

Montecido at Portola Hills Association

c/o Total Property Management, Inc.
23792 Rockfield Boulevard, Suite 100
Lake Forest, CA 92630
Office (949) 261-8282 | Fax (949) 261-6958

To: All Members
Date: November 17, 2025
From: Board of Directors
Subject: Annual Budget Report

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

1. Fiscal year budget effective January 1, 2026;
2. Reserve statement for fiscal year 2026, and;
3. The approved assessment collection policy.

After careful review of the 2025 operating and reserve expenses, we have determined that the projected expenses for 2026 can be met with the current income. **Therefore, the total assessment will remain at \$375.00 per unit, per month.**

Your assessment includes reserve funding of \$35,829.42 per month, which is less than the amount recommended in the most recent reserve study projected at 78.59% funded starting January 1, 2026. By taking this course of action, it may be necessary to postpone certain projects, phase out certain projects over time, or pass a special assessment to raise the necessary funds. A copy of the full reserve study plan is available upon request.

If components with a zero-remaining useful life range are noted on the Executive Summary, they will continue to be funded per the 2026 budget and may be considered for refurbishing and/or replacement during the 2026 fiscal year.

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

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

Enclosure

Montecido at Portola Hills Association

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To: All Members

Date: November 17, 2025

From: Board of Directors

Subject: Annual Policy Statement

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

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

Montecido at Portola Hills Association
c/o Total Property Management, Inc.
23792 Rockfield Boulevard, Suite 100
Lake Forest, CA 92630
Fax: (949) 261-6958

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

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3. Pursuant to paragraph (3) of subdivision (a) of Section 4045, the location designated for posting of a general notice, please use the Total Property Management homeowner portal by logging into your account at <https://portal.totalpm.com/login>, then click the "Documents" Folder, then the "Board Meeting Agendas" Folder.

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

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

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Montecido at Portola Hills Association

2026 Annual Budget

	Annual	Monthly	Per Unit* (300)
Liability			
Reserve Funds			
3303 - Fence & Gate Replacement Reserve	26,440.32	2,203.36	7.34
3306 - Contingency Reserve	12,329.40	1,027.45	3.42
3307 - FOB System Reserve	1,925.04	160.42	.53
3314 - Lighting Fixtures Reserve	7,187.04	598.92	2.00
3318 - Painting Reserve-General	80,835.84	6,736.32	22.45
3321 - Pool & Spa Equipment/Furniture Reserve	10,387.08	865.59	2.89
3322 - Recreation Center Reserve	9,919.92	826.66	2.76
3323 - Roof/Gutters/Downspouts Reserve	130,390.56	10,865.88	36.22
3326 - Asphalt, Streets, Driveways, Pavement Reserve	52,749.60	4,395.80	14.65
3338 - Mailbox/Signs/Monuments Reserve	3,990.60	332.55	1.11
3340 - Wood Replacement Reserve	22,370.04	1,864.17	6.21
3341 - Garage Door Reserve	13,028.28	1,085.69	3.62
3349 - Termite Treatment Reserve	18,754.92	1,562.91	5.21
3350 - Landscape Monthly Allowance Rsv	16,635.00	1,386.25	4.62
3353 - Landscape-Irrigation Controllers Reserve	2,719.56	226.63	.76
3356 - Play Area Reserve	3,670.20	305.85	1.02
3375 - Utility Doors/Unit Doors Reserve	16,619.60	1,384.97	4.62
Total Reserve Funds	429,953.00	35,829.42	119.43
Total Liability	429,953.00	35,829.42	119.43
Income			
Income			
4401 - Membership Assessments	1,350,000.00	112,500.00	375.00
4407 - Parking Permits	2,500.00	208.33	.69
4408 - Clubhouse Rental	250.00	20.83	.07
Total Income	1,352,750.00	112,729.17	375.76
Total Income	1,352,750.00	112,729.17	375.76
Expense			
Utilities			
5010 - Cable	2,988.00	249.00	.83
5020 - Electricity	25,000.00	2,083.33	6.94
5030 - Gas	9,000.00	750.00	2.50
5070 - Water	31,000.00	2,583.33	8.61
Total Utilities	67,988.00	5,665.67	18.89
Landscape Maintenance			
5510 - Contract Landscape Service	129,564.00	10,797.00	35.99
5545 - Irrigation Repair	20,000.00	1,666.67	5.56
5546 - Backflow Inspection	2,000.00	166.67	.56
5560 - Tree Trimming	45,000.00	3,750.00	12.50
5595 - Misc Landscape	16,100.00	1,341.67	4.47
Total Landscape Maintenance	212,664.00	17,722.00	59.07

Montecido at Portola Hills Association

2026 Annual Budget

	Annual	Monthly	Per Unit* (300)
Pool/Spa Maintenance			
6010 - Contract Pool Service	5,396.00	449.67	1.50
6020 - Pool & Spa Repairs	1,500.00	125.00	.42
6030 - Pool & Spa Supplies	5,000.00	416.67	1.39
6050 - Health Department Fees	834.00	69.50	.23
Total Pool/Spa Maintenance	12,730.00	1,060.83	3.54
Common Area Maintenance			
7520 - Lighting Services	1,776.00	148.00	.49
7521 - Lighting Supplies	2,500.00	208.33	.69
7522 - Lighting Extras	1,000.00	83.33	.28
7528 - Holiday Lighting	1,500.00	125.00	.42
7530 - Janitorial Service	8,760.00	730.00	2.43
7531 - Janitorial Supplies	1,500.00	125.00	.42
7540 - Street Sweeping Services	10,500.00	875.00	2.92
7545 - Pest Control Service	18,000.00	1,500.00	5.00
7550 - Plumbing Repair	8,000.00	666.67	2.22
7553 - Water Intrusion Repair	10,000.00	833.33	2.78
7562 - Weight Equipment Repairs	500.00	41.67	.14
7580 - Enforcement Service	87,600.00	7,300.00	24.33
7595 - Misc/Common Area Repairs	25,000.00	2,083.33	6.94
Total Common Area Maintenance	176,636.00	14,719.67	49.07
Administration			
8005 - Election Expense	1,700.00	141.67	.47
8010 - Audit	2,000.00	166.67	.56
8011 - Reserve Study	900.00	75.00	.25
8014 - Property Tax	35.00	2.92	.01
8025 - Insurance	375,000.00	31,250.00	104.17
8030 - Legal Service	2,500.00	208.33	.69
8032 - Legal Collection Expense	5,500.00	458.33	1.53
8035 - Management Service	54,660.00	4,555.00	15.18
8036 - Archived Box Storage Fee	2,796.00	233.00	.78
8040 - Printing & Mailing	3,000.00	250.00	.83
8048 - Board Meeting Expense	1,500.00	125.00	.42
8075 - FOB System Hosting	1,188.00	99.00	.33
8095 - Misc Administration	2,000.00	166.67	.56
Total Administration	452,779.00	37,731.58	125.77
Reserve Funding			
9001 - General Reserve Funding	429,953.00	35,829.42	119.43
Total Reserve Funding	429,953.00	35,829.42	119.43
Total Expense	1,352,750.00	112,729.17	375.76

(Per unit is based on the total number of units. For Associations with variable assessment rates, please refer to the variable assessment schedule.)*

**Montecido at Portola Hills Association
Collection Policy
Effective January 1, 2020**

Prompt payment of Assessments by all owners is critical to the financial health of the Association and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&Rs) and the California Civil Code to enforce the member's obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&Rs and Civil Code, the following are the Association's assessment practices and policies:

1. Assessments, late charges, interest and collection costs, including any attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied [Civil Code Section 5650(a)].
2. The association shall provide notice by first-class mail to the owners of the separate interests of any increase in the regular or special assessments of the association, not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due. Regular monthly assessments are due and payable on the first day of each month. A courtesy billing statement is sent each month to the billing address on record with the Association. **However, it is the owner's responsibility to pay each assessment in full each month regardless of whether a statement is received.** All other assessments, including special assessments, are due and payable on the date specified on the Notice of Assessment.
3. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection costs, including attorney's fees, unless the owner and the Association enter into a written agreement providing for payments to be applied in a different manner [Civil Code 5655(a)].
4. **Regular and special assessments levied pursuant to the governing documents are delinquent fifteen (15) days after they become due. The association will levy late charges at fifteen (15) days past due.** If an assessment is delinquent the association may recover all of the following:
 - (a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees.
 - (b) A late charge not exceeding ten (10%) percent of the delinquent assessment or ten dollars (\$10), whichever is greater, unless the declaration specifies a late charge in a smaller amount, in which case any late charge imposed shall not exceed the amount specified in the declaration.
 - (c) Interest on all sums imposed in accordance with this section, including the delinquent assessments, reasonable fees and costs of collection, and reasonable attorney's fees, at an annual interest rate not to exceed twelve (12%) percent, commencing thirty (30) days after the assessment becomes due, unless the declaration specifies the recovery of interest at a rate of a lesser amount, in which case the lesser rate of interest shall apply and shall continue to be assessed each month until the account is brought current.
5. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than thirty (30) days, all installments will be accelerated, and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.
6. If an assessment is not received within forty-five (45) days after the assessment becomes due and at least thirty (30) days prior to recording a lien, the Association or its designee will send a pre-lien letter to the owner as required by Civil Code Section 5660 by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a fee for the pre-lien letter. The pre-lien letter will include an offer by the Association to engage in informal dispute resolution upon receipt of a written request by the owner within fifteen (15) days of the pre-lien letter. The Board shall meet with the owner in executive session within forty five (45) days of receipt of the owner's written request pursuant to the association's "meet and confer" program required by Civil Code Section 5900, 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.

7. **If an owner fails to pay the amounts set forth in the pre-lien letter within thirty-five (35) days of the date of receipt of the letter, unless extended by operation of law, the Association will authorize a lien be recorded for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees against the owner's property.** The owner will be charged for the fees and costs of preparing and recording the lien. Thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure [Civil Code Sections 5700-5720].
8. Prior to recording of a lien, the Board of Directors will approve the recording of the lien in open session at a regular or special board meeting. Prior to recording of a lien for delinquent assessment, the Association shall offer the owner and, if so requested by the owner, participate in dispute resolution [Civil Code Sections 5705-5720].
9. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Civil Code Sections 5200-5240 and Corporation Code Section 8333.
10. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interests, and costs of collection associated with collection of those assessments.
11. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board in executive session to discuss a payment plan. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an association's ability to record a lien on the owner's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the association may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
12. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.
13. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and cost of collection, including attorney's fees, must be paid in full to the Association.
14. All charges listed herein are subject to change upon thirty (30) days prior written notice.
15. **The mailing address for overnight payment of assessments is:**

**Montecido at Portola Hills Association
c/o Total Property Management, Inc.
23792 Rockfield Blvd, Ste 100
Lake Forest, CA 92630
949-261-8282**

16. The Association may not foreclose unless delinquent assessments are greater than \$1,800 or greater than twelve (12) months delinquent.
17. Prior to initiating a foreclosure for delinquent assessments, the association shall offer the owner and, if so requested by the owner, shall participate in dispute resolution pursuant to the association's "meet and confer" program or alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 5900-5920.
18. Prior to commencement of foreclosure, the Board of Directors will approve the foreclosure in executive session and note the approval in the regular minutes of the Association without identification of the name of the individual.
19. A nonjudicial foreclosure by the Association to collect upon a debt for delinquent assessments shall be subject to a right of redemption. The redemption period within which the separate interest may be redeemed from a foreclosure sale under this paragraph ends ninety (90) days after the sale.
20. Owners have the right to request that all collection correspondence and legal notices be mailed to both a primary and secondary address. Upon receipt of a written request by an owner sent by United States Mail or facsimile transmission, identifying a secondary address for purposes of receiving collection notices, the Association shall send additional copies of all collection correspondence and legal notices to both the primary and secondary address provided in the written request.

**INTERNAL DISPUTE RESOLUTION
AND
ALTERNATIVE DISPUTE RESOLUTION**

Pursuant to the requirements of California *Civil Code* Section 5920 and 5965, the Association hereby provides you with notice and a summary of the Internal Dispute Resolution (“IDR”) and Alternative Dispute Resolution (“ADR”) procedures as follows:

INTERNAL DISPUTE RESOLUTION:

Either party to a dispute within the scope of *Civil Code* Section 5900 - 5920 may invoke the following procedure:

1. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. A member of the Association may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
3. The Association’s Board of Directors shall designate at least two (2) members of the Board 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.
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.

An agreement reached under those sections binds the parties and is judicially enforceable if 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 of Directors to its designee or the agreement is ratified by the Board of Directors.

A member of the Association may not be charged a fee to participate in the IDR process.

ALTERNATIVE DISPUTE RESOLUTION:

California *Civil Code* Sections 5925 through 5965 require community associations and their homeowners to offer to participate in some form of Alternative Dispute Resolution (“ADR”) prior to initiating certain types of lawsuits in superior court.

SCOPE OF STATUTE:

Civil Code Section 5925 (a) defines “Alternative Dispute Resolution” as mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The form of ADR chosen may be binding or non-binding with the voluntary consent of the parties. *Civil Code* Section 5925 (b) defines “Enforcement Action” as a civil action or proceeding, other than a cross-complaint, filed by either individual homeowners or community associations, for any of the following purposes:

1. Enforcement of the Davis-Stirling Common Interest Development Act, *Civil Code* Section 4000, *et seq.*
2. Enforcement of the California Nonprofit Mutual Benefit Corporation Law (commencing with Section 7110 of the *Corporations Code*.)
3. Enforcement of the governing documents of the common interest development.

The Association or an owner or member of the Association may not file an Enforcement Action in the superior court unless the parties have endeavored to submit their dispute to ADR pursuant to *Civil Code* Section 5930.

Civil Code Section 5930 only applies to an Enforcement Action that is solely for declaratory relief, injunctive relief, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000). This section does not apply to a small claims action and except as otherwise provided by law, this section does not apply to an assessment dispute.

