

THE TERRACES AT CANYON HILLS **HOMEOWNERS ASSOCIATION**

April 15, 2024

Dear Homeowner:

In compliance with Civil Code §5605 and §5300, attached is the Terraces at Canyon Hills Homeowners Association Annual Budget Report for the fiscal year ending May 31, 2025. This budget reflects the continuing efforts of the Board of Directors to maintain and enhance the Association's common area and amenities, while at the same time keeping expenditures in line.

Over the past year, the Association has experienced increases in nearly all contracts, is currently undergoing a full wood repair and painting project, that will cost roughly \$1.5 million dollars, and the 2024 insurance renewal came in at \$422,330.78. With these expenses, on top of the continuing effort to maintain common area, and the future expenditures that the Association is expecting, an increase in dues will bring the Association to a better financial standing.

In review of the current 2024 budget, recent expenditures incurred, upcoming projects, and the current state of the Reserves (14.6% funded), the Board has found it necessary to implement an assessment increase. **In an effort to continue to properly maintain the common area and reserves for future repairs and replacements, this new budget reflects a 20% increase of the regular assessment effective June 1, 2024.** The new monthly assessment rate will be **\$858.00**. The Board has made every effort to evaluate services and costs and keep the regular assessment as low as possible.

Your June billing statement will include the new assessment of **\$858.00**. Additionally, if you are on auto debit for your monthly assessments with Powerstone, the monthly debit from your account will be increased to the new monthly and assessment and does not require any action on your part.

Thank you for your continued support of the Association. If you should have any questions regarding the enclosed information, please contact our property manager, Paige Fields at pfields@powerstonepm.com or 949-508-1609 at Powerstone Property Management.

