materials to be used for the support members are to be either redwood or good quality wood impregnated with approved extended life treatment material, consistent with Santa Cruz County coastal exposure requirements. Flooring for decks may either be constructed of redwood, synthetic decking (e.g., Trex) or composite epoxy-type, cure in place thick film coatings. Due to changes in local codes and to enhance views, railings will be constructed of clear or smoke tinted safety glass panels framed in redwood, consistent in size with other decks on the building unit.

Before any construction can be initiated, the exact footprint of the deck addition must be made on the ground, using visible markers, so the neighbors can view the size prior to signing the final prints, for two weeks.

C. Design criteria must consider safe loading as well as earthquake, shear loading in order to meet all local building codes. Rain or water drainage from decks should be based on gravity flow of water across sloped (away from the unit walls) decking and into removal gutters for transfer to the ground. Due to safety, liability and load requirements, **hot tubs cannot be installed on any decks.**

NOTE: ALL DECKS ADDED BY OR EXPANDED BY OWNERS (i.e., NOT AS-BUILT BY ORIGINAL CONTRACTORS) ARE REQUIRED TO BE FINANCIALLY MAINTAINED, TO THE STANDARDS SET BY THE ASSOCIATION, BY THE EXISTING OWNER REGARDLESS OF WHETHER OR NOT THAT OWNER ADDED DECK. THIS INFORMATION MUST BE DISCLOSED UPON SALE OF ANY SUCH UNIT, UNDER PENALTY OF VOIDING SAID SALES CONTRACT. UNDER NO CIRCUMSTANCES WILL THE ASSOCIATION BE FINANCIALLY RESPONSIBLE FOR UPKEEP OR SAFETY LIABILITY FOR AN OWNER ADDED OR EXPANDED DECK.

2. WINDOW / SIDING DOOR REPLACEMENT CHARACTERISTICS

VINYL FRAMED IN WHITE (MILGARD BRAND - TUSCANY OR STYLE LINE MODELS).
TWIN PANED SAFETY GLASS (TEMPERED WHERE REQUIRED BY CODE).

MUST BE TOTALLY SEALED BY CONTRACTOR.
MUST EFFECTIVELY SEAL AGAINST ALL COASTAL NATURAL ELEMENTS AND
CORROSIVES.
WINDOWS MUST BE WITHIN 2% OF EXISTING HEIGHTS ON ITS STRUCTURAL
BUILDING.
MAY OR MAY HAVE GRID PATTERN, BUT SHOULD MATCH OTHERS ON ITS
STRUCTURAL BUILDING.
ANY SEQUENCE INTERNAL DAMAGE CAUSE BY THIS INSTALLATION IS AT THE
EXPENSE OF THE OWNER NOT HOA.

3. FRONT DOOR REPLACEMENTS

HARDWOOD OR STEEL COMPOSITION.
MUST BE OF SOLID CONSTRUCTION.
MUST HAVE INTERNAL WEATHER SEALS.
ALL REPLACEMENT DOORS MUST MATCH THE ORIGINAL OR EXISTING.
HARDWARE (hinges, locks, handles, plates, etc.) MUST BE MADE OF SOLID BRASS,
ANODIZED ALUMINUM OR PRE-OXIDIZED STEEL.

4. GARAGE DOOR REPLACEMENTS

HARDWOOD OR STEEL COMPOSITION: NO WINDOWS
MUST HAVE AUTOMATIC OPENERS.
EITHER EXACT DUPLICATE OF OLD DOOR OR ROLL-UP, 4 PIECE SECTION, 8 PANEL,
METAL CLAD.
MUST BE PAINTED TO MATCH THE TRIM COLOR OF THE DESIGNATED UNIT.

5. ROOF RELATED ITEMS

FIREPLACE TACKS AND SPARK ARRESTORS TO MATCH EXISTING ITEMS IN EACH
PHASE.
ADDITIONS TO ROOF AREA MUST BE MADE USING SHADOW GRAY, FIRE RETARDANT,
COMPOSITION 40 YEAR SHINGLES (i.e., CELOTEX).
ROOF LINES MUST NOT BE RAISED ABOVE EXISTING BUILDING UNIT BEING
MODIFIED.

6. SATELLITE DISHES

SATELLITE DISHES MEETING FCC SPECS MAY BE PLACED IN INCONSPICUOUS PLACES.
SIZE LIMIT IS 2 X 3 FT. BOARD APPROVAL IS REQUIRED. ANY MAINTENANCE OF
“LINE-OF-SITE” TREE TRIMMING WILL BE AT OWNER EXPENSE.

7. LIGHT FIXTURE REPLACEMENT STYLES

“DESIGNER FOUNTAIN , MODEL NUMBER #1101-CL-BK (RUST PATINA) AVAILABLE
FROM ASSOCIATION AT \$42.95 COST.

MUST BE CONSISTENT WITH OTHERS ON BUILDING UNIT.
SHOULD USE FLUORESCENT OR ENERGY EFFICIENT BULBS.
COULD BE EXACT REPLACEMENT OF ORIGINAL GLOBE LAMPS USING FLUORESCENT BULB.