COMPLIANCE PROCEDURES:

The ADR process is initiated by one party serving all other parties with a “Request for Resolution,” which 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 owner of a separate interest, a copy of *Civil Code* Sections 5925 – 5965.

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.

The party on whom a Request for Resolution is served has 30 days following service to accept or reject the Request. If the party does not accept the Request within that period, the Request is deemed rejected by that party. If the party on whom a Request for Resolution is served, accepts the Request, the parties shall complete the ADR within 90 days after the party initiating the Request receives the acceptance, unless this time period is extended by written stipulation signed by both parties. The costs of the Alternative Dispute Resolution shall be borne by the parties.

Statements, negotiations, and documents made or created at, or in connection with, ADR (except for arbitration) are confidential.

If a Request for Resolution is served before the end of the applicable time limitation for commencing an Enforcement Action, the time limitation is tolled during the following periods:

1. The period provided in *Civil Code* Section 5935 for response to a Request for Resolution.
2. If the Request for Resolution is accepted, the period provided by *Civil Code* Section 5940 for completion of ADR, including any extension of time stipulated to by the parties pursuant to Section 5940.

Pursuant to *Civil Code* Section 5950 (a), at the time of commencement of an Enforcement Action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:

1. ADR has been completed in compliance with this article.
2. One of the other parties to the dispute did not accept the terms offered for ADR.
3. Preliminary or temporary injunctive relief is necessary.

(b) Failure to file a certificate pursuant to *Civil Code* Section 5950 (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

Civil Code Section 5955 (a) provides that after an Enforcement Action is commenced, on written stipulation of the parties, the matter may be referred to ADR. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the *Government Code*.

FAILURE TO PARTICIPATE IN SOME FORM OF ADR:

In an Enforcement Action, in which attorney’s fees and costs may be awarded, the court, in determining the amount of the award, may consider whether a party’s refusal to participate in ADR before commencement of the action was reasonable.

In accordance with California *Civil Code* Section 5965, the Board of Directors of the Association hereby advises you of the following:

Failure by 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.

ASSESSMENTS AND FORECLOSURE NOTICE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Section 5705 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5600, 5650 and 5705 of the Civil Code)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 5605 and 5650 of the Civil Code)

The association must comply with the requirements of Section 5650 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5650 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5650 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5650 of the Civil Code)

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

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5650 of the Civil Code).

An owner may, but is not obligated to, pay under protest any 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 the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3, commencing with Section 5925 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5650 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 5650 of the Civil Code)

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5650 of the Civil Code)

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

Montecido at Portola Hills Association

Executive Summary

Directed Cash Flow Method

Client Information

Account Number	05394
Version Number	1
Analysis Date	7/23/2025
Fiscal Year	1/1/2026 to 12/31/2026
Number of Units	300

Global Parameters


Inflation Rate	3.00%
Annual Contribution Increase	3.00%
Investment Rate	3.50%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile

This community was constructed between late 1990 and early 1993. For budgeting purposes, unless otherwise indicated, we have used January 1992 as the average placed-in-service date for aging most of the original components in this community. We have used January 1991 as the placed-in-service date for the clubhouse and pool area items.

ARS site visits conducted: July 23, 2025, July 13, 2022, November 19, 2019, October 5, 2005, June 18, 2002 & September 23, 1998

Adequacy of Reserves as of January 1, 2026

Anticipated Reserve Balance		\$3,581,041.00
Fully Funded Reserve Balance		\$4,556,480.96
Percent Funded	0 25 50 75 100	78.59%
Deficit per Unit		\$3,251.47

Funding for the 2026 Fiscal Year	Annual	Monthly	Per Unit Per Month
Member Contribution	\$423,309	\$35,275.75	\$117.59
Interest Contribution	\$87,871	\$7,322.59	\$24.41
Total Contribution	\$511,180	\$42,598.34	\$141.99

Montecido at Portola Hills Association
Management Summary
Directed Cash Flow Method; Sorted by Category

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<u>010 Streets</u>				
Concrete - Repairs	\$20,000.00	\$297.55	\$3.85	\$301.40
Streets - Asphalt Overlay/Major Rehab	\$405,305.71	\$3,158.73	\$870.79	\$4,029.52
Streets - Repairs & Replacements	\$13,047.21	\$242.03	\$3.13	\$245.16
Streets - Slurry Sealing & Striping	\$37,600.05	\$697.48	\$9.01	\$706.50
Sub Total	\$475,952.97	\$4,395.80	\$886.78	\$5,282.57
<u>020 Roofs</u>				
Roofs - Tile, Underlayment	\$1,296,560.08	\$9,718.43	\$2,780.63	\$12,499.07
Sub Total	\$1,296,560.08	\$9,718.43	\$2,780.63	\$12,499.07
<u>030 Painting</u>				
Painting - Curbs	\$3,428.57	\$190.63	\$9.48	\$200.12
Painting - Interior	\$1,497.10	\$64.36	\$3.90	\$68.26
Painting - Stucco	\$152,911.80	\$3,867.95	\$363.11	\$4,231.07
Painting - Woodwork/Trim	\$104,611.26	\$2,613.38	\$247.99	\$2,861.37
Sub Total	\$262,448.73	\$6,736.32	\$624.49	\$7,360.81
<u>040 Fencing</u>				
Fencing - Glass, Sound Walls	\$57,353.24	\$242.04	\$120.57	\$362.62
Fencing - Vinyl, Patio	\$186,585.20	\$683.90	\$390.92	\$1,074.82
Fencing - Vinyl, Pool Area/Tot Lot	\$0.00	\$310.70	\$4.02	\$314.71
Fencing - Vinyl, Units	\$0.00	\$825.83	\$10.67	\$836.50
Walls - Block, Repairs	\$7,259.19	\$18.43	\$15.10	\$33.54
Walls - Stucco, Repairs	\$47,605.76	\$122.46	\$99.07	\$221.53
Sub Total	\$298,803.40	\$2,203.36	\$640.35	\$2,843.71
<u>050 Lighting</u>				
Lighting - Buildings, Wall	\$86,321.05	\$570.05	\$184.13	\$754.19
Lighting - Pole Lanterns	\$11,550.00	\$28.86	\$24.02	\$52.89
Sub Total	\$97,871.05	\$598.92	\$208.16	\$807.07
<u>060 Pool Area</u>				
Clubhouse - Appliances	\$5,120.00	\$33.49	\$10.92	\$44.41
Clubhouse - Cabinets	\$10,704.00	\$71.70	\$22.85	\$94.55
Clubhouse - Carpeting, Gym	\$1,476.60	\$27.39	\$0.35	\$27.75
Clubhouse - Carpeting, Main Room	\$736.25	\$30.22	\$1.90	\$32.12
Clubhouse - Ceramic Tile, Interior	\$16,412.37	\$109.94	\$35.03	\$144.97
Clubhouse - Ceramic Tile, Shower	\$2,656.08	\$17.79	\$5.67	\$23.46
Clubhouse - Counters, Kitchen	\$3,024.00	\$20.26	\$6.45	\$26.71
Clubhouse - Doors, Clubhouse	\$0.00	\$54.14	\$0.70	\$54.84
Clubhouse - Doors, Gym	\$2,300.00	\$22.63	\$5.00	\$27.63

Montecido at Portola Hills Association
Management Summary
Directed Cash Flow Method; Sorted by Category

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Clubhouse - Doors, Pump Room	\$2,337.50	\$8.72	\$4.90	\$13.62
Clubhouse - Doors, Restrooms	\$0.00	\$11.23	\$0.15	\$11.38
Clubhouse - FOB Entry System	\$14,583.33	\$160.42	\$31.94	\$192.36
Clubhouse - Furnishings, Newer	\$771.79	\$33.35	\$2.01	\$35.36
Clubhouse - Furnishings, Older	\$6,000.00	\$45.20	\$0.58	\$45.78
Clubhouse - HVAC Systems	\$13,333.33	\$129.59	\$28.98	\$158.57
Clubhouse - Plumbing Fixtures	\$0.00	\$36.81	\$0.48	\$37.28
Clubhouse - Restroom Partitions	\$0.00	\$19.12	\$0.25	\$19.37
Clubhouse - Water Heater, Club	\$2,200.00	\$13.88	\$0.18	\$14.06
Clubhouse - Water Heater, Restrooms/Shower	\$3,400.00	\$21.45	\$0.28	\$21.73
Clubhouse - Wood Shutters	\$3,660.00	\$24.23	\$7.81	\$32.04
Gym - Equipment, Elliptical	\$4,230.00	\$36.19	\$9.13	\$45.32
Gym - Equipment, Multistation	\$3,375.00	\$29.30	\$7.29	\$36.59
Gym - Equipment, Recumbant Bicycle	\$3,510.00	\$30.03	\$7.58	\$37.61
Pool - Filter	\$1,902.08	\$13.44	\$4.07	\$17.51
Pool - Heater	\$3,866.67	\$37.31	\$8.40	\$45.71
Pool - Replaster & Tile Replace	\$14,810.83	\$162.92	\$32.43	\$195.36
Pool Area - Deck Pavers, Sealing	\$2,075.65	\$60.85	\$5.04	\$65.88
Pool Area - Furniture	\$5,034.29	\$377.32	\$15.19	\$392.51
Pool/Spa - Chemical Controller	\$6,600.00	\$56.74	\$14.25	\$70.99
Spa - Filter	\$1,800.00	\$15.40	\$3.88	\$19.28
Spa - Heater	\$675.68	\$40.77	\$1.91	\$42.68
Spa - Replaster & Tile Replace	\$9,212.00	\$100.84	\$20.17	\$121.01
Tot Lot - Benches	\$1,552.78	\$9.47	\$3.30	\$12.77
Tot Lot - Play Structure	\$24,000.00	\$236.10	\$52.20	\$288.30
Tot Lot - Rubber Flooring	\$6,187.50	\$60.28	\$13.45	\$73.73
Sub Total	\$177,547.74	\$2,158.53	\$364.69	\$2,523.22

090 Decks/Doors

Decks - Concrete, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Doors - Entry, Units	\$0.00	\$1,005.73	\$13.00	\$1,018.73
Doors - Garage	\$322,734.38	\$1,085.69	\$674.91	\$1,760.60
Doors - Utility Closets	\$112,734.38	\$379.24	\$235.75	\$615.00
Sub Total	\$435,468.75	\$2,470.66	\$923.66	\$3,394.32

100 Grounds

Gutters & Downspouts - Cleaning	\$14,000.00	\$1,030.93	\$13.32	\$1,044.25
Gutters & Downspouts - Replace	\$34,020.00	\$116.52	\$71.17	\$187.69
Mailboxes - Pedestal Sets	\$39,420.00	\$260.95	\$84.09	\$345.04
Signs - Bulletin Board	\$1,080.00	\$7.15	\$2.30	\$9.45

Montecido at Portola Hills Association

Management Summary

Directed Cash Flow Method; Sorted by Category

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Signs - Entrance Monuments	\$10,400.00	\$64.45	\$22.13	\$86.58
Sub Total	\$98,920.00	\$1,480.00	\$193.02	\$1,673.02
<u>105 Landscape</u>				
Irrigation Controllers - 2020	\$4,633.80	\$60.97	\$10.28	\$71.25
Irrigation Controllers - 2024	\$818.98	\$43.86	\$2.24	\$46.10
Irrigation Controllers - Older	\$17,233.33	\$121.80	\$36.86	\$158.66
Landscape Reserve	\$30,000.00	\$446.33	\$5.77	\$452.10
Slopes - Potential Failures, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Slopes - Replanting	\$100,000.00	\$386.24	\$4.99	\$391.23
Sub Total	\$152,686.11	\$1,059.20	\$60.14	\$1,119.35
<u>110 Termite</u>				
Termite Control - Fumigation	\$180,480.00	\$1,562.91	\$389.78	\$1,952.69
Sub Total	\$180,480.00	\$1,562.91	\$389.78	\$1,952.69
<u>115 Wood Repairs</u>				
Wood Repairs	\$0.00	\$1,864.17	\$24.09	\$1,888.26
Sub Total	\$0.00	\$1,864.17	\$24.09	\$1,888.26
Contingency	\$104,302.17	\$1,027.45	\$226.86	\$1,254.31
Total	\$3,581,041.00	\$35,275.75	\$7,322.59	\$42,598.34

Montecido at Portola Hills Association
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending 12/31/26
 ("Disclosure Summary")

The notes at the end of this Disclosure Summary should be read in conjunction with the information provided.

(1) The regular assessment for the 2026 fiscal year per ownership interest is **\$375** per month.

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.

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the association's Board of Directors (the "Board") and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, see note immediately below):	Purpose of the assessment:
N.A.		

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, dated 11/6/25, 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:
N.A.	

Total: _____

Montecido at Portola Hills Association
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending 12/31/26
("Disclosure Summary")

(5) All major components are included in the reserve study and are included in its calculations. However, the following major assets are excluded from the reserve study calculations for the following reasons:

Major asset:	Reason this major asset was not included:
Decks	Indeterminate life and cost
Pool Deck, Pavers	Repair as needed
Slopes	Indeterminate life and cost

(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 **\$4,556,481**, based in whole or in part on the last reserve study or update prepared by Advanced Reserve Solutions, Inc. as of 1/1/26. The projected reserve fund cash balance at the end of the current fiscal year is **\$3,581,041**, resulting in reserves being **78.59%** funded at this date. The current deficiency in the reserve fund represents **\$3,251** per ownership interest.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, a reserve funding plan has been developed – see the attached projections. The assumed long-term before-tax interest rate earned on reserve funds is **3.5%** per year and the assumed long-term inflation rate applied to major component repair and replacement costs is **3%** per year. Full reserve study available upon request.