Sincerely,

The Board of Directors

The Terraces at Canyon Hills Homeowners Association

THE TERRACE AT CANYON HILLS HOA
Fiscal Year End May 31, 2025
Approved Budget

| | | Annual | Monthly | Per Unit / Per Month |
|-------------------------------------|--------------------------------|-----------------|---------------|-------------------------|
| INCOME | | | | |
| 4001 | HOMEOWNERS ASSESSMENTS | \$ 1,564,992.00 | \$ 130,416.00 | \$ 858.00 |
| | TOTAL INCOME | \$ 1,564,992.00 | \$ 130,416.00 | \$ 858.00 |
| EXPENSES | | | | |
| GENERAL & ADMINISTRATION | | | | |
| 5000 | INSURANCE | \$ 426,000.00 | \$ 35,500.00 | \$ 233.55 |
| 5006 | COLLECTION FEES | 300.00 | 25.00 | 0.16 |
| 5009 | BAD DEBT EXPENSE | 18,000.00 | 1,500.00 | 9.86 |
| 5010 | LEGAL FEES | 30,000.00 | 2,500.00 | 16.44 |
| 5015 | MANAGEMENT FEE | 37,860.00 | 3,155.00 | 20.75 |
| 5016 | MANAGEMENT EXTRAS | 750.00 | 62.50 | 0.41 |
| 5020 | PRINTING & POSTAGE | 1,100.00 | 91.67 | 0.60 |
| 5021 | MISCELLANEOUS | 500.00 | 41.67 | 0.27 |
| 5026 | RESERVE STUDY | 890.00 | 74.17 | 0.48 |
| 5040 | SHARED AMENITIES | 1,890.00 | 157.50 | 1.03 |
| 5045 | AUDIT/TAX | 1,750.00 | 145.83 | 0.95 |
| 5050 | STORAGE RENTAL | 1,380.00 | 115.00 | 0.75 |
| | TOTAL GENERAL & ADMINISTRATION | \$ 520,420.00 | \$ 43,368.34 | \$ 285.31 |
| LAND MAINTENANCE | | | | |
| 5200 | LANDSCAPE CONTRACT SERVICE | \$ 129,600.00 | \$ 10,800.00 | \$ 71.05 |
| 5210 | LANDSCAPE EXTRAS | 42,036.00 | 3,503.00 | 23.04 |
| 5240 | IRRIGATION REPAIRS | 7,500.00 | 625.00 | 4.11 |
| | TOTAL LAND MAINTENANCE | \$ 179,136.00 | \$ 14,928.00 | \$ 98.21 |
| REPAIRS & MAINTENANCE | | | | |
| 5800 | POOL CONTRACT SERVICE | \$ 11,300.00 | \$ 941.67 | \$ 6.19 |
| 5803 | POOL/SPA REPAIRS | 11,000.00 | 916.67 | 6.03 |
| 5805 | CHEMICALS | 6,000.00 | 500.00 | 3.28 |
| 5807 | PERMITS | 750.00 | 62.50 | 0.41 |
| 5810 | LIGHTING MAINTENANCE | 1,020.00 | 85.00 | 0.55 |
| 5815 | LIGHTING REPAIRS | 7,200.00 | 600.00 | 3.94 |
| 5825 | JANITORIAL SERVICE | 7,300.00 | 608.33 | 4.00 |
| 5830 | JANITORIAL SUPPLIES | 986.00 | 82.17 | 0.54 |
| 5835 | KEYS & LOCKS | 300.00 | 25.00 | 0.16 |
| 5845 | PEST CONTROL | 7,200.00 | 600.00 | 3.94 |
| 5847 | PEST CONTROL - EXTRAS | 800.00 | 66.67 | 0.43 |
| 5850 | SEWER DRAIN MAINT | 8,000.00 | 666.67 | 4.38 |
| 5860 | PLUMBING REPAIRS | 18,000.00 | 1,500.00 | 9.86 |
| 5870 | REPAIRS & MAINTENANCE | 40,000.00 | 3,333.33 | 21.92 |
| | TOTAL REPAIRS & MAINTENANCE | \$ 119,856.00 | \$ 9,988.01 | \$ 65.71 |
| PROPERTY PROTECTION | | | | |
| 6100 | PROPERTY PROTECTION | \$ 5,580.00 | \$ 465.00 | \$ 3.05 |
| | TOTAL PROPERTY PROTECTION | \$ 5,580.00 | \$ 465.00 | \$ 3.05 |
| UTILITIES | | | | |
| 6000 | WATER | \$ 30,000.00 | \$ 2,500.00 | \$ 16.44 |
| 6005 | GAS | 30,000.00 | 2,500.00 | 16.44 |
| 6010 | ELECTRICITY | 26,000.00 | 2,166.67 | 14.25 |
| | TOTAL UTILITIES | \$ 86,000.00 | \$ 7,166.67 | \$ 47.14 |
| | TOTAL OPERATING EXP BEFORE RSV | \$ 910,992.00 | \$ 75,916.02 | \$ 499.44 |
| RESERVES | | | | |

THE TERRACE AT CANYON HILLS HOA
Fiscal Year End May 31, 2025
Approved Budget

| | Annual | Monthly | Per Unit / Per Month |
|---------------------------|-----------------|----------------|---------------------------------|
| 9000 RESERVE CONTRIBUTION | \$ 654,000.00 | \$ 54,500.00 | \$ 358.55 |
| TOTAL RESERVES | \$ 654,000.00 | \$ 54,500.00 | \$ 358.55 |
| TOTAL OPERATING EXPENSES | \$ 1,564,992.00 | \$ 130,416.02 | \$ 858.00 |
| NET SURPLUS/(DEFICIT) | \$ - | \$ (0.02) | \$ - |