8. PLANTS, POTS, DECOR ITEM RESTRICTIONS

NO HANGING PLANTS FROM BOTTOM OF DECKS.
HANGING ITEMS FROM ROOF EAVES LIMITED TO 1 ITEM PER EACH 4 LINEAR FEET OF ROOF.
NO PLANTS OR DECORATIVE ITEMS TO BE PLACED ON DECK RAILINGS OR PORCH RAILINGS EXCEPT FOR FLAGS.
NO LATTICES EXCEPT THOSE PREVIOUSLY APPROVED BY ARC FOR PRIVACY PURPOSES, THOSE AFFIXED TO UNIT WALLS OR THOSE WHOSE HEIGHT IS LOWER THAN THE DECK RAILING HEIGHT.
ANY BOARD APPROVED LATTICES MUST BE FIXED IN PLACE PER ARC APPROVED PLAN FOR PRIVACY.
ALL PLANTS IN COMMON GROUND TO BE DEFINED BY CDS BOARD.
PLANTS TO ALLOCATED EVENLY AROUND COMPLEX.
PLANTERS / UMBRELLA STANDS RESIDING ON DECKS MUST BE ELEVATED OR SIT ON LARGE "SAUCERS" TO PREVENT DRY ROT ON WOOD SURFACES.
CERAMIC OR METAL CHARCOAL BURNING UNITS ARE A FIRE HAZARD AND CANNOT BE PLACED ON OWNER DECKS.

9. OTHER REQUIREMENTS

PAINT COLORS: K-M PLYMOUTH GRAY & BONE WHITE.
PHASE IV, V DECK STAIN COLOR: WOOLMAN'S CEDAR TONE.
PHASE I, II, III PORCH AND DECK STAIN IS CABOT'S CLEAR DECK SEALER
DRIP SYSTEM PIPING MUST EITHER BE HIDDEN OR PAINTED TO MATCH COLOR OF STRUCTURE.

Modified 01/30/13

CANON DEL SOL HOMEOWNERS ASSOCIATION, INC.

Dear Property Owner:

Since CDS is a planned development and not a community of individual private homes, individual owners are not permitted to make **unapproved** changes to the external aspects of their units, as these actions are legally governed by the **majority of the owners** and the **CC&Rs** of the Association. The attached application form governing construction changes is to aid your Association in its effort to maintain the quality, design, consistency and appearance of the construction, as it was originally intended. **It should be noted that any changes resulting in the addition of internal floor space to the modified unit, will result in a direct increase in the monthly maintenance fees, based upon the % increase in floor space over the initially built-to floor plan.**

The Architectural Review Committee/Board is appointed to approve, suggest revisions or reject architectural plans and applications. Although the Committee/Board is capable of making limited decisions based on the Associations' Governing documents, they do not have professional knowledge of architectural or engineering standards. Due to the complexity of some proposals, the Committee/ Board has deemed it necessary to require professional assistance. Following are the outlines of the right to use professionals and payment conditions of the required professional.

“The Committee may employ the services of an architect or engineer to render professional advice, and may pay a reasonable compensation for such services which compensation will be charged to any Owner who has submitted plans, specifications or other materials requiring review by such architect or engineer, provided that such compensation may only be charged to such Owner if she or he has been informed in advance that such compensation will be so charged.”

Any questions or concerns regarding this application should be directed to the Architectural Review Committee, Board of Directors, or the management company, Anderson & Company. Failure to obtain association approval may result in demolition of all changes at owner's expense.

**CANON DEL SOL
BOARD OF DIRECTORS**

**CANON DEL SOL HOMEOWNERS ASSOCIATION
ARCHITECTURAL REVIEW COMMITTEE APPLICATION FORM**

Minor changes not requiring architectural or engineering review, i.e., Sun Tunnels, Garage Doors, Front Doors, Satellite Dishes, Windows, etc.

Name of Owner/Applicant _____ Telephone _____

Address of Subject Property _____

General Description of Proposed work _____

NOTE: FAILURE TO OBTAIN APPROVAL OF THE ASSOCIATION MAY RESULT IN DEMOLITION OF ALL CHANGES AT OWNER'S EXPENSE.

Notice. Any approval by the Association does not negate the necessity for obtaining necessary building and other permits or for the performance of the work of improvement in accordance with applicable building and other codes. It is the Applicant's responsibility for obtaining all permits and complying with all federal, state, and local codes. The Association's approval is limited to consideration of factors such as the harmony of the design of improvement with existing structures, the location of the improvement in relation to the surrounding structures, topography and grade elevation. No inference regarding necessary permits and compliance with federal, state, and local codes is to be drawn from Association's approval."

PROCEDURES, CHARGES, FORM, NEW CONDITIONS

PRELIMINARY APPROVAL:

1. Homeowner to submit Application with a **non-refundable review fee** of twenty five dollars (\$25.00) to the Association. An application received "after the fact" for installing new windows, satellite dish antennas, etc., without first obtaining Board of Director's approval, the application fee increases to seventy five dollars (\$75.00).
2. If the change impacts other homeowners they will be given the right to comment on said changes prior to approval being given by the ARC or Board. A letter will be sent to all the homeowners and applicant will be charged for the mailing costs.
3. Work to be completed by a licensed contractor.
4. Owner understands and agrees to assume all maintenance responsibilities that could arise from this installation now or later.