NOTES:

(A) The financial representations set forth in this summary are based on the best estimates of the preparer and the Board at that time. The estimates are subject to change. (B) For the purposes of understanding this Disclosure Summary: (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement. (2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in the study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary. (3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided. (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation. (5) Based on reserve studies or the occurrence of one or more unanticipated events, the Board could increase regular assessments and/or levy special assessments, consistent with the provisions of the CC&Rs and applicable law, to fund additional reserves as it deems necessary. For example, the information contained in this Disclosure Summary includes (i) estimates of replacement value and life expectancies of the components and (ii) assumptions regarding future events. Estimates are projections of a future event based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this Disclosure Summary. Therefore, the actual replacement cost and remaining life may vary from this report and summary and the variation may be significant. Additionally, inflation and other economic events may impact this report and summary, particularly over an extended period of time (such as thirty (30) years) and those events could have a significant and negative impact on the accuracy of this Disclosure Summary and, further, the funds available to meet the association's obligation for repair and/or replacement of major components during their estimated useful life.

Montecido at Portola Hills Association
Projections
Directed Cash Flow Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2026	\$3,581,041	\$423,309	\$87,871	\$227,724	\$3,864,497	\$4,853,591	80%
2027	\$3,864,497	\$436,008	\$99,176	\$60,716	\$4,338,965	\$5,348,321	81%
2028	\$4,338,965	\$449,089	\$107,566	\$202,528	\$4,693,091	\$5,719,875	82%
2029	\$4,693,091	\$462,561	\$120,364	\$46,288	\$5,229,728	\$6,281,110	83%
2030	\$5,229,728	\$476,438	\$116,967	\$726,349	\$5,096,784	\$6,136,349	83%
2031	\$5,096,784	\$490,731	\$128,105	\$150,404	\$5,565,215	\$6,611,522	84%
2032	\$5,565,215	\$505,453	\$132,681	\$440,863	\$5,762,486	\$6,806,263	85%
2033	\$5,762,486	\$520,617	\$103,130	\$1,837,727	\$4,548,506	\$5,541,009	82%
2034	\$4,548,506	\$536,235	\$113,695	\$204,455	\$4,993,981	\$5,984,871	83%
2035	\$4,993,981	\$552,322	\$129,528	\$18,267	\$5,657,564	\$6,654,413	85%
2036	\$5,657,564	\$568,892	\$140,974	\$227,444	\$6,139,986	\$7,137,307	86%
2037	\$6,139,986	\$585,959	\$157,911	\$34,052	\$6,849,804	\$7,855,595	87%
2038	\$6,849,804	\$603,537	\$154,789	\$877,926	\$6,730,203	\$7,716,374	87%
2039	\$6,730,203	\$621,644	\$168,048	\$231,442	\$7,288,453	\$8,275,527	88%
2040	\$7,288,453	\$640,293	\$186,934	\$35,963	\$8,079,717	\$9,076,034	89%
2041	\$8,079,717	\$659,502	\$82,598	\$5,047,014	\$3,774,802	\$4,599,309	82%
2042	\$3,774,802	\$679,287	\$72,591	\$1,154,978	\$3,371,703	\$4,135,481	82%
2043	\$3,371,703	\$699,665	\$60,485	\$1,249,798	\$2,882,055	\$3,575,849	81%
2044	\$2,882,055	\$720,655	\$77,907	\$66,565	\$3,614,052	\$4,273,986	85%
2045	\$3,614,052	\$742,275	\$97,069	\$35,070	\$4,418,326	\$5,046,324	88%
2046	\$4,418,326	\$764,543	\$106,600	\$464,828	\$4,824,641	\$5,406,342	89%
2047	\$4,824,641	\$787,479	\$113,445	\$605,340	\$5,120,225	\$5,649,145	91%
2048	\$5,120,225	\$811,104	\$111,191	\$1,002,655	\$5,039,866	\$5,499,405	92%
2049	\$5,039,866	\$835,437	\$131,809	\$101,265	\$5,905,847	\$6,323,792	93%
2050	\$5,905,847	\$860,500	\$123,243	\$1,324,420	\$5,565,170	\$5,898,271	94%
2051	\$5,565,170	\$886,315	\$143,194	\$190,272	\$6,404,407	\$6,686,896	96%
2052	\$6,404,407	\$912,905	\$167,856	\$46,308	\$7,438,860	\$7,676,318	97%
2053	\$7,438,860	\$940,292	\$146,155	\$1,969,113	\$6,556,193	\$6,680,658	98%
2054	\$6,556,193	\$968,500	\$164,276	\$367,953	\$7,321,016	\$7,379,690	99%
2055	\$7,321,016	\$997,555	\$188,911	\$151,739	\$8,355,744	\$8,355,744	100%

**MONTECIDO AT PORTOLA HILLS ASSOCIATION
INSURANCE DISCLOSURE STATEMENT
NOVEMBER 2025**

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

	CARRIER	EXPIRATION DATE	POLICY LIMIT	DEDUCTIBLE
WORKERS COMPENSATION	Technology Insurance Co., Inc.	9/26/2026	\$1,000,000	\$0
LIABILITY COVERAGE	Richmond National Insurance Company	9/26/2026	\$1,000,000 Occ. / \$2,000,000 Agg.	\$2,500
DIRECTORS & OFFICERS COVERAGE	Ascot Insurance Company	9/26/2026	\$1,000,000	\$5,000
BUILDING COVERAGE	Sierra Specialty Insurance Company	9/26/2026	\$95,013,000	\$50,000
PARAMETRIC/ WILDFIRE/PARCEL	Lloyd's of London	9/26/2026	\$2,000,000	\$0
FIDELITY BOND COVERAGE	Manufacturers Alliance Insurance Co.	9/26/2026	\$4,000,000	\$25,000
EARTHQUAKE COVERAGE	N/A	N/A	N/A	N/A
FLOOD COVERAGE	N/A	N/A	N/A	N/A

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

BRIAN BERG INSURANCE SERVICES
25950 Acero, Suite 345
Mission Viejo, CA 92691
P: (888) 791-7069
F: (877) 203-6958

This summary of the association's policies of insurance provides only certain information, as required by subdivision (9) of Section 5300 (a) of the Civil Code and should not be considered a substitute for the completed policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

Individual Liability Policies and Loss Assessment Coverage:

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

MONTECIDO AT PORTOLA HILLS ASSOCIATION

c/o Total Property Management, Inc.
23792 Rockfield Blvd, Suite 100
Lake Forest, CA 92630
Office (949) 261-8282 * Fax (949) 261-6958

To: All Members

Date: November 17, 2025

From: Board of Directors

Subject: FHA Certification Status

In accordance with California Civil Code 5300(b) (10):

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not] a condominium project. The association of this common interest development [is/is not] certified by the Federal Housing Administration.

Please note that the information regarding the Association's FHA status is as of the date of this mailing. For current information, please visit the FHA website at <https://entp.hud.gov/idapp/html/condlook.cfm>.

MONTECIDO AT PORTOLA HILLS ASSOCIATION

c/o Total Property Management, Inc.
23792 Rockfield Blvd, Suite 100
Lake Forest, CA 92630
Office (949) 261-8282 * Fax (949) 261-6958

To: All Members

Date: November 17, 2025

From: Board of Directors

Subject: VA Certification Status

In accordance with California Civil Code 5300(b) (11):

Certification by the Federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not] a condominium project. The association of this common interest development [is/is not] certified by the Federal Department of Veterans Affairs..

Please note that the information regarding the Association's VA status is as of the date of this mailing. For current information, please visit the VA website at <https://lgy.va.gov/lgyhub/condo-report>.

TOTAL PROPERTY MANAGEMENT, INC.

**CHARGES FOR DOCUMENTS PROVIDED
AS REQUIRED BY SECTION 4525***

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.

A seller may request to purchase some or all of these documents but shall not be required to purchase ALL of the documents listed on this form. Escrow documents may be ordered and purchased through www.condocerts.com.

Property Address:

Owner of Property:

Owner's Mailing Address (If known or different from property address.):

Provider of the Section 4525 Items:

Print Name _____ Position or Title _____ Association or Agent

Date Form Completed:

Check or Complete Applicable Column or Columns Below:

Document	Civil Code Section Included	Fee for Document	Not Available (N/A) or Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)
Articles of Incorporation or statement that not incorporated	Section <u>4525(a)(1)</u>	\$35.00	
CC&Rs	Section <u>4525(a)(1)</u>	\$55.00	
Bylaws	Section <u>4525(a)(1)</u>	\$50.00	
Operating Rules	Section <u>4525(a)(1)</u>	\$45.00	
Age restrictions, if any	Section <u>4525(a)(2)</u>	No Cost	
Rental restrictions, if any	Section <u>4525(a)(9)</u>	No Cost	
Annual budget report or summary, including reserve study	Sections <u>5300</u> and <u>4525(a)(3)</u>	\$47.00	
Assessment and reserve funding disclosure summary	Sections <u>5300</u> and <u>4525(a)(4)</u>	In Budget	
Financial statement review	Sections <u>5305</u> and <u>4525(a)(3)</u>	\$50.00	
Assessment enforcement policy	Sections <u>5310</u> and <u>4525(a)(4)</u>	In Budget	
Insurance summary	Sections <u>5300</u> and <u>4525(a)(3)</u>	\$40.00	
Regular assessment	Section <u>4525(a)(4)</u>	No Cost	
Special assessment	Section <u>4525(a)(4)</u>	No Cost	
Emergency assessment	Section <u>4525(a)(4)</u>	No Cost	
Other unpaid obligations of seller	Sections <u>5675</u> and <u>4525(a)(4)</u>	No Cost	
Approved changes to assessments	Sections <u>5300</u> and <u>4525(a)(4), (8)</u>	No Cost	
Settlement notice regarding common area defects	Sections <u>4525(a)(6), (7), and 6100</u>	No Cost	
Preliminary list of defects	Sections <u>4525(a)(6), 6000, and 6100</u>	No Cost	
Notice(s) of violation	Sections <u>5855</u> and <u>4525(a)(5)</u>	No Cost	
Required statement of fees	Section <u>4525</u>	\$300.00	
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section <u>4525(a)(10)</u>	\$80.00	
Total fees for these documents:			

* The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 may be charged separately.

*All fees are subject to change.

MONTECIDO
AT
PORTOLA
HILLS
ASSOCIATION

Handbook of Rules and Regulations
For Owners and Residents

Revised December 21, 2017

MONTECIDO AT PORTOLA HILLS HOMEOWNERS ASSOCIATION

WELCOME TO OUR COMMUNITY!

Dear Montecido Resident:

Welcome! Your Homeowners Association (HOA) Board of Directors sends you its warmest greetings.

We hope you will be happy in your Montecido home and surroundings.

You should have received copies of the CC&R's (Covenants, Conditions, and Restrictions) and Bylaws as part of your Escrow package. If not, please contact our Property Manager. Enclosed is a copy of our handbook that contains Montecido's Rules & Regulations (Revised February 2013), and other useful information, such as frequently called numbers. Particular attention should be given to the Parking and Pool Rules. **If you have a tenant, that tenant must be provided with a copy of this Handbook.** Vehicles must be garaged, children under 14 must be accompanied by an adult during use of pool area. No one under 14 may use the spa/Jacuzzi.

The Montecido community would like to hear any comments, concerns, or suggestions you might care to make. Please submit them in writing to the Property Manager so that they may be brought to the attention of the Board. Also, we invite you to attend Board meetings. The date, time, and location for Board meetings are announced in our statement, website, Bulletin Board and quarterly newsletter.

Trash is to be placed in trash receptacles. Trash receptacles may be placed outside your residence Wednesday after dusk. Thursdays are trash days. Holidays occurring during the week will delay trash day to Friday. Hazardous waste must be disposed of properly.

The landscaping in the front of your property is a Common Maintenance Area. We have a landscape service that is responsible for its maintenance. Please do not remove, plant, or attempt to maintain anything in this area. You may, however, place decorative pots with plants or flowers on your front step. Please be aware not to block the entryway. ***Decorative pots or plants on your balcony ledge are prohibited.***

Thank you for choosing Montecido as your new residence. We hope it will be a long and enjoyable experience!

Best wishes,

The Montecido at Portola Hills Board of Directors

MONTECIDO AT PORTOLA HILLS HOMEOWNERS ASSOCIATION

COMMUNITY INFORMATION

Dear Homeowner,

For those new homeowners who may be unfamiliar with life in a common interest development like Montecido, your Board would like to explain a little about Montecido.

The Montecido at Portola Hills Homeowners Association (HOA) is a non-profit, mutual benefit corporation. The Corporation's purpose is to provide community services and facilities for the general use, benefit and welfare of the owners and/or occupants of Montecido. In fulfilling this purpose, your HOA is responsible for operating, maintaining, and regulating the operations and business affairs of the common areas and common interests.

The responsibility for ensuring that the HOA is fulfilling its obligation is given to its Board of Directors. Along with your fellow owners, you elect the Directors whose duty it is to make business decisions and establish policies consistent with the Corporation's purpose and governing documents-CC&R's (Covenants, Conditions, and Restrictions), Bylaws, and Articles of Incorporation-along with various Rules and Regulations, which the Board may pass from time to time. Together these materials comprise the HOA's "governing documents." Your Board has the duty to enforce the CC&R's and the Rules and Regulations when it is in the best interest of the community at large.

Under California Law, each Board member has a fiduciary duty to "act in good faith in a manner such Director believes to be in the best interest of the Corporation as an ordinary prudent person in a like position would under similar circumstances." The governing documents vest the Board with specific powers so it may carry out its purpose. The Board may not take any action for which it has not been vested the authority by the governing documents or statutory law.

In addition to the controls and restrictions governing the common areas, Montecido at Portola Hills HOA members are obligated to comply with certain Architectural/Landscape Regulations. These Regulations are included in your Handbook you have received with this letter.

As a homeowner, you have the right to the use and enjoyment of the common areas subject to control and management by the HOA. The use of common areas is controlled by the CC&R's, as well as by duly adopted Rules & Regulations. If it is your desire to make a change, alteration, or addition to your home or surrounding landscaping, and the change can be seen from any portion of a common area or an adjoining home, or the change would impair the structural integrity, mechanical systems or lessen the support of any portion of the project or restrict the view of any other owner, then you must submit plans and specifications and receive the written approval of the Board of Directors prior to the commencement of the change, alteration, or addition.