THE TERRACE AT CANYON HILLS HOA
 Fiscal Year End May 31, 2024
 Approved Budget

| | | Annual | Monthly | Per Unit / Per Month |
|-------------------------------------|---|------------------------|----------------------|----------------------|
| INCOME | | | | |
| 4001 | HOMEOWNERS ASSESSMENTS | \$ 1,304,889.00 | \$ 108,740.75 | \$ 715.39 |
| | TOTAL INCOME | \$ 1,304,889.00 | \$ 108,740.75 | \$ 715.39 |
| EXPENSES | | | | |
| GENERAL & ADMINISTRATION | | | | |
| 5000 | INSURANCE | \$ 360,011.00 | \$ 30,000.92 | \$ 197.37 |
| 5006 | COLLECTION FEES | 300.00 | 25.00 | 0.16 |
| 5010 | LEGAL FEES | 5,000.00 | 416.67 | 2.74 |
| 5015 | MANAGEMENT FEE | 36,060.00 | 3,005.00 | 19.76 |
| 5016 | MANAGEMENT EXTRAS | 750.00 | 62.50 | 0.41 |
| 5020 | PRINTING & POSTAGE | 1,200.00 | 100.00 | 0.65 |
| 5021 | MISCELLANEOUS | 500.00 | 41.67 | 0.27 |
| 5026 | RESERVE STUDY | 890.00 | 74.17 | 0.48 |
| 5040 | SHARED AMENITIES | 1,890.00 | 157.50 | 1.03 |
| 5045 | AUDIT/TAX | 1,500.00 | 125.00 | 0.82 |
| 5050 | STORAGE RENTAL | 1,380.00 | 115.00 | 0.75 |
| | TOTAL GENERAL & ADMINISTRATION | \$ 409,481.00 | \$ 34,123.43 | \$ 224.49 |
| LAND MAINTENANCE | | | | |
| 5200 | LANDSCAPE CONTRACT SERVICE | \$ 93,600.00 | \$ 7,800.00 | \$ 51.31 |
| 5210 | LANDSCAPE EXTRAS | 750.00 | 62.50 | 0.41 |
| 5240 | IRRIGATION REPAIRS | 1,000.00 | 83.33 | 0.54 |
| | TOTAL LAND MAINTENANCE | \$ 95,350.00 | \$ 7,945.83 | \$ 52.27 |
| REPAIRS & MAINTENANCE | | | | |
| 5800 | POOL CONTRACT SERVICE | \$ 11,280.00 | \$ 940.00 | \$ 6.18 |
| 5803 | POOL/SPA REPAIRS | 6,000.00 | 500.00 | 3.28 |
| 5805 | CHEMICALS | 6,000.00 | 500.00 | 3.28 |
| 5807 | PERMITS | 750.00 | 62.50 | 0.41 |
| 5810 | LIGHTING MAINTENANCE | 1,020.00 | 85.00 | 0.55 |
| 5815 | LIGHTING REPAIRS | 500.00 | 41.67 | 0.27 |
| 5825 | JANITORIAL SERVICE | 7,200.00 | 600.00 | 3.94 |
| 5830 | JANITORIAL SUPPLIES | 699.00 | 58.25 | 0.38 |
| 5835 | KEYS & LOCKS | 300.00 | 25.00 | 0.16 |
| 5845 | PEST CONTROL | 6,840.00 | 570.00 | 3.75 |
| 5847 | PEST CONTROL - EXTRAS | 500.00 | 41.67 | 0.27 |
| 5850 | SEWER DRAIN MAINT | 2,000.00 | 166.67 | 1.09 |
| 5860 | PLUMBING REPAIRS | 4,500.00 | 375.00 | 2.46 |
| 5870 | REPAIRS & MAINTENANCE | 2,673.00 | 222.75 | 1.46 |
| | TOTAL REPAIRS & MAINTENANCE | \$ 50,262.00 | \$ 4,188.51 | \$ 27.55 |
| PROPERTY PROTECTION | | | | |
| 6100 | PROPERTY PROTECTION | \$ 1,740.00 | \$ 145.00 | \$ 0.95 |
| | TOTAL PROPERTY PROTECTION | \$ 1,740.00 | \$ 145.00 | \$ 0.95 |
| UTILITIES | | | | |
| 6000 | WATER | \$ 20,000.00 | \$ 1,666.67 | \$ 10.96 |
| 6005 | GAS | 16,000.00 | 1,333.33 | 8.77 |
| 6010 | ELECTRICITY | 15,000.00 | 1,250.00 | 8.22 |
| | TOTAL UTILITIES | \$ 51,000.00 | \$ 4,250.00 | \$ 27.96 |
| | TOTAL OPERATING EXP BEFORE RSV | \$ 607,833.00 | \$ 50,652.77 | \$ 333.24 |
| RESERVES | | | | |
| 9000 | RESERVE CONTRIBUTION | \$ 697,056.00 | \$ 58,088.00 | \$ 382.15 |