1. WINDOW / SIDING DOOR REPLACEMENT CHARACTERISTICS

VINYL FRAMED IN WHITE (MILGARD BRAND – TUSCANY OR SYLE LINE MODELS).
TWIN PANED SAFETY GLASS (TEMPERED WHERE REQUIRED BY CODE).
MUST BE TOTALLY SEALED BY CONTRACTOR.
MUST EFFECTIVELY SEAL AGAINST ALL COASTAL NATURAL ELEMENTS AND CORROSIVES.
WINDOWS MUST BE WITHIN 2% OF EXISTING HEIGHTS ON ITS STRUCTURAL BUILDING.
NO POLICY REGARDING GRIDS (ADOPTED OCTOBER 1, 2007)
ANY SEQUENCE INTERNAL DAMAGE CAUSE BY THIS INSTALLATION IS AT THE EXPENSE OF THE OWNER,
NOT HOA.

2. FRONT DOOR REPLACEMENTS

HARDWOOD OR STEEL COMPOSITION.
MUST BE OF SOLID CONSTRUCTION.
MUST HAVE INTERNAL WEATHER SEALS.
MUST BE PAINTED PER OTHER DOORS ON THE SAME STRUCTURAL BUILDING.
HARDWARE (hinges, locks, handles, plates, etc.) MUST BE MADE OF SOLID BRASS, ANODIZED
ALUMINUM OR PRE-OXIDIZED STEEL.

3. GARAGE DOOR REPLACEMENTS

HARDWOOD OR STEEL COMPOSITION.
MUST HAVE AUTOMATIC OPENERS.
EITHER EXACT DUPLICATE OF OLD DOOR OR ROLL-UP, 4 PIECE SECTION, 8 PANEL, METAL CLAD.
MUST BE PAINTED OR MATCHED PER OTHERS ON SAME STRUCTURAL BUILDING.
NO WINDOWS.

4. SATELLITE DISHES

SATELLITE DISHES MEETING FCC SPECS MAY BE PLACED IN INCONSPICUOUS PLACES. SIZE LIMIT IS 2
X 3 FT. BOARD APPROVAL IS REQUIRED. ANY MAINTENANCE OF “LINE- OF- SITE” TREE TRIMMING
WILL BE AT OWNER EXPENSE.

THE UNDERSIGNED AGREES AND ACCEPTS ALL CONDITIONS AS OUTLINED HEREIN ABOVE:

NAME: _____ DATE: _____

PLEASE NOTE: Send or deliver all application items to the Association's property management firm:
ANDERSON & COMPANY, INC., P O. BOX 408, APTOS, CA 95001-0408. Office location:
783 Rio del Mar Blvd. #59, Aptos, CA 95003. Telephone (24-hour answering service) 831/ 688-1090.
Applicants will be notified within thirty (30) days after receipt of all required information and application
items as to the status of the pending application.

FOR ASSOCIATION USE ONLY	
APPROVAL _____	DENIAL _____
DATE _____	
_____ Architectural Review Committee Member Authorized Signature	
_____ Board of Directors Confirmation of Approval Authorized Signature	

**CANON DEL SOL HOMEOWNERS ASSOCIATION
ARCHITECTURAL CONTROL COMMITTEE APPLICATION FORM
SATELLITE DISH ANTENNA**

Name of Owner/Applicant _____ Telephone: _____

Address of Subject Property _____

General Description of Proposed work: _____

NOTE: FAILURE TO OBTAIN APPROVAL OF THE ASSOCIATION WILL RESULT IN DEMOLITION OF ALL CHANGES AT OWNERS EXPENSE.

PROCEDURES AND CHARGES

1. **Homeowner to submit Application with a non-refundable review fee of twenty-five dollars (\$25.00) to the Association.** An application received “after the fact” for installing new windows, satellite dish antennas, etc., without first obtaining Board of Directors’ approval, the **application fee increases to seventy-five (\$75.00).**
2. If the change impacts other homeowners they will be given the right to comment on said changes prior to approval being given by the ARC or Board. A letter will be sent to all the homeowners and **applicant will be charged for the mailing costs.**
3. Work to be completed by a licensed contractor.
4. Owner understands and agrees to assume all maintenance responsibilities that could arise from this installation now or later.

THE UNDERSIGNED AGREES AND ACCEPTS ALL CONDITIONS AS OUTLINED HEREIN ABOVE:

_____ DATE _____

PLEASE NOTE: Send or deliver all application items to the Association’s property management firm: ANDERSON & COMPANY, INC., P O. BOX 408, APTOS, CA 95001-0408. Office location: 783 Rio del Mar Blvd. #59, Aptos, CA 95003. Telephone (24-hour answering service) 831/ 688-1090. Applicants will be notified within thirty (30) days after receipt of all required information and application items as to the status of the pending application.

APPROVAL _____ DATE Architectural Control Committee Member Authorized Signature Board of Directors Confirmation of Approval Authorized Signature	DENIAL
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SATELLITE DISH INSTALLATION

Owners must obtain ARC approval before installing a satellite dish antenna.

RADIO, TELEVISION ANTENNAS AND SATELLITE DISHES

No alteration to or modification of a central radio or television antenna system or cable television system, whichever is applicable, as developed by the original developer and as maintained by the Association, shall be permitted, without prior written consent of the Board. No owner may be permitted to construct or use and operate his own external radio, television antenna, or satellite dish without the prior consent of the Board.

The Board shall be permitted to impose reasonable restrictions on antennas and Satellite Dishes in accordance with Civil Code Section §1376.

Satellite Dishes meeting FCC specs may be placed in inconspicuous places, size limit is 2 x 3 ft., board approval is required. Any maintenance of “line-of-site” tree trimming will be at owner expense.