Examples of changes that require approval are: removal of walls, patio decks, patio enclosures, landscaping, satellite dishes, (when installed on fascia) etc. Non-approved installations are subject to removal. If you have any doubt as to whether or not a particular project requires Board approval, you should contact Management and submit your plans **prior** to beginning work.

Montecido at Portola Hills Homeowners Association Board of Directors

MONTECIDO AT PORTOLA HILLS HOMEOWNERS ASSOCIATION

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MONTECIDO AT PORTOLA HILLS HOMEOWNERS ASSOCIATION

A. TENANTS / NON-HOMEOWNERS

For the purpose of these Rules & Regulations and the CC&Rs, a tenant shall be defined as anyone in possession of an owner's residence, in exchange for any sort of consideration, or at the sufferance of the owner. In addition to the restrictions set forth in the CC&Rs, Section 9.15, the following rules shall apply:

Leases are required to provide that the terms of the lease are subject, in all respects, to the provisions of the CC&Rs and all other governing documents of the Association. Any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases must be in writing.

Homeowners have the responsibility to acquaint their tenants, guests, and contractors with the Rules & Regulations. Owners are responsible for the conduct of their tenants, guests, and contractors. Fines will be assessed directly against the owner, even if the owner's tenant, guest, or contractor, not the owner, committed the infraction.

B. PARKING RULES

1. All residents' vehicles, including motorcycles, must be operational, and carry current registration.
2. The speed limit on Montecido property is 5 mph.
3. Parking or stopping temporarily in a "Red Zone" is prohibited and subject to towing at owner's expense. This is to ensure adequate emergency access. Parking is not permitted in the driveways leading to the garages. Vehicles parked in violation of this section are subject to immediate tow.
4. Each unit has a one (1) or two (2) car garage, which must be used solely for parking vehicles.
5. A portion of the City street, Fawn Ridge, may be used for parking vehicles per the City of Lake Forest.
6. Vehicles must fit within the parking space to permit access to vehicles in adjacent parking spaces, and to allow for free flow of traffic. Vehicles improperly parked are subject to fine and may be towed at the vehicle owner's expense.
7. No vehicle shall be repaired or serviced on Montecido property (except in an emergency). At no time may vehicles be put up on blocks. All oil slicks and debris of any type must be cleaned up. Excessive leakage will result in a Special Assessment to the Owner for clean up. Vehicles which are a nuisance because of excessive noise, odor, smoke, drainage, safety hazard, etc., shall not be permitted to be parked or driven within Montecido and are subject to tow.
8. No items are to be stored in parking spaces.
9. Commercial vehicles (consisting of trucks of greater than three-quarter (3/4) ton capacity) are not permitted to park on Montecido property, except for service calls and deliveries. Commercial logos and advertising on vehicles must not be visible within the community. Additionally, vehicles with permanently mounted commercial equipment, including, but not limited to: racks, ladders, pipes and toolboxes when mounted on the exterior of the

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vehicle and vehicles with commercial logos or commercial advertising, shall not be permitted to park on Montecido property, except for service calls and deliveries.

Parking shall be limited to the duration of service being provided, and placement of the vehicle shall not obstruct street travel lanes, access to driveways, or parking areas. Standard size pick-up trucks shall not be considered commercial vehicles.

10. Trucks and vans used as personal transportation are permitted to park, provided they do not exceed 7 ft. in height, 20 ft. in length, or 8 ft. in width. Vehicles that exceed any of these size limits are not permitted to park on Montecido property. All vehicles must be parked in a garage or in a Common Area parking stall with a valid Parking Permit displayed. Vehicle must fully fit into one (1) marked parking stall. Vehicles found in violation are subject to fines or towing or both at the owner's expense.

11. There is no parking at any time in any of the following areas:

- On any part of community landscaping
- In front of trash dumpsters
- In front of garages or in any of the driveways (except for motorcycles)
- In any fire lane

Vehicles found in violation are subject to fines or towing or both at vehicle owner's expense.

12. Recreational vehicles, trailer-mounted equipment, and non-motorized vehicles shall not be parked in the community, except within an enclosed garage.

- Motor homes
- Trailers
- Campers
- Boats
- Jet skis
- Any type of aircraft
- Any type of watercraft
- Dune buggies, ATVs or any other off-road vehicle

13. Disabled or immobile vehicles must be removed or repaired to operable condition within seventy-two (72) hours, or they will be towed at owner's expense.

14. It is not permissible to drive across or park on any grass area under any circumstances.

15. Vehicles parked on Red Bluff must be parked in direction of the traffic flow. ***Vehicles found in violation are subject to fines or towing or both at vehicle owner's expense.***

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C. RESIDENTIAL PARKING PROGRAM

All Common Area parking is considered temporary parking, limited to seventy-two (72) consecutive hours in the same location. Vehicles parked more than seventy-two (72) hours in the same location will be cited and towed at the vehicle owner's expense. Residents with special circumstances needing to park for longer than seventy-two (72) hours will need to contact the patrol company for temporary safelisting. A visible permit will still be required on the vehicle.

Residential Parking Permits

1. One (1) Resident Parking Permit is issued per household.
2. Owners and residents of Montecido at Portola Hills must utilize garage parking as their primary parking area.
3. All Common Area parking is considered temporary parking only.
4. Common Area parking is available on a first come, first serve basis; there is no "assigned parking."
5. You must have a valid Resident Parking Permit prominently displayed on your rearview mirror or on the dash board in order to park in any Common Area parking space. Parking Permit must be visible at all times.
6. Only motorcycles will be permitted to park, without a permit, on the concrete driveway apron between the garage door and the asphalt. The motorcycle has to be entirely contained within the concrete area and not protruding out onto the asphalt. The motorcycle must belong to the homeowner or his/her guest.
7. Additional Residential Parking Permits may be requested by an Owner. The additional permits will be called "Optional Permits." The following rules shall apply to that request and use of an Optional Permit:
 - a. The following qualifications apply to eligibility for an Optional Permit:
 - i. The Owner must contact management to request an Optional Permit.
 - ii. The Owner must be current on all outstanding special and regular assessments and may not have any levied or unpaid fines.
 - iii. The Owner must make the garage available for inspection to confirm that the garage is being used to house the maximum number of vehicles for which the garage was originally (without homeowner modifications) designed. For rental units, the tenant must make the garage available for inspection.
 - iv. Optional Permits will only be available for residents that have more vehicles registered to a unit and more licensed drivers than the number of parking spaces available to the unit. For example, residents that have a two-car garage, have two spaces in the garage and one Residential Parking Permit for use of a Common Area parking space. An Optional Permit will be available for these residents if there is a fourth licensed driver and a fourth vehicle registered to the unit.

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- v. No more than two (2) Optional Permits will be granted per Unit. The costs of the Optional Permits are Three Hundred Dollars (\$300.00) per permit.
 - vi. At the time of the garage inspection for an Optional Permit, the Owner must tender a cashier's check for Three Hundred Dollars (\$300.00) or Six Hundred Dollars (\$600.00), (depending on the number of permits being applied for), made out to Montecido at Portola Hills Association. There is a Twenty Five Dollar (\$25.00) non-refundable fee if the garage does not pass the inspection.
- b. The following rules apply to the use of the Optional Permits:
- i. Optional Permits expire twelve (12) months after being issued. Applicants must reapply every year for a new Optional Permit and are subject to all eligibility requirements listed herein.
 - ii. Optional Permit users are subject to periodic garage inspections to verify that the garage is being used to house the maximum number of vehicles.
 - iii. Optional Permits may be revoked in the event that the owner is delinquent in paying assessments and/or the Owner or tenant has committed any violation of the governing documents. Prior to revocation of an Optional Permit the owner shall be entitled to a due process hearing.
 - iv. If residents or an Owner no longer meet the eligibility requirements (e.g. a registered driver no longer resides in the Unit, owner is delinquent in payment of assessments, or committed an infraction of the governing documents), the Optional Permit may be revoked. Upon revocation, the cost of the Optional Permit shall not be refunded.
 - v. Optional Permits are not transferrable to other vehicles registered to the unit and may only be used by the residents set forth in the application. The Optional Permit decal must remain affixed to the registered vehicle. In the event that the residents relocate the Optional Permit shall be void.
 - vi. Optional Permits are also governed by the restrictions set forth herein regarding Residential Parking Permits.

Guest Parking Program

All Common Area parking is intended for temporary use with a Guest Parking Permit only. All Guest Marked stalls are available on a first-come, first-served basis only. Guest Permit(s) are for guests only. Residents may not park in Guest Parking at any time. Guest Parking is only allowed for three (3) overnight stays in thirty (30) days. Patrol Masters will inventory the open permits nightly.

1. One (1) Numbered Guest Parking Permit is issued per household.
2. Guest Parking Permits may only park in one of the sixteen (16) marked parking spaces within the community. The sixteen (16) marked spaces will be along Red Bluff Drive only.
3. Permits are issued at the discretion of the Board to all existing homeowners and to new homeowners upon move in.

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4. Color of Permits changes and new Permits are issued at the discretion of the Board.
5. If lost or misplaced, replacement Permits are One Hundred Dollars (\$100.00) each. Damaged Permit(s) may be replaced at no cost if returned to Patrol Masters. The old Permit will be placed on the towing list and is considered "Black-Listed."
6. If a Permit is "Black-Listed" and is used in any vehicle, that vehicle will be subject to tow.

Upon transferring ownership of a Unit, any issued Permits must be returned to the management company. Failure to return issued Permits may result in an assessment of One Hundred Dollars (\$100.00) per Permit. Please note the additional restrictions set forth in Section 9.01 of the CC&Rs.

D. TOWING POLICY

In addition to fining the Member, Montecido may authorize a vehicle to be towed if it is in violation of the California Vehicle Code, other applicable local ordinances, or any of the Parking Rules. Please see the bulletin board located at the clubhouse or contact management for name, location and phone number of the towing company. The owner of the vehicle towed is responsible for the costs associated with the tow, impound, storage and drop fees. The Association and its agents are not responsible for any damage that may be caused as a result of the tow or the impound.

Fine Policy: Fines for violating any of the Parking Rules are as follows: Fifty Dollars (\$50.00) for the first infraction, Seventy-Five Dollars (\$75.00) for the second infraction, and One Hundred Dollars (\$100.00) for the third infraction. This is in addition to other applicable sanctions or penalties that may be imposed per the CC&Rs. Vehicles are towed at the owner's expense.

E. ARCHITECTURAL & LANDSCAPE STANDARDS

1. Introduction

Living in a planned community such as Montecido offers many privileges and also comes with certain restrictions. Montecido has been developed for the mutual benefit of all members. In order to preserve the value, desirability, attractiveness and architectural integrity of Montecido, the Covenants, Conditions, and Restrictions (CC&Rs) authorize the formation of the Architectural Committee.

Montecido homeowners are not permitted to make any changes or improvements to the exterior or structural elements of their home, including exterior paint, without the prior approval of the Architectural Committee. Changes to the interior of the home, which are not visible from the outside, typically do not require Architectural Committee approval unless they would affect structural integrity or mechanical systems.

Please take the time to read this information and the CC&Rs. Note that although these Standards support the CC&Rs, they do not cover the entirety of the document. The CC&Rs should be read carefully. If there is any conflict between these Architectural & Landscape Standards and the CC&Rs, the provisions of the CC&Rs prevail.

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As set forth in the CC&Rs, the Board of Directors delegates the duties and responsibilities of full authority of architectural and landscape control to the Architectural Committee. The Committee is vested with the power to review, inspect, and approve (or disapprove) all changes covered by the Standards. In the event that an Architectural Committee is not appointed by the Board of Directors, the Board of Directors is vested with the power to review, inspect, approve or disapprove all changes covered by the Standards. **No work shall commence prior to final written approval by the Architectural Committee.** Upon completion of the authorized work, the Montecido Architectural Committee or its duly appointed representative shall be notified. Upon completion of the authorized work, the Montecido Architectural Committee, or its duly appointed representative shall be notified/

Neither the Architectural Committee nor the Board of Directors seeks to restrict individual creativity or personal preferences, but rather to help assure continuity in design, which will help preserve and improve the appearance of the community.

Prior to commencement of work to which these Standards apply, you must first file an application with the Architectural Committee. Failure to obtain the approval of the Architectural Committee may constitute a violation of the CC&Rs and shall require modification or removal of unauthorized improvements at your expense. In addition, the City or other governmental agencies may require a building permit prior to the commencement of any work. The Architectural Committee does not assume any responsibility for your failure to obtain such permits. Also, obtaining such permits does not waive the obligation to obtain Architectural Committee approval. If you have any doubt as to whether Committee approval is required for a particular work item, you should err on the side of submitting an application.

The following are the Architectural/Landscape Standards. Required forms should be obtained from the Property Manager. All Montecido residents are subject to the Architectural Standards,

2. Architectural Plan Submittal Procedures

- (a) **Purpose-** In order to maintain the architectural character of the Montecido community, Standards have been established to protect your investment and maintain Montecido's attractive appearance.
- (b) **Procedure-** The Architectural Committee will review and respond to all plan submittals within thirty (30) days from the date of receipt of a complete application by the Architectural Committee. Homeowners shall present drawings of any proposed improvements along with their Request for Architectural Approval from the Architectural Committee for study and recommendation to the Board. Please request the appropriate architectural forms from the Property Manager.

Once completed, the application form should be submitted to the Architectural Committee, via the management company, along with payment of a Twenty-Five Dollar(\$25.00) application fee.

- (c) **City Approval-** The Architectural Committee's approval of a request in no way circumvents the requirement for the City of Lake Forest to approve plans that may require building permits and inspection. Contact the City for further information about its requirements.

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3. Required Copies

Submit two (2) copies of the Request for Architectural Approval form to the Property Manager along with two (2) sets of plans/blueprints, sketches and/or description of work to be performed.

- (a) One copy shall be returned to the owner with status of the review.
- (b) One copy shall be retained by the Property Manager on behalf of the Association.