THE TERRACE AT CANYON HILLS HOA
 Fiscal Year End May 31, 2024
 Approved Budget

| | Annual | Monthly | Per Unit / Per Month |
|--------------------------|-----------------|----------------|---------------------------------|
| TOTAL RESERVES | \$ 697,056.00 | \$ 58,088.00 | \$ 382.15 |
| TOTAL OPERATING EXPENSES | \$ 1,304,889.00 | \$ 108,740.77 | \$ 715.39 |
| NET SURPLUS/(DEFICIT) | \$ - | \$ (0.02) | \$ - |

The Terrace at Canyon Hills Homeowners Association **Assessment and Billing Collection Policy**

Prompt payment of Assessments by all owners is critical to the financial health of the Association, and to the enhancement of the property of our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&R's) and the California Civil Code to enforce the members' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&R's and Civil Code Section 5310 the following are the Association's assessment practices and policies:

1. 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 of record's responsibility to pay each assessment in full each month regardless of the receipt of a statement.** All other assessments, including special assessments, are due and payable on the date specified by the Board on the Notice of Assessment which date will not be less than thirty (30) days after the date of notice of the special assessment.
2. Assessments, late charges, interest and the collection costs, including any attorney 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)).
3. Assessments not received within fifteen (15) days of the stated due date are delinquent and shall be subject to a late charge of ten percent (10%) for each delinquent assessment per unit (Civil Code Section 5650(b)).
4. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection expenses, including attorneys' fees (Civil Code Section 5655(a)).
5. A first notice of past due assessment will be prepared and mailed on assessments not received within thirty (30) days of the stated due date. A thirty-dollar (\$30.00) charge for the late letter will be made against the delinquent members' account. Additionally, an interest charge at the rate of 12% per annum will be assessed against any outstanding balance including delinquent assessments, late charges, and cost of collection, which may include attorney fees. Such interest charges shall continue to be assessed each month until the account is brought current.
6. If an assessment is not received within forty-five (45) days of the stated due date, the Association 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 last known mailing address provided to the Association advising of the delinquent status of the account and impending collection action. If the delinquent owner has provided a written notice to the Association of a secondary address, all notices shall be also sent to that address. Otherwise, the unit address shall be deemed the correct address for all purposes. (Civil Code Section 4040(b)). The owner will be charged a one hundred fifty-dollar (\$150.00) fee for the pre-lien letter. The owner will also be charged a fifty dollar (\$50.00) fee for each title check requested and a fifty dollar (\$50.00) fee for the resolution.

The pre-lien letter will include the following language:

- a. A general description of the collection and lien enforcement procedures of the association and the method of calculation of the amount.
- b. A statement that the owner of the separate interest has the right to inspect the association records pursuant to Section 5205 of the Civil Code.
- c. The following statement in 14-point boldface type, if printed, or in capital letters, if typed:

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

- d. An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.

- e. A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association.
- f. The right to request a meeting with the board as provided Section 5665.
- g. The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program Article 2 (commencing with Section 5900) of Chapter 10.
- h. The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10 before the association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

(Civil Code Section 5660(a-f)).