CANON DEL SOL POLICY ON SOLAR POWER

The Canon del Sol Homeowners Association (the "Association") recognizes that an Association member may be interested in installing a solar paneled power system. Since these systems by nature must be partially installed external to the residence, the Association has developed this policy to aid members (homeowners) in developing their solar projects within Association expectations and requirements, thereby minimizing the time for project review and approval by the Association's Board of Directors or its Architectural Control Committee.

The Covenants, Conditions and Restrictions (the "CC&Rs") applicable to the Canon del Sol planned development require (1) approval of the project by the Association's Board of Directors or its Architectural Control Committee of any improvement or modification to the exterior of a residence prior to commencement of construction, and (2) approval only if the improvement or modification will be consistent with the standards required by the CC&Rs including quality of workmanship and materials, harmony of design, and visibility with respect to existing structures and environment. The purpose and intent of the provisions of the CC&Rs applicable to architectural control is to preserve property values within Canon del Sol. In this context, and to promote continuity and consistency, the following principles shall be applicable to a solar power system a member may wish to install.

1. The particular system to be installed and the installation schedule are subject to both the Association's prior written approval and the approval process applicable to external improvements within Canon del Sol. Only photovoltaic and grid tied systems will be approved. Detailed and complete system descriptions, plans and schedules shall be submitted at the time of approval application. The member shall promptly reimburse the Association for all costs and expenses incurred by the Association in the approval process.

2. The installation, operation and maintenance of the system shall be at the sole cost and expense of the member who shall only use financially stable and experienced licensed contractors as the system providers. All contractual arrangements with respect to the system shall be between the member and the system provider or Pacific Gas & Electric or its successor as appropriate. The Association assumes no liability or responsibility under any such contracts or otherwise with respect to the system, including its installation, operation, maintenance and performance. The member shall assure adequate liability insurance is in place covering the member against liability for personal injury and property damage arising out of or related to the system, including its installation, operation and maintenance. Prior to commencement of the system's installation and periodically thereafter as requested by the Association, the member shall furnish the Association certificates of insurance evidencing such insurance. In addition, prior to installation commencement, the Association and the member shall enter into and record an agreement binding the member and successors in interest to the property to the terms of this policy and which shall include an indemnity of the Association and its members, officers and directors against liability for personal injury and property damage arising out of or related to the system and its installation, operation and maintenance.

3. Following installation of the system, the member shall be responsible at the member's sole cost and expense for (i) the operation and maintenance of the system, including, but not limited to, keeping it clean and presentable consistent with acceptable conditions and the surrounding area, and (ii) the maintenance of the entire sloped or slanted roof on which the system is installed whether or not damage or the need for necessary repairs is related to the system or its installation, operation, or maintenance or roof conditions existing prior to the installation of the system. At such times as other roofs in the immediate area are re-shingled or changed and the Association determines to re-shingle or change the member's roof, the member shall be responsible for removing and reinstalling the system at the member's sole cost and expense and in compliance with all requirements of the Association and its contractor's and insurers.

4. The system's panels shall be installed only on sloped or slanted areas of the roof of the member's residence using non reflective materials and finishes color matched to the roof (i.e. black) and without any roof overhangs. All such panels shall be mounted parallel to the roof geometry with the minimally permitted or required space between roof and panel. Panels shall be installed in a manner that does not impede the Association roof access to performing its obligations, including, but not limited to, gutter repair and replacement, re-shingling or other change, unit painting and repair, spark arrestor maintenance, flat roof maintenance and chimney and vent inspections. The member shall at the member's expense be responsible for the restoration of system functionality following a shut off required by the Association to perform its obligations.

5. No equipment or part of the system may be installed on any common area within Canon del Sol or on the external side of any residence or structure. All inverter hardware and other system infrastructure must be located inside the residence, e.g. the garage. Any exposed electrical conduit or wiring must also be colored to color match the roof or other background.

6. All actions required to be taken by a member under this policy shall be taken promptly after written notice from the Association and diligently pursued and completed. Any action that the member may be required to take under this policy may be undertaken by the Association should the member fail or delay unreasonably to take or pursue the required action within 30 days after written notice from the Association. The member shall promptly reimburse the Association for all costs and expenses incurred by it in taking such action.

7. At such time as the system is no longer in use, the member, at the member's sole cost and expense, shall remove the system and restore the roof to acceptable condition fully compatible with the condition and appearance of other roofs in the immediate area.

MEMBERS ARE DIRECTED TO THE FORMS USED BY THE ASSOCIATION WITH RESPECT TO APPLICATIONS FOR PROJECT APPROVAL. THESE FORMS NEED TO BE COMPLETED AND FILED WITH REQUISITE PLANS AND DRAWINGS AND ALL FEES PAID BEFORE CONSIDERATION OF THE PROJECT. THESE FORMS INCLUDE ADDITIONAL REQUIREMENTS.

CANON DEL SOL HOMEOWNERS ASSOCIATION

Annual Budget Report-2019

Included in this Report:

- Reserve Funding Disclosure Summary
- Approved Operating Budget
- Approved Reserve Plan
- Outstanding Loans (if applicable)
- Insurance Summary

Canon Del Sol Homeowners Association
Assessment and Reserve Funding Disclosure Summary for the Fiscal Year Ending 2019

(1) The regular assessment per ownership interest is \$____ per ____.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page 3 of the attached summary.

(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 the members:

Date Assessment is due	Amount per ownership interest per month or year (If assessments are variable see note immediately below)	Purpose of Assessment
	Total	

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 X No

(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 been approved by the board or the members?