PLEASE DO NOT BEGIN ANY WORK PRIOR TO RECEIVING APPROVAL.

4. Plans/Blueprints

All plans/blueprints should:

- (a) Show all dimensions of work to be considered.
- (b) Identify all building materials to be used.

5. Construction Guidelines

- (a) All work must be performed in a manner consistent with the standards of general dwelling construction. All work considered being of an unsightly finished nature or of lesser quality than the prevailing community standard shall be reworked to an acceptable appearance.
- (b) All construction, alteration or other work shall be performed promptly and shall be completed as designated by the Architectural Committee with a **NOTICE OF COMPLETION** filed with the Architectural Committee via the Property Manager. Each homeowner is responsible for the cleanup of all construction debris as well as for any damage to the driveways, curbs, gutters, and/or the Common Area.

6. Notice of Completion

Upon completion of any work for which approval has been given, the owner shall submit written notice of completion to the Architectural Committee, via the Property Manager. Within forty-five (45) days thereafter, a representative of the Committee will inspect such improvement. If the Committee finds that such work was not done in substantial compliance with the approved plans and drawings, it shall notify the owner in writing of such noncompliance within thirty (30) days and require the owner to correct the deficiency.

If upon expiration of thirty (30) days from the date of the noncompliance letter, the owner has failed to remedy the noncompliance, the Architectural Committee shall notify the Board of Directors in writing of such failure. After affording such owner notice and Hearing, the Board shall determine whether there is a noncompliance of the CC&Rs and, if so, the nature thereof and the estimated cost of correction or removing the same. If a noncompliance exists, the owner shall remedy or remove the same within a period of not more than thirty (30) days from the date of announcement of the Board ruling of noncompliance.

All construction, alteration or other work shall be performed promptly and as diligently as possible and shall be completed within thirty (30) days after the date on which the work

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commenced, unless the Architectural Committee has provided an extension to the applicant in writing.

7. Appeal Procedure

If the Board of Directors is acting as the Architectural Committee, there is no right to an appeal. In the event plans and specifications submitted to the Architectural Committee are disapproved by the Architectural Committee, the owner filing such application may appeal in writing to the Board of Directors. The Board must receive the request no more than fifteen (15) days following the final decision of the Committee. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. There is no appellate right from a decision made by the Board of Directors.

8. Variance

The Architectural Committee may authorize variances from the Standards contained herein provided that the variances are not detrimental to the community or impact neighbors. The Architectural Committee shall determine which neighbors may be impacted for any proposed variance and reserves the right to consider their input.

9. Additional Architectural Controls

No grading or excavating shall be made upon, nor shall any buildings, fences, walls, walks, or other permanent or temporary structures or improvements be erected, constructed, altered, or maintained upon any part of the Association Common Areas (including Restricted Common Areas), except as authorized by the Board of Directors.

The exterior appearance of surfaces surrounding individual units and Restricted Common Areas (including walls, the outside of doors, windows, fascia boards, roofs, etc.) may not be altered in any manner except as authorized by the Board of Directors.

Driving screws, nails, or other hangers into the exterior stucco is prohibited, as such penetrations may cause damage to the common area.

Fine Policy: Fines for beginning work prior to obtaining approval of an application, or for other violations of the Architectural and Landscape Standards, are as follows: One Hundred Dollars (\$100.00) for first infraction, One Hundred Fifty Dollars (\$150.00) for second infraction, and Two Hundred Dollars (\$200.00) for third infraction. This is in addition to other applicable sanctions or penalties, which may be imposed per the CC&Rs. Unapproved and/or non-permitted work must be restored/returned to original condition, at owner's expense, within thirty (30) days.

F. RESIDENTIAL COURTESY

All residents and their guests are entitled to the right of quiet enjoyment in their use of Association Common Areas. Any action (including excessive noise), which infringes on this right, shall be considered a violation of these Rules & Regulations.

Residents and their guests shall not cause damage to any part of Association Common Areas.

- 1. Guests:** Residents shall be held responsible for the actions of their guests while on Association property. Residents and their guests are reminded that they must have their

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Common Area key with them when using Common Areas. The host resident must accompany guests when using the pool or any Common Area facility.

2. **Tenants:** Tenants are bound by the Rules & Regulations, and are subject to enforcement of them. Tenants' actions are the responsibility of the Homeowner, who will be liable for payment of fines levied on the Tenant (or Tenant's guests).
3. **Renting and/or Leasing:** Owners are to:
 - (a) Provide tenant with a Common Area Key and Rules & Regulations handbook along with any amendments thereto.
 - (b) Complete the Tenant Information Sheet (Appendix #3) within thirty (30) days of move-in.

G. USE RESTRICTIONS

1. **Units:** Each unit shall be used for private, single-family residential purposes only.
2. **Business Use:** Operating a business, profession, or trade, employing active personnel in a home, are prohibited. Home offices, as an extension of one's workplace, are permitted provided that the workplace use is not apparent or detectable by sight, sound or smell from the exterior of the unit and such non-residential activity does not generate nuisance traffic or limit parking for other residents.
3. **Pets and Other Animals**
 - (a) Dogs must be kept on a leash at all times when outside the confines of the individual unit.
 - (b) No pets shall be fenced, housed, or tied in any area outside the confines of the individual unit.
 - (c) Domestic household pets (such as dogs, cats or birds), not to exceed two, may be kept in a unit, providing they are not kept or maintained for any commercial purposes.
 - (d) Pet owners shall be responsible for cleaning up any droppings left by their pets in Association Common Area. Pet owners are to ensure that their pets are not a nuisance, or cause damages to neighbor's property.
 - (e) When a dog or cat is in the Common Area it shall be controlled on a leash, not exceeding six (6') feet in length, or placed in an animal carrier. The pet handler must be capable of controlling the animal's behavior. For example, dogs on leash must be walked by a person mature enough and strong enough to control a dog.
 - (f) No livestock, poultry, or other animals (domestic or not), shall be raised, bred, or kept in any unit or elsewhere on Montecido property.
 - (g) All applicable pet licenses are required.
 - (h) The Board may prohibit any pet that is deemed to cause a nuisance to the community.

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- (i) Pet owners shall have sole liability for all damages claimed by any person harmed by such pet and shall indemnify, hold harmless and defend the Association from any and all liability whatsoever resulting from such claims and damages including, without limitation, damage awards, as well as costs and reasonable attorney fees incurred by the Association.
 - (j) Pets are never permitted in the pool area, play area, recreation center or weight room.
 - (k) Pets shall not be tied up in parking areas. Pets shall not be left alone in vehicles.
 - (l) No person may allow an animal, when unprovoked, to bite, attack, endanger, or inflict injury on another person or animal. No person may allow an animal to chase or approach an individual in a menacing fashion or apparent attitude of attack.
4. **Antennas:** No antennas or lead wire of any type will be placed, mounted, located on, or attached to any part of the Common Area, or Restricted Common Area, if visible from the outside. Satellite dishes in excess of 18” in diameter are not permitted. Free-standing satellite dishes, 18” in diameter or less, which are located on the patio or balcony do not require preapproval from Montecido. Satellite dishes, 18” in diameter or less, may be mounted to the building fascia board only **and require written Architectural Committee approval prior to installation.** Satellite dish installation shall not be made with penetrations to the stucco.
5. **Drying of Articles:** No clothes, sheets, rugs, blankets, towels, bathing suits, mops or any other items shall be hung out to dry, or for any other purpose, placed on any part of the Association Common Area or otherwise outside the confines of the unit. This includes Restricted Common Area, such as balcony railings.
6. **Storage of Personal Property:** Personal property generally is to be stored and/or housed within the confines of the unit.
- (a) **Utility Closets** are not to be used for storage of any kind. Items stored in the utility closets are subject to immediate removal and disposal.
 - (b) **Patios and Balconies-** excessive “clutter” on patios and balconies is not permitted. It is otherwise permissible to place patio furniture, umbrellas, decorative plants and flowers, on patios and balconies. Such uses, however, must not cause damage to the membrane surface of the balcony (second floor carriage units). ***No items are permitted on the balcony ledge.***
 - (c) **Barbeques and Fire Pits-** In conformance with the California Fire Code charcoal burners, portable fire pits and other open flame and cooking devices **may not** be used on the patios or balconies or within ten (10’) feet of combustible construction. Liquefied petroleum gas (otherwise known as LP Gas) cooking devices that have an LP Gas container with water capacity greater than 2.5 pounds (nominal one pound LP Gas capacity) cannot be located on combustible balconies or within ten (10’) feet of combustible construction.
 - (d) **Flammable Materials-** At no time may flammable/fuels, paints or oil be stored within a unit, in the spaces for the water heaters and electricity meters, or on patios and balconies.

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7. **Window Coverings:** Windows can be covered only by drapes, shades, blinds, or shutters, and cannot be painted or covered by aluminum foil, cardboard, or other similar materials.
8. **Window mounted air conditioning units are prohibited.**
9. **Signs**
 - (a) **Real Estate Signs and Commercial Signs-** One standard “For Sale”, or “For Rent” is permitted. All real estate signs must be removed within seven (7) days of a sale, lease, or rental of the unit. No more than three (3) “open house” signs are allowed for each unit. No other commercial signs shall be permitted.
 - (b) **Non-Commercial Signs-** Non-Commercial signs, posters, flags or banners may be made of paper, cardboard, cloth, plastic or fabric and may be posted or displayed from the patio, window, door, balcony or outside wall of the unit. Non-commercial signs may not be made of lights, roofing, siding, paving materials, flora or balloons, or any other similar building materials, landscaping, or decorative component, or include the painting of or damage to architectural surfaces.
9. **Safety:** No items of any type including without limitation to flower pots, etc, may be placed on balcony ledges. Falling objects could cause injury.
10. **Trash:** All refuse and trash shall be neatly contained and placed only in the trash receptacles.
 - (a) Trash receptacles may be placed out for pickup no earlier than dusk the day before pickup and must be stored appropriately out-of-sight by dusk on the same day the trash is picked up.
 - (b) No flammable material such as paints, oil, aerosol cans, and other hazardous items are allowed to be deposited into the trash receptacles. Should you require hazardous waste pick-up, please contact Waste Management at (714) 558-7761.
 - (c) Waste Management provides two (2) free pick-ups per calendar year for bulky or heavy items. Please contact Waste Management directly to schedule.
11. **Potted Plants**
 - (a) No potted plants of any kind may be affixed to the exterior stucco walls or placed on balcony ledges.
 - (b) All potted plants placed on balcony floors or landing must have a waterproof dish underneath the pots, in order to control water “run-off” and feet in order for air to circulate beneath the pot and preserve the integrity of the balcony floor.
 - (c) All hanging plants must have an attached waterproof dish underneath.
 - (d) Owners are responsible for any damage to the Common Area as a result of excessive moisture emanating from any potted plant or other source.
12. **Maintenance of Restricted Common Areas:** Patios, parking spaces, garage doors and balconies, must be maintained in a clean and attractive condition.

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- 13. Quiet Hours:** Sunday through Thursday, quiet hours are from 10:00 p.m. to 7:00 a.m. Friday and Saturday; quiet hours are from 11:00 p.m. to 8:00 a.m. This quiet time also applies to vehicles that are left running while they are being loaded/unloaded by residents.

Fine Policy: Fines for violating any of the foregoing use limitations are as follows: Fifty Dollars (\$50.00) for first infraction, Seventy-Five Dollars (\$75.00) for second infraction, and One Hundred Dollars (\$100.00) for third infraction. This is in addition to other applicable sanctions or penalties that may be imposed per the CC&Rs.

H. POOL COMPLEX RULES

The Montecido pool complex is privately owned property and is solely for the use of residents of Montecido and their guests. Non-residents who are not invited guests may be asked to leave.

ALL PERSONS WHO ENTER AND USE THE POOL COMPLEX AND FACILITIES DO SO AT THEIR OWN RISK.

1. Operating Schedule

Sunday through Thursday	7:00 am-10:00 pm
Friday and Saturday	7:00 am-11:00 pm

The pool is heated to 80 degrees from May through October. The spa is heated year-round.

2. Pool Rules

- (a) A resident host must accompany guests at all times. All persons using the pool must be able to show their pool area keys at all times.
- (b) Persons under the age of 14 are not allowed in the spa/jacuzzi at any time, even if accompanied by an adult.
- (c) Guests of residents are not entitled to have guests of their own in the Pool Complex.
- (d) Persons 14 years and under and non-swimmers must be accompanied by a resident adult, over the age of 18, while in the pool areas at all times.
- (e) The gates to the Pool Complex are to remain closed and locked except when in immediate use for entry/exit purposes. **The gates are never to be propped or left open (including slightly ajar) for any reason.**
- (f) No pets are permitted in the Pool Complex by order of the Orange County Health Department.
- (g) No glassware or breakable bottles are permitted in the pool areas.
- (h) All posted rules must be followed.
- (i) Pool/Spa/Jacuzzi must not be used while being serviced.
- (j) The Homeowners Association and its agents reserve the right to restrict the number of people using the pool at any given time, and to refuse use of the pool at any time.

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- (k) Infants and non-toilet trained individuals must wear swim diapers while in pool. Those wearing swim diapers must exit the pool every 20 minutes to reduce the possibility of fecal contaminations.
- (l) Swimmers must shower prior to entering the pool and Jacuzzi.
- (m) Bobby pins and hairpins should be removed prior to entering the pool as they damage the bottom of the pool.
- (n) No running, horseplay, or boisterous conduct will be permitted at and around the pool area.
- (o) There is absolutely no diving into the pool or the spa.
- (p) There is to be no fighting, shouting, pushing, shoving, or other aggressive conduct by any person within the Pool Complex.
- (q) There is to be no climbing over the gates or fence at any time.
- (r) Use of soap in the spa is not permitted.
- (s) Equipment not designed for pool use will not be allowed in the pool area. This includes, but it not limited to, scuba gear, surfboards, skateboards, Frisbees, inner tubes, large rafts and boats, etc.
- (t) The segregation of washrooms by gender shall be strictly observed. A parent may accompany a child of either gender into restrooms.
- (u) Nudity is not permitted.
- (v) Residents and guests must keep volume of radios, CD players, etc. to a minimum, so as not to disturb other individuals in the area. Please use headphones.
- (w) **Smoking is not allowed inside the pool area.**

Fine Policy: Fines for violating any of the above Pool Rules are as follows: Fifty Dollars (\$50.00) for the first infraction, Seventy-Five Dollars (\$75.00) for second infraction, and One Hundred Dollars (\$100.00) for third infraction. This is in addition to other applicable sanctions or penalties that may be imposed per the CC&Rs.