- 7. If an owner fails to pay the amounts set forth in the pre-lien within forty-five (45) days from receipt of that letter, a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection including attorneys' fees may be assessed against the owner's property (Civil Code Section 5675). The owner will be charged a three-hundred-dollar (\$300.00) fee for the preparation of the lien, plus the cost of recordation.
- 8. After expiration of 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. The owner will be charged three hundred dollars (\$300.00) for preparing the matter to be sent to counsel.
- 9. 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. If the owner requests to meet with the Board to discuss a payment plan within fifteen (15) days of the date of the postmark of the pre-lien letter, then the Board shall meet with the owner within forty-five (45) days of the postmark on the owner's request, 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 member (Civil Code Section 5665). The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
- 10. Nothing herein limits or otherwise affects the Association's rights to proceed in any lawful manner to collect any delinquent sums owed to the Association.
- 11. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and legal fees must be paid in full to the Association.
- 12. The delinquent owner will be responsible for all costs of collection, including attorneys' fees, incurred by the Association to collect any delinquent sums (Civil Code Section 5650).
- 13. All charges listed herein are subject to change without notice.

Additional Provisions to Conform to Law

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 (Civil Code Section 5673).

The Association may not foreclose unless delinquent assessments are greater than one-thousand-eight-hundred dollars (\$1,800) or greater than twelve (12) months delinquent (Civil Code Section 5720).

Prior to commencing foreclosure, the Association will offer to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the offer of such informal dispute resolution, pursuant to the Association's meet and confer program required by Civil Code Section 5900, et seq. and will also offer to engage in formal alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925 et seq. (Civil Code Section 5705).

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 (Civil Code Section 5705(c)).

All foreclosures shall be subject to a ninety (90) day right of redemption.

The Association may sue delinquent owners personally or take a deed in lieu of foreclosure on account of delinquent assessments. (Civil Code Sections 5720(b)).

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.

Fee and Penalty Procedures

The following charges may be assessed in accordance with the Association's Assessment and Billing Collection Policy:

| | |
|---|------------------------------------|
| Late Charge | 10% |
| Late Letter Fee | \$30.00 |
| Pre-Lien Letter | \$150.00 |
| Additional Pre-Lien Letters | \$75.00 each |
| Title Check Fee | \$50.00 each |
| Resolution to Record Lien | \$50.00 |
| Lien Fee | \$300.00 + Recordation Costs |
| Additional Lien Mailings | \$75.00 each |
| Lien Release | \$150.00 + Recordation Costs |
| One-Time Payment Plan Admin. fee | \$100.00 |
| Attorney Package Preparation and Monthly Monitoring | \$300.00 |
| Returned Check Fee | \$25.00 |

In addition to the fees charged by management, if a matter is sent to counsel for legal action, or to a collection service for foreclosure or other action, the owner will be responsible for any attorneys' fees and costs incurred by such action.

The mailing address for overnight payment of assessments is:

**C/O Powerstone Property Management
9060 Irvine Center Drive
Irvine, CA 92618**

Annual Policy Statement

This annual policy statement is provided to you in accordance with the requirements of California Civil Code Section 5310.

1. The name and address of the person designated to receive official communications to The Terrace at Canyon Hills Homeowners Association is Paige Fields. The Association's mailing address for overnight payment of assessment is 9060 Irvine Center Drive, Suite 200, Irvine, CA 92618.
2. Association members may submit a request to the Association to have the Association's annual budget report, review of the Association's financial statement, the Association's financial statement, the Association's annual policy statement, requests for assessment payments made by the member, pre-lien notices (as described in Civil Code Section 5660), copy of a recorded notice of delinquent assessment, and notice of default, sent to up to two (2) different addresses. Such request must be delivered to the Association by email at billing@powerstonepm.com or fax at 949-716-3999.

General notices from the Association to the members will be posted on the community website at <https://www.theterraceatcanyonhills.com/> or the community pool bulletin.

