

M24 RANCH ASSOCIATION

ANNUAL POLICY STATEMENT

This Annual Policy Statement outlines M24 Ranch Association's policies and procedures with respect to the following:

NOTICES

The Association shall receive all correspondence from its members either by email to M24News@Yahoo.com or by U.S. mail sent to the following mailing address:

M24 Ranch Association
P. O. Box 81
Mountain Ranch, CA 95246

Overnight assessment payments may be made to: M24 Ranch Association, P.O. Box 81, Mountain Ranch, CA 95246.

General notices from the Association to all members regarding board meetings and executive sessions shall be posted in the message board at the two M24 entry gates, on the website www.M24Ranch.com, and sent by email to all members at the email address last shown on the books of the Association who have requested in writing or by email to receive notices by email.

Notices of dues payments to all members shall be sent via U.S. mail to their address as last shown on the books of the Association.

Notices to individual members referred to as "individual delivery" or "individual notice," of any document(s) shall be delivered by one of the following methods:

1. 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.
2. E-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.

Board meeting minutes and documents shall be posted on the M24 Ranch Association website at the following web address: www.M24Ranch.com. Pursuant to Civil Code section 4950(a), individuals may submit a written request to the association for copies of the Board meeting minutes, which shall be distributed to the requesting member upon reimbursement of any applicable costs.

Upon receiving a request in writing from a member, the association will deliver an additional copy of the annual budget report, notice of default and the documents to be delivered to a member pursuant to Civil Code section 5650, et seq. to the secondary address identified in the request.

Notwithstanding the above, if a member requests to receive general notices by individual delivery, all general notices to that member shall be delivered by one of the following methods:

1. 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.
2. E-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.

DISPUTE RESOLUTION PROCEDURE

A. Internal Dispute Resolution

Either party to a dispute with respect to the Governing Documents may invoke the following procedure pursuant to Civil Code section 5900, et seq.:

1. The party shall request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. A member of the association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
3. The board shall designate one or more directors to meet and confer.
4. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring. Prior to the meetings, the parties shall notify each other of all attendees for the meeting.
5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:

1. The agreement is not in conflict with law or the governing documents of the common interest development or association.
2. The agreement is either consistent with the authority granted by the board to its designee or the agreement is ratified by the board.

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

B. Alternative Dispute Resolution

“‘Alternative dispute resolution’ means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The form of alternative dispute resolution chosen pursuant to [the Davis Stirling Act] may be binding or nonbinding, with the voluntary consent of the parties.” (Civil Code, § 5925(a).)

“[The} Association or a [M]ember may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution. . . .” (Civil Code, § 5930(a).) “This [requirement] applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.” (Civil Code, § 5930(b).) “This [requirement] does not apply to a small claims action,” and “except as otherwise provided by law, does not apply to an assessment dispute.” (Civil Code, §§ 5930(c) & (d).)

“Any party to a dispute may initiate the alternative dispute resolution process by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:

- (1) A brief description of the dispute between the parties.
- (2) A request for alternative dispute resolution.
- (3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
- (4) If the party on whom the request is served is the Member, a copy of Civil Code section 5935.

Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

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.” (Civil Code, § 5935.)

“If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.” (Civil Code, § 5940(a).)

“The costs of the alternative dispute resolution shall be borne by the parties.” Civil Code, § 5940(c).)

ASSESSMENTS AND COLLECTIONS POLICY (INCLUDING LIEN POLICY)

1. Assessments are due and payable on July 1st, the beginning of the Association's fiscal year.
2. Assessments not RECEIVED by September 1st are delinquent and a late fee of 10 percent is added to the amount due.
3. After September 1st, a reminder letter will be sent to all members whose assessments are delinquent with a request that the full amount of the assessment plus late fee be paid to the Association.
4. If delinquent assessments are not received by October 1st, a monthly interest charge of one percent will be added to the total amount due, and the account will be sent to the Association's collection agency. Unpaid assessments will continue to accrue interest at one percent per month until paid. **COLLECTION FEES AND RELATED COSTS ADD SIGNIFICANTLY TO THE AMOUNT A MEMBER WILL HAVE TO PAY TO DISCHARGE HIS DEBT TO THE ASSOCIATION.**
5. The collection agency will prepare and mail to the delinquent member a "Notice of Intent to Lien" letter notifying the member that a lien may be placed on his property if payment is not received within 30 days of the postmark of the letter.
6. In the event any delinquent assessments, collection fees, costs and other charges are not paid in full by that time, the Board will authorize that a lien be recorded against the delinquent member's property.
7. Once unpaid assessments have been delinquent one year (or total \$1800 or more), the Board will authorize that the delinquent member's property be placed in foreclosure. **IF YOUR PROPERTY IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.**
8. If the delinquent assessments and collection costs are not paid within 90 days after the property is placed in foreclosure, a notice will be published that the property is being sold to satisfy the lien. A delinquent member can prevent the sale by paying the full amount due, or making satisfactory payment arrangements.
9. The Board will consider, in cases of economic hardship, requests to accept partial payment by September 1st, with the balance paid off before October 1st. A member does not escape paying the ten percent late penalty in such arrangements. **SUCH REQUESTS MUST BE MADE BEFORE JULY 15th.**
10. In the event a senior lien holder forecloses on the property, the Board may decide to seek a judgment against the delinquent member in Small Claims Court to recover the amount owed the Association.
11. A copy of the statutorily required **NOTICE ASSESSMENTS AND FORECLOSURE** is provided in Attachment A to this Annual Policy Statement.
12. All correspondence referred to above will be sent to the last address of record provided to the association by the member. A delinquent member is not excused from the obligations described above because he has not provided the Association with his current address.
13. The Board may revise this policy in the event it finds it appropriate and necessary to do so.

14. Overnight payments may be made to: M24 Ranch Association, P.O. Box 81, Mountain Ranch, CA 95246.

NOTICE OF ARCHITECTURAL GUIDELINES AND PROCEDURES

- (1) "No portion of [the development] shall be used excepting for single family residential and recreational purposes;
- (2) No structure shall be built upon [the development] until the proposed plans have been submitted to the M-24 Ranch Association and have been approved by it through its Architectural Committee or Board of Directors as to exterior design and finish;
- (3) No dwelling house shall be constructed upon [the development] containing less than 600 square feet of usable living area containing four walls;
- (4) There shall be no commercial use of [the development] or any part thereof, and no signs other than a sign indicating that the property is for sale or rent, not exceeding 2 x 3 feet may be erected upon each parcel. No temporary structures or trailers which may be used for housing purposes may be maintained on the property excepting during the course of construction and for not more than one (1) year. All sanitary facilities shall be incorporated in the main structures and connected to septic tanks;
- (5) No twenty (20) acre unit shall be divided into more than four (4) parcels, each parcel to be a minimum of five (5) acres."

(Declaration of Covenants, Conditions and Restrictions for M-24 Ranch- Unit No. 2 recorded on January 24, 1966 in Book 208 Page 385 of the Official Records of Calaveras County.)

Attachment A

Annual Statement of Collection Procedure

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial 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 non-judicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

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

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not

record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

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

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

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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