I. PLAY AREA RULES

ALL PERSONS WHO ENTER AND USE THE PLAY AREA AND ITS EQUIPMENT DO SO AT THEIR OWN RISK.

- (a) Children should be accompanied by an adult at all times when using the play area.
- (b) The gate to the play area is **to remain closed** and locked, except when in immediate use for entry or exit use.
- (c) The gate is never to be left propped open for any reasons.
- (d) No pets are permitted in the Play Area.

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- (e) No glassware or breakable bottles are permitted in the Play Area.
- (f) All posted rules must be followed.
- (g) The Homeowners Association and its agents reserve the right to restrict the number of people using the Play Area at any given time and to refuse use of the Play Area at any time.
- (h) There is to be no fighting, shouting, pushing, shoving, or other aggressive conduct by any person within the Play Area.
- (i) There is to be no climbing over the gates or fence at any time.

Fine Policy: Fines for violating any of the above Play Area Rules are as follows: Fifty Dollars (\$50.00) for the first infraction, Seventy-Five Dollars (\$75.00) for second infraction, and One Hundred Dollars (\$100.00) for third infraction. This is in addition to other applicable sanctions or penalties that may be imposed per the CC&Rs.

J. USE OF WEIGHT ROOM

ALL PERSONS WHO ENTER AND USE THE WEIGHT ROOM AND ITS EQUIPMENT DO SO AT THEIR OWN RISK.

1. Weight Room Hours

Sunday through Thursday	7:00 am-10:00 pm
Friday and Saturday	7:00 am-11:00 pm

Minors: Guests must be 18 years of age. Residents using the weight room must supervise the children at all times. Young children should not use the weight room equipment. Should children entering their teens require to use the weight room involving weights or specific machines to aid performance, then this exercise must be carried out under the supervision of a suitable, qualified instructor to ensure that any routine is executed in complete safety.

Attire and Footwear: Proper attire is required to Weight room use. Shirts must be worn at all time and fitness shoes are mandatory. Fitness shoes only. No open toed shoes, thongs, sandals or socks are allowed. No street shoes, bare feet or slipper type footwear are allowed. Clean, un-torn clothing is mandatory for hygienic and safety reasons. Body odor can be offensive.

Equipment Use: All equipment must be used as designed. Members and their guests damaging weight room property will be responsible for any expense incurred. The Association reserves the right to suspend or terminate use of the weight room to anyone who refuses to observe the rules or abuses the equipment. Wipe down the equipment completely when finished. Use a disposable wipe to clean areas you have touched or perspired on. Use a towel while working out to avoid sweat dripping all over machines and floor. Clean any puddles of sweat from the floor with your towel. Clear machines of magazines, newspapers and pick up after yourself when you are done. If others are waiting there is a time limit of 30 minutes.

Cell Phones: Cell phones are prohibited from use in the weight room, as they are a distraction to others.

Guest Policy: Guests must be accompanied by a resident and both of them must be 18 years of age.

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Lost Articles: The Association assumes no responsibility for lost or stolen articles. Do not bring valuables to the weight room.

Smoking, Food and Drink: Smoking is not allowed inside the weight room or around the entry or windows of the weight room. Food should be eaten outside the weight room. Drinks and water can be taken into the weight room in non-breakable, spill-proof containers. **NO PETS ARE ALLOWED IN THE WEIGHT ROOM.**

Disclaimer: The weight room is used at the individual's own risk. Neither the Association nor its agents shall be liable for any loss or damage to property or death or personal injury arising from the use of weight room equipment.

Fine Policy: Fines for violating any of the above Weight Room Rules are as follows: Fifty Dollars (\$50.00) for the first infraction, Seventy-Five Dollars (\$75.00) for second infraction, and One Hundred Dollars (\$100.00) for third infraction. This is in addition to other applicable sanctions or penalties that may be imposed per the CC&Rs.

K. CLUBHOUSE RESERVATIONS

ALL PERSONS WHO ENTER AND USE THE CLUBHOUSE AND ITS FACILITIES AND FURNITURE DO SO AT THEIR OWN RISK.

- (a) The clubhouse is for the exclusive use of residents and their guests. Tenants must have the application signed by the owner of the unit. The owner of the unit shall be responsible for the damaged caused by the tenant's rental.
- (b) Rental of the Clubhouse does **NOT** include use of the pool/pool deck or spa/Jacuzzi.
- (c) Alcoholic beverages are not permitted.
- (d) No amplified music or live bands are allowed at any event held in the Clubhouse.
- (e) All activities are to conclude promptly at 10:00 p.m.
- (f) Children and teen parties **MUST** be chaperoned by a resident adult.
- (g) **NO** pets are permitted in the Clubhouse.
- (h) The Clubhouse Application/Agreement (Appendix 4) must be completed and submitted to Management with the Fifty Dollars (\$50.00) non-refundable rental fee and Two Hundred Fifty Dollars (\$250.00) security deposit.
- (i) Cancellation of the reservation ***seven (7) days or less*** prior to the reservation date will result in forfeiture of the Fifty Dollars (\$50.00) rental fee. The security deposit will be returned.
- (j) Loss of the clubhouse key will result in the clubhouse being re-keyed and the cost will be charged to the homeowner responsible. Cost not to exceed Two Hundred Fifty-Dollars (\$250.00).
- (k) The key must be returned to Management the next business day after the event, Failure to return the clubhouse key the next business day after the event will result in the forfeiture of the Two Hundred Fifty-Dollars (\$250.00) security deposit.

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- (l) Damage exceeding Two Hundred Fifty-Dollars (\$250.00) will be assessed to the homeowner (the homeowner will be responsible for damage caused by his or her tenant's rental).
- (m) A cleaning fee in the amount of One Hundred Dollars (\$100.00) or more may be taken from the Security Deposit if the Clubhouse is not cleaned after the event, in accordance with the Clubhouse Clean Up Requirements Check List (Appendix 5).
- (n) **No decorations are allowed on the walls, windows, light fixtures, furniture, etc. This includes any tacks, strings, or tape to hang them.**

Fine Policy: Fines for violating any of the above Clubhouse Rules are as follows: One Hundred Dollars (\$100.00) for the first infraction, One Hundred Fifty Dollars (\$150.00) for second infraction, and Two Hundred Dollars (\$200.00) for third infraction. This is in addition to other applicable sanctions or penalties that may be imposed per the CC&Rs.

L. KEYS/HANDBOOK

1. Each unit is entitled to one Common Area key, which opens the pool complex area, and the Rules & Regulations Handbook.
2. Owners are responsible for providing tenants with the above items.
3. Replacement costs of the above items are as follows:
 - (a) Common Area Key \$25.00
 - (b) Broken Common Area Key Replacement \$5.00
(If broken key returned)
 - (c) Rules & Regulations Handbook \$15.00

Fine Policy: Fines for violating any of the above Key/Handbook Rules are as follows: Fifty Dollars (\$50.00) for the first infraction, Seventy-Five Dollars (\$75.00) for second infraction, and One Hundred Dollars (\$100.00) for third infraction. This is in addition to other applicable sanctions or penalties that may be imposed per the CC&Rs.

M. COMMON AREA SAFETY RULES

1. **GAMES, STUNTING, AND OTHER SUCH NON-TRANSPORT ACTIVITIES ARE PROHIBITED ON RED BLUFF AND SLOPES WITHIN THE COMMUNITY.**
2. Skateboarding, skating, and scooters (such as "Razors") are prohibited on Red Bluff.
3. Tricycles and other child-operated vehicles are prohibited on Red Bluff.
4. Bicycling is permitted upon Association streets, but shall not be used for recreational purposes on Red Bluff. Bicycles may be used for transport purposes only on Red Bluff.
5. Air soft guns are not permitted in the Montecido community.

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Injuries or damage caused by the unauthorized use of Association's property may result in the Association seeking indemnification from the offender, or in the case of a juvenile, against the responsible parent or guardian.

Fine Policy: Fine Policy: Fines for violating any of the above Safety Rules are as follows: Fifty Dollars (\$50.00) for the first infraction, Seventy-Five Dollars (\$75.00) for second infraction, and One Hundred Dollars (\$100.00) for third infraction. This is in addition to other applicable sanctions or penalties that may be imposed per the CC&Rs.

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Appendix 1

FREQUENTLY CALLED NUMBERS

Emergency:

911

Police Non-Emergency:

(714) 647-7000

Orange County Fire:

(714) 744-0400

Hospitals:

Mission Hospital

Saddleback Hospital

(949) 837-4500

Animal Control:

(949) 647-7000

Cox Communications:

(949) 240-1212

Waste Management:

(714) 558-7761

So Cal Gas Co:

(714) 834-5200

So. Cal Edison:

(800) 684-8123

Irvine Ranch Water District:

(949) 453-5300

Vector Control:

(714) 971-2421

Post Offices:

30595 Trabuco Canyon

(949) 888-1533

29851 Aventura #K

Rancho Santa Margarita

(949) 888-1533

28251 Silverado Canyon

(714) 649-3076

Schools:

Portola Hills (Grades K-6)

(949) 459-9370

Serrano (Grades 7-8)

(949) 586-3221

El Toro High School (Grades 9-12)

(949) 586-6333

Laguna Hills High School (Grades 9-12)

(949) 770-5447

Mission Viejo High School (Grades 9-12)

(949) 837-7722

Newspapers:

Los Angeles Times, Orange County

(714) 641-1595

Orange County Register

(714) 972-9800

Colleges/Universities:

Irvine Valley Community College

(949) 451-5100

Saddleback Community College

(949) 582-4500

U.C. Irvine

(949) 856-5011

Management:

Total Property Management, Inc.

(949) 261-8282

Fax: (949) 261-6958

www.totalpm.com

Association Contractors:

Animal Pest Management

(909) 591-9551

Blair's Towing

(949) 837-8697

Certified Termite

(714) 996-9488

Patrol One

(714) 541-0999

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Appendix 2

SCHEDULE OF FINES

<u>Infraction</u>	<u>Fine 1st Infraction</u>	<u>2nd Infraction</u>	<u>3rd Infraction</u>
Parking Rules	\$50.00	\$75.00	\$100.00
Architectural & Landscape Standards	\$100.00	\$150.00	\$200.00
Common Area Usage	\$50.00	\$75.00	\$100.00
Pool Complex Rules	\$50.00	\$75.00	\$100.00
Play Area Rules	\$50.00	\$75.00	\$100.00
Weight Room Rules	\$50.00	\$75.00	\$100.00
Clubhouse Rules	\$100.00	\$150.00	\$200.00
Key/Handbook Rules	\$50.00	\$75.00	\$100.00
Safety Rules	\$50.00	\$75.00	\$100.00

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Appendix 3

TENANT AGREEMENT FORM

Homeowners who have Tenants are required to provide registration information to the Association for use in emergency situations

Re: _____ Trabuco Canyon, CA 92679
(Montecido Address)

A. EMERGENCY INFORMATION

The following information is confidential and for Association use during an emergency:

Owner: _____
Print Name

_____ Address

_____ Daytime Phone Home Phone Fax

Agent (if applicable): _____
Print Name

_____ Address

_____ Daytime Phone Home Phone Fax

Tenant: _____
Print Name

_____ Daytime Phone Home Phone Fax

I/we have provided a copy of the Montecido at Portola Hills Homeowners Association Guidelines to my/our Tenant.

_____ Homeowner Signature Date

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Appendix 4

**APPLICATION AND AGREEMENT
FOR PERMISSION TO USE CLUBHOUSE**

- 1) Rental fee attached \$50.00 (non-refundable)
- 2) Security deposit attached \$250.00

Note: Please send two (2) separate checks.

Applicant's Name: _____ Date: _____

Address: _____

Phone #: (Work) _____ (Home) _____

*****AGREEMENT*****

I (we) hereby apply for permission to use the Clubhouse on _____
During the hours of _____. Expected attendance: _____

I (we) hereby assume full responsibility for the conduct and behavior of guests using the Clubhouse and agree to pay the Association for any damages done to the Clubhouse or its furnishings by any guest.

I (we) hereby fully indemnify the Association, its Board of Directors, and its members and hold them harmless of any form any claim of any person for damages to person or property arising out of my (our) use of the Clubhouse.

I (we) agree to conform strictly to the RULES & REGULATIONS for the use of the Clubhouse and to instruct my (our) guests to do likewise.

I (we) agree that rental of the Clubhouse does NOT include use of the pool/pool deck or spa/Jacuzzi.

I (we) understand that this application shall not be deemed validly granted unless approved, in writing, by a representative of Management.

I (we) understand that no amplified music or live bands are allowed at an event held at the clubhouse.

I (we) understand that activities held in the Association's Clubhouse are to conclude promptly at 10:00 p.m.

I (we) understand that children and teen parties must be chaperoned by a resident adult.

I (we) agree that cancellation of the reservation seven (7) days or less prior to the scheduled reservation date will result in forfeiture of the \$50.00 rental fee. (Security deposit will be returned).

I (we) understand that:

- 1) Keys must be returned the next business day following the event,

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- 2) Loss of the Clubhouse key will result in the Clubhouse being re-keyed and that I (we) shall be charged for the re-keying cost (not to exceed \$250.00).
- 3) No decorations are allowed on the walls, windows, light fixtures, furniture, etc. This includes any tacks, strings, or tape to hang them.

I (we) understand that damage exceeding \$250.00 (or the portion of \$250.00 remaining after any applicable re-keying charge has been deducted) will be assessed to my (our) homeowner assessment account as a Repair Assessment.