3. Association members can arrange to have all general notice items provided to them by individual delivery by submitting a written request to the association by email to pfields@powerstonepm.com or fax at 949-716-3999.
4. Association member may receive copies of minutes, proposed minutes, or summary minutes of general session meetings of the Association's board of directors by submitting a written request to the person identified in Item 1 above at the address specified in Item 1 or by email at pfields@powerstonepm.com or fax at 949-716-3999. Such minutes, proposed minutes or summary minutes will be available no later than thirty (30) days after the meeting.
5. NOTICE OF ASSESSMENTS AND FORECLOSURE

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

Assessments become delinquent 15 days after they are due unless the governing documents of the association 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 a 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 (\$1800) or more than 12 months delinquent. For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 or Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive).

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

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

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

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

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

PAYMENTS

When an owner makes a payment, 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 5655 of the Civil Code)

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

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

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

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share 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 5665 of the Civil Code)

The board of the 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 5665 of the Civil Code)

6. The Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of assessments are attached.
7. The Association's discipline policy and schedule of penalties for violations of the Association's governing documents are attached.
8. A summary of dispute resolution procedures is attached.
9. A summary of the Association's requirements for approval of physical changes to property is attached.

SUMMARY OF DISPUTE RESOLUTION POLICIES

ALTERNATIVE DISPUTE RESOLUTION SUMMARY

California *Civil Code* Sections 5925 through 5965 require community associations and their homeowners to offer to participate in some form of Alternative Dispute Resolution (“ADR”) prior to initiating certain types of lawsuits in superior court. ADR means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision-making process. ADR may either be binding or non-binding, as may be agreed to by the parties. This Summary of the ADR statutes is being distributed as required by California *Civil Code* Section 5965.

I. When ADR Must be Offered Prior to Initiating Enforcement Action:

An association or an owner may not file certain lawsuits in superior court unless an effort has been made to submit the dispute to ADR as required by law. Generally, ADR must be offered before filing a civil action or proceeding that seeks:

- A. A judicial declaration of the rights and responsibilities of the parties, only; or
- B. A writ of mandate or a writ of prohibition, only; or
- C. Permanent injunctive relief only; or
- D. Declaratory relief, writ relief, or injunctive relief combined with a claim for monetary damages not in excess of the jurisdictional limits of small claims court.

It is not necessary to offer ADR prior to filing any other type of superior court action, or prior to filing any type of small claims action. Except as otherwise provided by law, the ADR requirement does **not** apply to an assessment dispute.

II. Compliance Procedures:

The ADR process is initiated by one party serving all other parties with a “Request for Resolution,” which shall include:

- A. A brief description of the dispute between the parties;
- B. A request for ADR;
- C. When directed to an owner, the request must be accompanied by a copy of the ADR statutes;
- D. A notice to all parties that they are required to respond within 30 days of receipt, or else the offer of ADR is deemed rejected; and

Service of the Request must be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the intended recipient actual notice of the Request. If the Request is accepted, ADR must be completed within 90 days of the receipt of the acceptance, unless the parties sign a written agreement extending the completion date.

The cost of ADR is to be borne by the parties. Unless the parties agree, no oral or written evidence or statements made in an ADR proceeding, other than arbitration, are admissible as evidence in a later lawsuit.

Each homeowner should consult with his or her own attorney regarding appropriate compliance with the ADR statutes.

III. Failure to Participate in Some Form of ADR Prior to Enforcement Action:

Should a party unreasonably refuse to participate in ADR before the lawsuit is filed, the court may, in its discretion, take this refusal into consideration in determining the amount of attorney's fees and costs ultimately awarded at trial. In accordance with the disclosure requirement of California *Civil Code* Section 5965, please be advised that:

“Failure of a member of the Association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.”