Approximate date assessment will be due	Amount per ownership interest per month or year
Total:	

- (5) All major components are included in the reserve study and are included in its calculations.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of **Section 5570**, the estimated amount required in the reserve fund at the end of the current fiscal year is \$1,689,478 based in whole or in part on the last reserve study or update prepared by the Board of Directors as of October 2018. The projected reserve fund cash balance at the end of the current fiscal year is \$1,036,050, resulting in reserves being 61.32 percent funded at this time. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$__.
- (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 as follows:

Year	Est. Reserve Fund Balance	Est. Accrued Liability	Percent Funded
2	\$ 791,114	\$ 1,512,316	52.31 %
3	\$ 887,504	\$ 1,670,269	53.14 %
4	\$ 752,012	\$ 1,589,944	47.30 %
5	\$ 808,303	\$ 1,694,813	50.84 %
6	\$ 566,244	\$ 1,494,546	33.41 %

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 0 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3 percent per year

DISCLAIMER: Because the reserve study is a PROJECTION, the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as (i) future inflation rates, (ii) levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand.

CANON DEL SOL HOMEOWNERS ASSOCIATION
2019 APPROVED OPERATING BUDGET - 4th Draft

	Actual 2016	Actual 2017	Adopted 2018	10 Mo 2018	Adopted 2019
Electricity	10,267	11,384	11,000	7,259	11,000
Gas	7,750	7,621	7,000	6,976	9,000
Refuse Disposal	727	829	900	933	1,200
Cable/Internet/Phone	1,368	2,002	1,850	2,512	3,000
Water	24,682	14,974	20,000	18,460	20,000
Telephone	2357	2,900	2,500	1394	1750
TOTAL UTILITIES	47,151	39,710	43,250	37,534	45,950
Landscape Maintenance	44,918	50,472	58,000	47,250	60,750
Outside Landsc Labor	4,926	21,923	15,000	2,956	10,000
Irr.Systm Inspt & Rpr	1,020	1,740	2,000	522	2,000
Supplies-Plants etc	5,197	15,260	7,500	2,878	5,000
Sand Dollar Median Improv.	1,122	378	20,000	5,587	25,000
Fire Break	0	0	2,500	0	2,500
Detention Pond Maint	0	0	1,000	0	Res
Beach Path Maint.	0	0	1,000	0	1,000
Tree Trimming/Rplcmnt	2,504	4,914	5,000	5,775	5,000
Tree Fertilization	0	30	0	16	0
Pool & Spa	10,031	8,083	9,000	6,251	9,000
Pool Permit	1,408	3,028	1,500	0	1,600
Security Patrol	7602	8,220	8,000	8,622	9,000
Pest Control	0	5,600	8,000	5,940	6500
TOTAL GROUNDS	78,728	119,647	138,500	85,797	137,350
Repairs & Maintenance	6,039	11,769	15,000	20,314	20,000
Infrastructure Repairs	150	920	1,500	0	5,000
Lighting	0	1,034	1,000	0	1,000
Contingency	18,458	19,836	12,000	0	12,000
Winterizing	0		0		
TOTAL FACILITIES	24,647	33,560	29,500	20,314	38,000
Insurance	46,839	34,530	35,000	24,970	39,000
EQ Insurance, 10 Million	42,993	40,493	34,500	28,710	38,000
Legal	900	2,018	2,500	735	2,500
Acct./Audit	2,415	2,808	2,500	2,508	2,500
Managment	23,741	23,741	24,928	21,023	27,421
On-Site Manager	35,582	36,805	37,500	31,703	37,500
Admin. Expenses	5,703	9,206	6,500	8,257	9,000
Mini-Storage Chgs	350	546	546	410	546
Taxes	0	881	1,000	0	1,000
Filing Fees	0	45	10	0	10
Meeting/Social Fund	1,612	1,197	2,000	1,878	2,000
Web-Site	406	412	400	309	412
Architectural Fees	30	0	250	114	250
TOTAL ADMIN.	160,571	152,681	147,634	120,617	160,139
TOTAL EXPENSES	311,097	345,598	358,884	264,263	381,439
RESERVE FUNDING	217,052	185,767	200,979	167,483	178,424
SPECIAL ASSMNT					
TOTAL BUDGET	528,149	531,365	559,863	431,745	559,863
SOURCE OF FUNDS:					
Dues			558,863		
Int./Misc. Inc.		6,850	1,000	4,879	
			559,863		

CANON DEL SOL HOMEOWNERS ASSN.

2019 RESERVE PLAN

[illegible]

CANON DEL SOL HOMEOWNERS ASSOCIATION 2019 RESERVE PLAN EXPENDITURES

[illegible]

CANON DEL SOL HOMEOWNERS ASSOCIATION 2019 RESERVE PLAN EXPENDITURES

[illegible]

CANON DEL SOL HOMEOWNERS ASSOCIATION 2019 RESERVE PLAN EXPENDITURES

[illegible]

CANON DEL SOL HOMEOWNERS ASSOCIATION 2019 RESERVE PLAN EXPENDITURES

[illegible]