I (we) agree that a cleaning fee in the amount of \$100.00 or more may be taken from the Security Deposit if the Clubhouse is not cleaned after the event.

Event debris/trash must not be disposed of at the clubhouse. It must be disposed in the unit.

I hereby agree to and accept the foregoing term and conditions of this Clubhouse Rental Agreement.

Homeowner's Signature

Date

Management Representative

Member, Board of Directors

Upon completion of this form, please send to: Property Management Office. You may obtain the Clubhouse key by visiting the Property Management Office. However, please note that you MUST call the office ahead of time at (949) 261-8282 and schedule an appointment to stop by and pick-up the key.

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Appendix 5

CLUBHOUSE CLEANUP REQUIREMENTS CHECKLIST

This form must be completed and returned with the Clubhouse key or the \$250.00 deposit will NOT be returned.

KITCHEN:

- _____ Empty all trash receptacles and take trash to renter’s unit. Do not use the trash receptacles outside the clubhouse. This includes all litter and debris.
- _____ Please provide own plastic trash bags and remove from premises all used napkins, paper plates, and all other disposable material or waste.
- _____ Please do not put coffee grounds in garbage disposal.
- _____ Clean counter tops, refrigerator, stove, etc.
- _____ Please be sure to turn off the oven and top burners.
- _____ Spot clean marks and/or smear on walls, doors and tables.
- _____ Sweep/mop kitchen floor (mop up any spills).
- _____ All Kitchen lights are to be turned off.

CLUBHOUSE:

- _____ No decorations are allowed on the walls, windows, light fixtures, etc. (this includes any tacks, strings, or tape used to hang them).
- _____ Clean/wipe down all tables.
- _____ Empty all trash receptacles and take trash to renter’s unit. Do not use the trash receptacles outside the clubhouse. This includes all litter and debris.
- _____ Furniture **NEATLY** returned to the original arrangement, as prescribed by the Association.
- _____ If other equipment is brought in, remove prior to leaving the Clubhouse.
- _____ Vacuum carpet.

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SOLAR PANEL RULES

An applicant wishing to install solar panels on a common area roof must obtain the written approval of the Architectural Committee (“ARC”), as well as obtain a building permit from the appropriate building authority. Applications made to the ARC must be submitted on the appropriate architectural approval form with all required and necessary documentation. The procedures for submittal are set forth in Article IV of the Association’s Declaration of Covenants, Conditions and Restrictions for Montecido.

As part of the process for obtaining approval from the ARC for solar panel installation on a roof, the applicant must provide the following documents:

(1) Contractor Information:

The applicant must provide the name, license number and contact information of the contractor installing the solar equipment. The applicant must submit proof that the contractor currently holds the appropriate contractor license to install solar panels on a roof and has worker’s compensation insurance. This information can be found on the California State License Board website at www.cslb.ca.gov. The applicant’s contractor must also provide a signed original Solar Installer Indemnity Agreement (Exhibit “A”) with the application package.

(2) Insurance:

The applicant must provide evidence of the applicant’s contractor’s current liability insurance providing coverage for the solar panel installation proposed. Applicant shall provide evidence satisfactory to Association that such coverages are not excluded for work or services performed by contractor for common interest developments and/or multi-unit or multi-family dwellings.

(3) Solar Site Survey:

If the applicant wishes to install the solar energy system on a multi-family common area roof shared by more than one homeowner, the applicant must provide a solar survey. The following rules apply:

- a. The solar site survey must show the proposed placement of the solar energy system and must describe the total “usable solar roof area” for the entire roof of the building upon which the solar equipment will be installed (note this should include the entire building – not just the roof area above the applicant’s unit). The survey must be prepared by a licensed contractor or the contractor’s registered salesperson, if the salesperson has the knowledge to be able to determine the usable solar roof area. The survey must also include a determination of the equitable allocation of usable

solar roof area for all homeowners sharing the roof, whether the roof covers homes, garages or carports.

- b. If any prior solar site surveys have been conducted for the particular roof in question, the applicant must provide a copy of any prior survey, along with a copy of their own survey, unless applicant is relying solely on the prior survey. The applicant should also explain why one survey is being used rather than the other(s).
- c. All owners within the building shall have the opportunity to provide comments within ten (10) days of the submittal of the completed application. Applicant must notify all signing owners of the date of submittal using the form attached as Exhibit "B." All owners within the building may contest the findings of the solar site survey by providing their own solar site survey, which likewise must be prepared by a licensed contractor or the contractor's registered salesperson, if the salesperson has the knowledge to be able to determine the usable solar roof area. The applicant is encouraged to discuss any concerns directly with any concerned owners in the building and attempt to reach resolutions prior to submitting the application, when possible. If any dispute cannot be resolved by the owners themselves, the ARC shall be the sole arbitrator in such matters and its decision shall be binding upon the parties. In consideration of this application, the applicant releases the ARC from any and all liability related to its decisions.
- d. The applicant must notify a minimum of one record owner of each unit in the building on which the proposed solar installation will be located. Such notification shall be in writing using the form attached as Exhibit "B" and include a copy of the application, including the solar site survey being relied upon, as well as any other surveys which have been created but are not being relied upon. Each owner receiving the notice and application must sign the Solar Neighbor Awareness Form (Exhibit "B"). In the event that applicant is unable to obtain the signature of any unit owner, all efforts made to provide notice and to obtain the signature should be detailed as an attachment to the application.

(4) Access to Roof:

The applicant must provide detailed information as to how the contractor will obtain access to the roof and describe what areas of the roof will be affected by its access. The applicant shall be responsible for all costs associated with the repair of damage caused by the applicant's contractor.

(5) Maintenance:

To the extent the Association is unable to maintain, repair or replace the roof with the solar energy system intact, the applicant owner shall be responsible for either the removal of the solar energy system when such maintenance, repair or replacement is necessary, or the applicant owner shall be required to provide for the suitable maintenance, repair or replacement of the roof and related components. The applicant must provide detailed

information for the long-term maintenance and cleaning requirements of the solar panels and the affected roof area. Specifically, the applicant must explain how the solar system will be maintained by a licensed contractor in the future and how the solar system will be removed and reinstalled. Maintenance, removal and reattachment will be at the applicant's sole cost and expense, when the common area roof requires maintenance or replacement in the future.

(6) Indemnity:

Applicant must sign and have notarized the enclosed Solar Panel Maintenance and Indemnity Agreement (Exhibit "C"). The Solar Panel Maintenance and Indemnity Agreement will be recorded against the applicant's title and applicant shall provide a copy of the recorded document to any prospective buyers or lenders of applicant's unit.

(7) Drawings:

Applicant must supply an architectural drawing to the ARC that shows the dimensions of the solar panels, the specific location of the panels on the roof of the building, and the precise attachment points on the roof where the panels will be attached.

(8) Construction Requirements:

The application must include detailed information as to the means and methods of installation. This must include the proposed mounting system, any conduits that will be used for electrical cables, entry points into the buildings for all electrical cables, and areas of the building envelope that will be pierced or modified in the construction process, any portion of the common area, other than the roof, that may be impacted or modified as part of the installation or so as to connect the solar panels effectively to the electric meter.

- a. Any solar energy system should be concealed from the street and neighbors' view whenever reasonably possible.
- b. Aluminum trim, if used and visible, should be anodized or otherwise color treated to match or reasonably blend in with any existing structures.
- c. Solar panels should be installed parallel to the plane of the roof materials (flush mounted), when possible.
- d. Solar energy systems must be securely fastened to the roof in accordance with local building codes.
- e. All exterior conduits and/or plumbing lines should be painted in a color scheme consistent with the structure and materials adjacent to the pipes (i.e. pipes on walls should be painted the color of walls while roof pipes should be the color of the roof).

- f. Roof or wall penetrations (such as to attach any solar equipment to the roof) must be flashed, caulked and sealed to prevent water, rodents, insects or other pests from entry.
- g. All solar energy systems must meet or exceed all required fire classifications for such systems.
- h. Installation of solar energy systems on the roof of a structure adds weight to the structure commonly referred to as “dead load.” Solar panels also may impose loads generated by seismic forces. Solar panels must also resist wind forces. This additional weight and load must be accounted for to ensure that the building can safely bear the weight of the solar installation. The applicant must provide written confirmation in a form acceptable to the ARC that the roof area where the applicant intends to install the solar system is structurally capable of supporting the load of the solar system.
- i. Individual components of solar energy systems must comply with the California Electrical Code (CEC) and the manufacturers’ installation instructions. This requirement applies to several system components, including but not limited to the panels, modules, wire, inverters, connectors, and disconnects.
- j. Roof-mounted solar energy systems shall not cause excessive sagging of the roof that results in water ponding. They shall also not block or impede drainage flows to roof drains and scuppers.
- k. Solar panels shall not obstruct or interfere with the function of plumbing vents or mechanical equipment.

Exhibit “A”
Solar Installer Indemnity Agreement

Exhibit “B”
Solar Installation Neighbor Awareness Form

Exhibit “C”
Solar Panel Maintenance and Indemnity Agreement

SOLAR INSTALLER INDEMNITY AGREEMENT

(Civil Code §714.1)

Indemnified Party: Montecido at Portola Hills Homeowners Association (“Association”)

Project: _____ (“Owner”)

Address: _____

Installer: _____ (“Installer”)

License No.: _____

WHEREAS, the Association is responsible for the maintenance and repair of all roofs within the Association;

WHEREAS, Owner desires to install a solar system upon his/her Association-maintained roof; and

WHEREAS, pursuant to *Civil Code* §714.1, the Association requires that any installers of solar panels on Association-maintained roofs execute an indemnity agreement associated with its work.

THEREBY, IT IS HEREBY AGREED:

Installer shall indemnify and defend Association, and Association’s members, directors, officers, agents, management company, attorneys, and employees, and save them harmless from all injuries, damage to property, damage to roofing materials, adjacent roofing materials or any other property over which the Association has maintenance obligations, any damage to common areas, claims, liens, suits, obligations, liabilities, losses, demands, and expense, including attorney’s fees (hereinafter “Claims”) which in any way arise from, are asserted by, relate to, or result from Installer’s installation of solar panels and a solar photovoltaic system on Owner’s roof and/or the work performed, or failed to be performed, for Owner, and any fault, negligence, or wrongdoing of the Installer, its agents, employees, sub-installers, or any other persons acting under the direction or control of Installer in the performance or failure of performance of the work. This indemnity provision applies regardless of any active or negligent act or omission of a party to be indemnified hereunder. This indemnity will not extend the claims arising out of the sole negligence or willful misconduct of Association. If requested by Association, Installer will undertake to provide the defense of any such actions at law or in equity concerning the matters herein above described, or Association may defend such actions at Installer's expense, which Installer shall forthwith pay upon demand and/or Association may offset the same against any amounts then or thereafter to become due to Installer. Association agrees to cooperate with Installer in connection with the defense of any such actions. The obligations described in this Agreement shall not be construed to negate, abridge, or otherwise reduce any other obligation of indemnity which would otherwise exist as to any party or person to be indemnified hereunder. The obligations described in this Agreement shall survive the termination of this Agreement.

Dated: _____

Owner: _____

Dated: _____

Installer: _____

Its: _____

MONTECIDO AT PORTOLA HILLS HOMEOWNERS ASSOCIATION

SOLAR INSTALLATION NEIGHBOR AWARENESS FORM

The undersigned applicant certifies that the attached plans, as well as a solar site survey describing the “usable solar roof area” for the entire roof upon which the solar equipment will be installed, were made available to all owners within the building located at _____ (Address)

Applicant’s Address in Association: _____

Name of Contractor: _____

The Association’s Solar Panel Rules, as well as applicable California law, mandate that the applicant must notify a minimum of one owner of each unit in the building on which the proposed solar installation will be located of the applicant’s intent to install a solar system. All owners within the building may contest the findings of the solar site survey by providing their own solar site survey, which likewise must be prepared by a licensed contractor or the contractor’s registered salesperson, if the salesperson has the knowledge to be able to determine the usable solar roof area. The applicant is encouraged to discuss any concerns directly with any concerned owners in the building and attempt to reach resolutions prior to submitting the application, when possible. If any dispute cannot be resolved by the owners themselves, the Association’s Design Review Committee shall be the sole arbitrator in such matters and its decision shall be binding upon the parties.

Please have at least one owner of each unit within your building complete this section.

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

I confirm that I am aware that the applicant intends to install a solar system on the roof of the building that houses my unit and that I have been provided with the documents described above. I understand that my signature is not an approval and that I have the right to express my opinions to the Association within 10 days of this application. I also understand that I have the right to obtain and submit my own solar site survey.

Signature: _____ Date: _____

Address: _____

Comments: _____

Montecido at Portola Hills Association
Home Improvement - Architectural Application
(please type or print legibly)

The Declaration of Covenants, Conditions and Restrictions for our community requires that you obtain the approval of the Architectural Committee before commencing any improvements or alterations to your home or lot. To obtain this approval, please complete this form and mail or deliver along with the required copies of plans and other related material to

Montecido at Portola Hills Association
c/o Total Property Management
23792 Rockfield Blvd, Suite #100
Lake Forest, CA 92630

Owner's Name: _____ Day Ph. # _____

Address where work is to be performed: _____ Evening Ph. # _____

Follow these steps:

Note: Homeowners must submit plans and specifications to the Architectural Committee prior to installation/commencement of work.

- 1) Complete this form in its entirety (**front and back**).
- 2) Enclose three (3) full sets of drawings and detailed plans/specifications that provide the following:
 - a. Complete dimensions of improvements proposed (drawn to scale).
 - b. Measurements of improvements in relationship to home and lot lines.
 - c. Identification of building materials and color scheme to be used (if available, provide sample color chips).
 - d. Drawing showing affected elevations (patio covers, gates, et cetera).
 - e. Description/drawing showing how drainage will be affected (flow direction and slope).
 - f. For landscape improvements, provide a landscape site plan indicating scope of work, materials, names of plants and sizes of plants and drainage as noted in (e), above.
 - g. Specify type and anticipated height of trees and provide dimensions showing their planned locations.
Note: No trees may be planted within ten feet of sewer, drain or water supply lines
 - h. Specify waterproofing material for raised planters, if any.

Briefly describe the nature of the work to be performed: _____

**** Important - Read Carefully ****

Any compliance with Local Government Ordinances and Building Codes regarding architectural/structural changes and additions are strictly between the homeowner and these regulating bodies. Approval of this request by them does not imply the Association's acceptance based upon the above mentioned regulations. It is your responsibility to contact these regulating bodies as required. If further architectural and/or design changes are to take place, which are not part of this application, applicant must submit a new application for the proposed improvements. Your request will be reviewed by the Architectural Committee and you will be given a decision within thirty (30) days from receiving a completed application including all plans and specifications as outlined above.

The undersigned owner acknowledges and agrees that:

1. No work on the proposed improvements shall commence until I have received written approval of my final improvement plans from the Architectural Committee and have satisfied any and all conditions of such approval.
2. My failure to obtain the required Architectural Committee approval of any improvements or to comply with all applicable architectural standards will constitute a violation of the CC&R's and I may be required to modify or remove such improvements at my sole expense.

Homeowner Signature _____
Date

For Architectural Committee Use Only

Date Application Received: _____

Action by Architectural Control Committee: Approval Non-Approval

Conditions of Approval/Reason for Disapproval: _____

Date _____
Signature of Architectural Committee Chairperson

**Montecido at Portola Hills Association
Neighbor Awareness Form**

The intent of this form is to advise your neighbors who own residences facing and adjacent to yours of your planned improvement. Failure to obtain these signatures could delay approval in cases where visibility, drainage, noise, et cetera are involved. Neighbors are invited to contact the Architectural Committee to discuss their concerns and comments. However, while neighbor's comments are welcome, final disposition of all applications will be based on the application's conformance with architectural guidelines, standards and procedures.

The undersign applicant certifies that the attached plans and specification were made available to the following adjacent (facing, side, rear) neighbors as listed below.

Address of Improvements: _____

Description of Improvements: _____

Please have neighbors complete, print name, and sign this section

Next Door Neighbor:

Print Name: _____

Signature: _____ Date: _____

Address: _____

Comments: _____

Next Door Neighbor:

Print Name: _____

Signature: _____ Date: _____

Address: _____

Comments: _____

Rear Neighbor:

Print Name: _____

Signature: _____ Date: _____

Address: _____

Comments: _____

Facing Neighbor:

Print Name: _____

Signature: _____ Date: _____

Address: _____

Comments: _____

Applicant's Signature

Date

**MONTECIDO AT PORTOLA HILLS ASSOCIATION
ELECTION RULES AND PROCEDURES**

Campaigning

If any candidate or member advocating a point of view is provided access to Montecido at Portola Hills Association (“Association”) media, newsletters, or websites during a campaign, for purposes that are reasonably related to that election, all candidates and members advocating a point of view will be provided equal access.

Any views, comments or opinions set forth in any communication from a candidate or member are those solely of the candidate or member, and the Association is not responsible or liable for such content. The candidate or member, and not the Association, is solely responsible for the content of all materials and/or communications presented by the candidate or member.

Access to the common area meeting space will be provided during a campaign, at no cost, to all candidates and to all members advocating a point of view for purposes reasonably related to the election. Members and residents shall not be prevented from peacefully assembling or meeting with members, residents, and their invitees or guests during reasonable hours and in a reasonable manner for purposes relating to association elections. Residents may use the common area and homes for an assembly when the common area is not otherwise in use. Canvassing, petitioning and circulating materials to the members in connection with an election is permitted if done in a reasonable manner and during reasonable hours and is not otherwise prohibited by law, municipal or otherwise.

Association funds will not be used for campaign purposes in connection with any Association Board election. Funds of the Association shall not be used for campaign purposes in connection with any other Association election except to the extent necessary to comply with duties of the Association imposed by law. For the purposes of this section "campaign purposes" include, but are not limited to, the following:

1. Expressly advocating the election or defeat of any candidate that is on the Association election ballot.
2. Including the photograph or prominently featuring the name of any candidate on a communication from the Association or the Board, excepting the ballot and ballot materials, within thirty (30) days of election, provided that this is not a campaign purpose if the communication is one for which the law requires that equal access be provided to another candidate or advocate.

Nominee Qualifications

The Association is required by law to disqualify a person from nomination as a candidate if the person is not a member of the Association at the time of the nomination. To be a "member" of the Association a person must be a record owner of a fee interest title to a Condominium within the Association.

Additionally, the Association may disqualify a person from nomination as a candidate based on any of the following:

If the nominee discloses, or if the Association is aware or becomes aware of, a past criminal conviction that would either prevent the Association from purchasing the fidelity bond coverage required by *Civil Code* section 5806 should the person be elected or terminate the Association's existing fidelity bond coverage as to that person should the person be elected.

If the person, if elected, would be serving on the board at the same time as another person who holds a joint ownership interest in the same separate interest parcel as the person and the other person has already been properly nominated for the current election or is an incumbent director.

If that person has not been a member of the Association for at least one year.

However, the foregoing option to disqualify a member shall not apply if the member has not been provided the opportunity to engage in IDR.

Voting Qualifications

Every person that is a member at the time the ballots are distributed is entitled to receive a ballot. Persons with a general power of attorney for a member shall be entitled to obtain a ballot and vote after providing a copy of the signed general power of attorney to the Association. Those with specific powers of attorney are generally not entitled to a ballot. Members shall be entitled to cast one (1) ballot for each Unit owned. In any election of the Board every member entitled to vote shall have the right to accumulate his/her votes and give one candidate, or divide among any number of candidates, a number of votes equal to the number of Directors to be elected.

If a record date for voting is not fixed by the Board of Directors, those who are members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting of the Association.

Joint Owner Disputes

When more than one person holds interest in any Condominium required for membership, each such person shall be a member and the vote for the Condominium shall be exercised as they among themselves determine, but in no event shall the total number of votes for each Condominium exceed one. The Association may, but shall not be obligated to, refuse to recognize the vote of any such co-owner, except the vote of the co-owner designated in writing executed by all such co-owners and delivered to the Association.

Voter List

The Association shall maintain a voter list to include the name, voting power, and either the physical address of the voter's lot, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter's Lot or if only the parcel number is used. Members may verify the accuracy of their individual information on the voter list at least thirty (30) days before the ballots are distributed. The Association or member shall report any errors or omissions to the list to the Inspector(s) who shall make the corrections within two (2) business days. The member should simultaneously convey this information to the management company.

Nomination Procedures

The Association will provide general notice, as defined by *Civil Code* section 4045, of the procedure and deadline for submitting a nomination at least thirty (30) days before any deadline for submitting a nomination.

An Election Committee shall be appointed annually by the Board to make rules for and supervise nominations, voting procedures, voting requirements and the orderly and fair election of directors. The Election Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) other persons who shall be Members. The Election Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. If the Board of Directors does not appoint an Election Committee, it shall serve as the Election Committee. Nominations may also be made from the floor at the Annual Meeting. Self-nominations are permitted.

Candidate List

Members may verify the accuracy of their individual information on the candidate list at least thirty (30) days before the ballots are distributed. The Association or member shall report any errors or omissions to the list to the Inspector(s) who shall make the corrections within two (2) business days.

Pre-Election Notice

The Association shall provide general notice, as defined by *Civil Code* section 4045, at least 30 days before the ballots are distributed of the following:

1. The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the inspector(s).
2. The date, time, and location of the meeting at which ballots will be counted.
3. The list of all candidates' names that will appear on the ballot.

Voting Procedures

The Bylaws for the Association authorize the use of secret ballots and proxies. Secret ballots will be provided to all members for their use.

Elections will be conducted in accordance with the following procedures:

1. The Inspector(s) shall cause the ballots and two pre-addressed envelopes (with instructions) to be delivered or mailed by first-class mail to every member not less than thirty (30) days prior to the election;
2. The Inspector(s) shall cause these Election Rules to be "delivered" to the members not less than thirty (30) days prior to the election. Delivery may be accomplished by posting these Election Rules to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least 12-point font: "The rules governing this election may be found here _____:" or by personal delivery or first-class mail.
3. Ballots are *not* to be signed by the voter and a member that places any identifying marks or signature on his or her ballot will waive his or her right to secrecy;
4. Completed ballots must be placed into an inner envelope that has no identifying information on it (*e.g.*, no member name, no property address, no signature, etc.), and the inner envelope is then sealed by the member;
5. The inner envelope is then inserted into the outer envelope that is pre-addressed to the Inspector(s) of Election and then sealed by the member;
6. In the upper left-hand corner of the outer envelope, the member must indicate his name and the address of the property within the Association and then the member must sign his or her name in the upper left-hand corner of the outer envelope. Ballots received in improperly completed envelopes (*e.g.*, not signed or without identifying information) may not be counted by the Inspector(s);

7. The envelope may be mailed or delivered by hand to the management office, unless another place is designated by the Inspector(s). The member may request a receipt for delivery;
8. Once a ballot is received by the Association, in the place designated by the Inspector(s), it is deemed irrevocable, even if it is unopened;
9. The sealed ballots shall be in the custody of the Inspector(s) or in the place designated by the Inspector(s) at all times;
10. No person may open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated; and
11. The voting period for member meetings shall commence when the first ballot is mailed or delivered to a member of the Association and shall end at such time as the Inspector(s) determine the polls close.

Use of Proxies

Every member entitled to vote or execute consents shall have the right to do so either in person or by proxy. All proxies must be in writing and filed with the Secretary of the Association. No such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution.

A proxy must (A) identify a proxyholder (who must physically attend the meeting for which the proxy is being exercised), (B) contain voting instructions, and (C) be signed by the member giving the proxy. Any instruction given in a proxy issued for an election that directs the manner in which the proxyholder is to cast the vote must be set forth on a separate page of the proxy that can be detached and given to the proxyholder to retain. The proxyholder must cast the member's vote by secret ballot. A proxy that does not satisfy these requirements may not be counted.

Revocable proxies concerning certain matters which require a vote of the members are not valid as to such matters unless it sets forth the general nature of the matter to be voted on. Those certain matters are as follows: (1) removal of a Director without cause, (2) filling vacancies on the Board created by removal of a Director, (3) approval of transactions involving Directors, (4) amendment of the Articles or By-laws repealing, restricting, creating or expanding proxy rights, (5) sale, lease, conveyance, exchange, transfer or other disposition of all or substantially all of the assets of the Association, (6) merger of the Association with another corporation, (7) amendment of an agreement to merger, (8) voluntary dissolution of the Association, and (9) distribution of the Association's assets upon dissolution.

Inspectors of Election

Inspector(s) of Election (“Inspector(s)”) will be appointed by the Board of Directors at a board meeting held prior to the election and will serve as Inspectors until such time that their successors are appointed by the Board of Directors. There shall be one (1) or three (3) Inspectors for the Association. If there are three (3) Inspectors, the decision or act of a majority shall be effective in all respects as the decision or act of all. Inspector(s) may be a member of the Association, but may not be a member of the Board, a candidate for the Board, or related to a member of the Board or candidate for the Board. An Inspector may not be a person or entity who or which is currently employed or under contract to the Association for any compensable services, other than inspection services.

Role of Inspectors of Elections

Inspector(s) will determine the number of memberships entitled to vote and the voting power of each in accordance with the Association's governing documents. Inspector(s) will determine the authenticity, validity, and effect of proxies, if any. Inspector(s) will hear and determine all challenges and questions in any way arising out of or in connection with the right to vote. Ballots will be returned to the Association's managing office, unless another location is designated by the Inspectors. Inspector(s) will determine when the polls shall close. Inspector(s) will determine and announce the tabulated results of the election.

The Inspector(s) may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector(s) deem appropriate, provided that the persons are independent third parties.

Inspector(s) may also perform any acts as may be proper to conduct the election with fairness to all members in accordance with the Inspector of Election rules and all applicable rules of the Association regarding the conduct of the election that are not in conflict with the Inspector of Election rules. Inspector(s) must perform all duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical, and in a manner that protects the interest of all members of the Association.

Tabulation of Votes

Inspector(s) count and tabulate all votes. All votes shall be counted and tabulated by the Inspector(s) at a duly noticed board or membership meeting. Any candidate or other member of the Association may witness the counting and tabulation of the votes. Members who are not Inspectors or being overseen by an Inspector must remain at least five feet away from the counting area. Members who are not Inspectors may not participate in the counting or tabulation process or any discussions that may arise among the Inspectors or their designated assistants.

Every Inspector(s) must provide an inspection report for the Association's corporate records. After the final tabulation of the votes, custody of all election materials will be transferred to the custody of the Association, unless first retained by the Inspector in a secure place for no less than one (1) year after the date of the election. Once retained by the Association, the election materials shall be stored for a period not less than the current fiscal year, plus two additional fiscal years.

Recording and Announcing Election Results

Inspector(s) must report the results of the election promptly to the Board of Directors and the results will be recorded in the next regular session board meeting minutes. In addition to recording the election results in the next regular session board meeting minutes, the Association shall keep Annual Meeting Minutes that reflect the results of the election.

The Board of Directors will publicize the results of the election in a communication directed to all members within fifteen (15) days of a successful (quorum achieved) election.

Retention and Inspection of Records

The ballots, signed voter envelopes, voter list, proxies, and candidate registration list shall at all times be in the custody of the Inspector(s) or at a location designated by the Inspector(s) until after the tabulation of the vote, and until the time allowed by *Civil Code* section 5145 for challenging the election has expired, at which time custody shall be transferred to the Association.

Returned ballots, signed voter envelopes, the voter list of names, parcel numbers, and voters to whom ballots were to be sent, proxies, and the candidate registration list are subject to inspection. Signed voter envelopes may be inspected but may not be copied. If there is a recount or other challenge to the election process, the Inspector(s) shall, upon written request, make the ballots available for inspection and review by an Association member or the member's authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.