CANON DEL SOL HOMEOWNERS ASSOCIATION
2019 RESERVE PLAN EXPENDITURES

		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
	Landscaping												
111	Back Flow Device										1,664		
112	Irrigation Pump						4,057						
113	Det. Pond Renovation	1,974	10,250										
114	Irrigation Valves/Hardware Piping		36,091										
115	Irrigation Controllers				4,917								
	Subtotal	1,974	46,341	0	4,917	0	4,057	0	0	0	1,664	0	0
	Miscellaneous												
116	Golf Cart Purchase						3,594						
117	Signage								9,593				
118	Pool Key Exchange		2,060					2,388					2,768
119	Legal Doc Revision					5,628							
120	Web Site Construction		2,575										3,461
121	Reserve Study			3,501			3,826			4,180			4,568
122	Beach Path Restoration		2,472					2,866					3,322
123	Misc.												
	Subtotal	0	7,107	3,501	0	5,628	7,420	5,254	9,593	4,180	0	0	14,119
	Total Reserve Expenses	234,059	237,176	451,944	116,829	355,107	169,913	475,049	121,248	540,793	24,192	446,750	226,142

CANON DEL SOL
2019 RESERVE PLAN COMPONENT

		January 1, 2019 through December 31, 2019							
	Replcd	Description	Ft/Sq ft/ #	Unit Cost	Rplcmt Cost	Useful Life	Remain Life	Annual Alloc.	Accum Alloc
		Building Exterior Repair & Paint							
1	2014	Exter. Structural Rpr-A	31	1,300.00	40,300	6	1	6,717	33,583
2		Sect. A, One-time A Siding	13		80,000	6	1	13,333	66,667
3	2014	Structure Paint - A	31	4,300.00	133,300	6	1	22,217	111,083
4	2014	Termite Inspection - A	1	4,500.00	4,500	6	1	750	3,750
5		Ret. Wall Paint - A	1	2,500.00	2,500	6	1	417	2,083
6		Wd. Deck/Stair/RailRpr. - A	11,800	0.85	10,000	6	1	1,667	8,333
7		Wd. Deck Seal - A	11,800	0.64	7,500	6	1	1,250	6,250
8		Flat Roof - A	900	7.00	6,300	15	2	420	5,460
9		Roofing Comp - A	58,500	5.00	292,500	40	25	7,313	109,688
10	2014	Gutter/Downspouts - A	31	1,150.00	35,650	15	1	2,377	33,273
11	2016	Exter. Structural Rpr-B	31	1,300.00	40,300	6	3	6,717	20,150
12	2016	Structure Paint - B	36	4,300.00	154,800	6	3	25,800	77,400
13	2016	Termite Inspection - B	1	4,500.00	4,500	6	3	750	2,250
14		Ret. Wall Paint - B	1	2,500.00	2,500	6	3	417	1,250
15		Wd. Deck/Stair/Rail Rpr.-B	13,300	0.75	10,000	6	3	1,667	5,000
16		Wd. Deck Seal - B	13,300	0.56	7,500	6	3	1,250	3,750
17	14-16	Flat Roofing - B	7,830	7.00	54,810	15	12	3,654	10,962
18		Roofing Comp - B	59,300	5.00	296,500	40	24	7,413	118,600
19	2016	Gutter/Downspouts - B	36	1,150.00	41,400	15	3	2,760	33,120
20	2018	Ext. Structural Rpr. C	32	1,300.00	41,600	6	5	6,933	6,933
21	2018	Structure Paint - C	32	4,300.00	137,600	6	5	22,933	22,933
22	2018	Termite Inspection - C	1	4,500.00	4,500	6	5	750	750
23	2018	Ret. Wall Paint - C	1	2,500.00	2,500	6	5	417	417
24	2018	Wd. Deck/Stair/Rail Rpl.-C	18,650	0.67	12,500	6	5	2,083	2,083
25		Wd. Deck Seal - C	18,650	0.40	7,500	6	5	1,250	1,250
26		Flat Roofing - C	3,100	7.00	21,700	15	2	1,447	18,807
27		Roofing Comp C	57,000	5.00	285,000	40	26	7,125	99,750
28		Gutter/Downspout - C	32	1,150.00	36,800	15	5	2,453	24,533
29	2017	Roof Inspect/Rpr	1	7,500	7,500	3	1	2,500	5,000
30		Spark Arrrestors/Caps	1	20,600	20,600	25	5	824	16,480
31		Unit Entry Doors-All	97	300	29,100	36	6	808	24,250
32		Unit Entry Light Rplcmnt	97	100	9,700	20	0	485	9,700
33		French Doors Rplc-A (Ph3)	48	500	24,000	30	14	800	12,800
		Building Exterior Repair & Paint							
34		Skylight Rp - Sect. A	38	1,000	38,000	15	1	2,533	35,467
35		Skylight Rpr - Sect. B	37	1,000	37,000	15	7	2,467	19,733
36		Mail Boxes	98	100	9,800	20	4	490	7,840
37		Mail Box Stands	28	1,500	42,000	20	4	2,100	33,600
38	2018	Dryer Vent Cleaning	1	11,375	11,375	2	1	5,688	5,688
39	2018	Chimney Cleaning	1	13,020	13,020	2	1	6,510	6,510
		Recreation Facility-Clbhse							
40		Clbhse Entry Door Rplcmt	1	1,670	1,670	18	9	93	835
41	2013	Furnace Replacement	1	2,200	2,200	15	9	147	880
42	2010	Water Heater Rplcmnt	1	800	800	15	6	53	480
43		Window Cover/Awning Rplcm	1	6,000	6,000	10	0	600	6,000
44	2018	Pole Light Replacement	1	2,645	2,645	10	9	265	265
45		Rec Room Paint	1	12,000	12,000	10	0	1,200	12,000
46		Kitchen Remodel	1	5,000	5,000	16	0	313	5,000
47		Carpet	1	10,000	10,000	10	0	1,000	10,000
48		Copier	1	550	550	7	2	79	393
49		Furniture	1	10,000	10,000	5	0	2,000	10,000
50	2017	TV Set	1	2,200	2,200	3	1	733	1,467
51	2014	Restroom Restoration	1	9,500	9,500	15	10	633	3,167
52		Tile	1	9,105	9,105	30	13	304	5,160
53		Artificial Turf	1	12,000	12,000	15	8	800	5,600
54		Patio BBQ's	2	1,000	2,000	10	0	200	2,000
55		Bench Rpr/Rplc	1	500	500	15	4	33	367
56	2018	Basketball Court Rpr/Rplc	1	315	315	10	9	32	32
57	2018	Alarm System	1	1,700	1,700	15	14	113	113
58	2018	Smoke Alarm	1	100	100	5	4	20	20

CANON DEL SOL
2019 RESERVE PLAN COMPONENT

	Replcd	Description	Ft/Sq ft/ #	Unit Cost	Rplcmnt Cost	Useful Life	Remain Life	Annual Alloc.	Accum Alloc
		Recreation Facility-Pool							
59	2014	Restroom Fixtures/Shower	1	9,500	9,500	15	10	633	3,167
60	2014	Restroom Int. Paint	1	400	400	5	0	80	400
61		RR Water Heater Replcmnt	1	500	500	15	0	33	500
62	2017	Furnishings	1	3,330	3,330	8	6	416	833
63	2017	Chlorinator	1	1,708	1,708	7	5	244	488
64		Controls	1	1,030	1,030	10	0	103	1,030
65	2018	Door-Pool Equip Room	1	300	300	15	14	20	20
66	2017	Reel	1	1,000	1,000	3	1	333	667
67	2017	Cover	1	3,500	3,500	7	5	500	1,000
68	2013	Deck	2,970	10	30,027	15	9	2,002	12,011
69	2018	Filter	1	865	865	5	4	173	173
70	2013	Heater	1	8,900	8,900	12	6	742	4,450
71	2017	Filter Pump	1	800	800	5	4	160	160
72		Back Flow	1	1,200	1,200	15	8	80	560
73		Pool Light Replace	1	850	850	10	0	85	850
74	2018	Pool Drain Covers	3	215	645	5	4	129	129
75		Resurface	1,340	14.93	20,006	10	1	2,001	18,006
76	2018	Fence Cloth	1	2,500	2,500	6	5	417	417
78		Salt Generation Systems			15,000	5	0	3,000	15,000
79		Pool Replacement	1	200,000	200,000	30	15	6,667	100,000
		Recreation Facility-Spa							
80	2017	Chlorinator	1	2,208	2,208	6	4	368	736
81	2017	Filter	1	1,200	1,200	2	0	600	1,200
82	2013	Heater	1	4,400	4,400	12	6	367	2,200
83	2017	Pump and Jets	2	1,500	3,000	6	4	500	1,000
84	2017	Cover	1	590	650	3	1	217	433
85		Spa Light	1	850	850	5	2	170	510
86		Replaster	1	4,700	4,700	10	0	470	4,700
87	2014	Drain Cover	1	300	300	5	0	60	300
88		Emergency Shut Off System	1	1,250	1,250	5	3	250	500
		Recreation Facility-Tennis							
89	2018	Wind Screen	1	3,000	3,000	6	5	500	500
90		Nets	3	260	780	6	2	130	520
91		Overlay (Replacement)	20,000	3.75	75,000	25	11	3,000	42,000
92	2016	Resurface	6,000	3	18,000	5	2	3,600	10,800
		Recreation Facility-Genrl			0				
93		Tennis Court/Pool Chain Link Rpr	720	30	21,600	20	9	1,080	11,880
94		Ret. Wall Rpr/Rplc	1	3,000	3,000	5	2	600	1,800
		Common Areas							
95	2018	Ground Light Rpr/Rplc	1	2,000	2,000	5	4	400	400
96		Benches Rpr/Rplc	5	600	3,000	10	1	300	2,700
97		Pole Lights	42	500	11,288	20	1	564	10,724
98		Drinking Fountain Replace	1	1,200	1,200	20	14	60	360
		Roads and Paved Surfaces							
99	2014	Asphalt Overlay	3	99,524	293,596	25	20	11,744	58,719
100		Parking, Seal Coat & Stripe		99,524	8,000	3	0	2,667	8,000
101		Asphalt Sealing	1	50,000	50,000	5	0	10,000	50,000
102	2013	Concrete Walk, Curb, Valley Gtrs	1	20,000	20,000	5	0	4,000	20,000
103	2016	Concrete Driveways	1	15,000	50,000	5	2	10,000	30,000
104	2018	Curb & Fire Hydrant Paint	4/5/5	165	825	2	1	413	413
105		Street Drainage	1	15,000	15,000	3	0	5,000	15,000
		Fencing/Walls							
106		6' Fence Rep	80	91.38	7,310	20	0	366	7,310
107		Wd. Ret. Wall Rpr/Rplcmnt	2,860	7	20,020	10	6	2,002	8,008
108		4' Wood/Wire Fence Replc	2,750	20	55,000	20	4	2,750	44,000
109		3' Wd. Picket Fence Rpr	680	25	17,000	20	5	850	12,750
110		6' Chain Gate	2	1,500	3,000	30	9	100	2,100

CANON DEL SOL
2019 RESERVE PLAN COMPONENT

	<u>Replcd</u>	<u>Description</u>	<u>Ft/Sq ft/ #</u>	<u>Unit Cost</u>	<u>Rplcmt Cost</u>	<u>Useful Life</u>	<u>Remain Life</u>	<u>Annual Alloc.</u>	<u>Accum Alloc</u>
		Landscaping							
111		Back Flow Device	1	1,275	1,275	25	8	51	867
112		Irrigation Pump	1	3,500	3,500	20	4	175	2,800
113		Det. Pond Renovation	1	10,250	10,250	15	0	683	10,250
114	2013	Irrigation Valves/Hardware Piping	584	60	35,040	12	0	2,920	35,040
115	2013	Irrigation Controllers	3	1,500	4,500	10	2	450	3,600
		Miscellaneous							
116	2013	Golf Cart Purchase	1	3,100	3,100	10	4	310	1860
117		Signage	1	7,800	7,800	15	6	520	4,680
118		Pool Key Exchange	1	2,000	2,000	5	0	400	2,000
119		Legal Doc Revision	1	5,000	5,000	10	3	500	3,500
120		Web Site Construction	1	2,500	2,500	10	0	250	2,500
121	2017	Reserve Study Update	1	3,000	3,000	3	1	1,000	2,000
122		Beach Path Restoration	1	2,400	2,400	5	0	480	2,400
123		Misc.							
		Totals			3,184,543			274,782	1,651,872

			-0.05				
Unit	Sq.	No.	2013		2017	2018	2018
Ph. 1-2	Ftg	Units					
A	1693	1	482.96	482.96	same	same	same
341 CDS	1725	1	522.48	522.48			
B	1920	5	513.98	2,569.90	as 2016	as 2017	as 2018
C	2055	2	532.35	1,064.70			
260 Pismo	2105	1	532.45	532.45			
308 Pismo	2064	1	532.55	532.55			
319 CDS	2084	1	532.55	532.55			
D	1755	9	491.46	4,423.14			
329 CDS	1795	1	502.66	502.66			
335 CDS	1795	1	502.66	502.66			
F1	1132	11	406.58	4,472.43			
G1	1200	9	415.83	3,742.50			
424 SM	1212	1	412.08	412.08			
Ph. 3							
A-1	2265	8	560.99	4,487.96			
F	1980	4	522.14	2,088.56			
Ph. 4							
A	1741	2	489.58	979.17			
A1	1449	2	449.78	899.57			
B	1787	2	495.85	991.70			
355 CDS	1787	1	495.85	495.85			
373 CDS	150 add	1	536.73	536.73			
381 CDS	150 add	1	536.73	536.73			
C	1648	1	476.90	476.90			
C1	1287	2	427.69	855.39			
D	1699	4	483.85	1,935.38			
D1	1088	2	400.59	801.18			
454 Arca	1171	1	421.67	421.67			
Ph. 5							
A	1741	3	489.58	1,468.75			
B	1787	4	495.85	1,983.41			
C	1648	4	476.90	1,907.62			
449 ARCA	add 120	1	509.60	509.60			
401 CDS	Add 120	1	509.60	509.60			
431 CDS	Add 218	1	522.48	522.48			
D	1699	8	483.85	3,870.77			
TOTALS			10,605.29	46,572.08			
		97		558,864.92			



LaBarre/Okene Insurance

**Canon Del Sol HOA
INSURANCE SUMMARY DISCLOSURE**

Pursuant to Section 5300 (b)(9) of the California Civil Code, the Association is providing you with the following information regarding its insurance policies. Pursuant to Civil Code Section 5300 (a), this summary is being distributed not less than 30 days nor more than 90 days preceding the beginning of the Association's fiscal year.

I. GENERAL LIABILITY INSURANCE

- A. Name of insurer: Hiscox Insurance Company
- B. Policy limits: \$1,000,000 each occurrence and \$2,000,000 aggregate
- C. Amount of deductible (if any): N/A
- D. Umbrella coverage, if applicable: \$10,000,000
- E. Umbrella carrier: Firemans Fund Insurance Company
- F. Policy dates: 04/01/2018 - 04/01/2019

II. PROPERTY INSURANCE

- A. Name of insurer: Hiscox Insurance Company
- B. Policy limits: \$29,300,001
- C. Amount of deductible: \$5,000
- D. Policy dates: 04/01/2018 - 04/01/2019

III. EARTHQUAKE INSURANCE

- A. Name of insurer: Lloyd's of London
- B. Policy limits: \$27,084,862
- C. Amount of deductible: 10%
- D. Policy dates: 05/01/2017 - 05/01/2018

IV. FLOOD INSURANCE

- A. Name of insurer: N/A
- B. Policy limits: N/A
- C. Amount of deductible: N/A
- D. Policy dates: N/A

V. FIDELITY BOND INSURANCE

- A. Name of insurer: Liberty Mutual Insurance Company
- B. Policy limits: \$1,500,000
- C. Amount of deductible: \$10,000
- D. Policy dates: 04/01/2018 - 04/01/2019

This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

Pursuant to Section 5810 of the California Civil Code, if the association receives any notice of nonrenewal of a policy described in the annual budget report, the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.