INTERNAL DISPUTE RESOLUTION POLICY

Pursuant to the requirements of California Civil Code Section 5905, the Association provides you with the following internal dispute resolution procedure (“IDR”), as stated in California Civil Code Section 5915. This policy will apply to a dispute between the Association and a member involving their rights, duties, or liabilities under the Davis-Stirling Common Interest Development Act, Civil Code Section 4000; the California Non-Profit Mutual Benefit Corporation Law, Corporations Code Section 7110, et seq.; or the Governing Documents of the Association. This policy supplements the requirements for alternative dispute resolution as provided in Civil Code Section 5925, et seq.

Either party to a dispute within the scope of Civil Code Sections 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 a member, or 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. The parties may be assisted by an attorney or another person at their own cost when conferring.
5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the Association.

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

1. The agreement is not in conflict with law or the governing documents of the 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.

THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION

FHA CERTIFICATION DISCLOSURE

Certification by the Federal Housing Administration (FHA) 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 not] a condominium project. The association of this common interest development is not] certified by the Federal Housing Administration

The assigned number condo ID number is S012499 001 and certification expires on September 8, 2024. This approval is good for three years and the Association's Board of Directors would have to determine at the time of expiration to recertify. While this approval is a blanket approval, applicants for FHA loans in your association will require loan level approval as well. Such a loan level approval will consist of looking at your FHA concentration, the delinquency factor of your HOA dues, proper fidelity bond coverage and the percentage of owner occupancy. As long as this information does not change or remains within the accepted levels, unit owners/purchasers should have no problems obtaining their home loans.

FHA Status can be checked online at U.S. Department of Housing and Urban Development website at <https://entp.hud.gov/idapp/html/condlook.cfm>.

THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION

VA CERTIFICATION DISCLOSURE

Certification by the federal Department of Veterans Affairs (VA) 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 not] a condominium project. The association of this common interest development is/is not] conditionally certified by the federal Department of Veterans Affairs.

The assigned condo ID number is 004527 and the last review completion was on 12/05/2017.

VA status can be checked at the Department of Veterans Affairs website at
<https://lgy.va.gov/lgyhub/condo-report>

**THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION
ARCHITECTURAL REQUEST FORM**

Name: _____ Date _____

Property Address: _____

Home Phone: _____ Cell Phone: _____ Email: _____

I. Proposed Project Information: (Describe in detail – diagram, height, colors, materials, etc.)

II. Neighbor Advisement: (You must advise your adjoining neighbors of any proposed improvement to your property. Please have them sign below. If a unit is vacant, please indicate the address and leave the signature blank.)

Right Side Neighbor Signature: _____ Address: _____

Left Side Neighbor Signature: _____ Address: _____

III. Documents Required for Submittal:

- ___ Two (2) sets of detailed plans
- ___ Two (2) copies of this application
- ___ All specifications, materials and locations of proposed improvements
- ___ Actual samples and/or pictures / brochure of improvement proposed

IV. Architectural Committee Review: The Architectural Committee has thirty (30) days from the date of submittal to review the application with required documents. If all required documents are not submitted completely in full, the architectural applications will be denied.

.....
Architectural Committee Use Only

_____ Approved _____ Denied

Conditions of Approval / Reasons for Denial:

Date: _____ Architectural Committee Signature _____

Return Application with all attachments to:

**mail to: Powerstone Property Management
9060 Irvine Center Dr
Irvine CA 92618
email to: pfields@powerstonepm.com**

**THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION
NOTICE OF COMPLETION**

Today's Date _____

I hereby certify that all work has been completed and done in compliance with the approved plans and conditions.

Address where work took place: _____

Owner's Name: _____

Signature: _____

Mailing Address (if different): _____

Daytime Phone: _____ Evening Phone: _____ Email: _____

Type of Work: *(Attach photographs of work covered under this submittal and return along with this form)*

Window Replacement Plumbing / Electrical Garage Door Replacement

Satellite Installation Front Door / Screen Door Installation

Other _____

DO NOT WRITE BELOW THIS LINE

The Architectural Committee has observed the improvements and recommends the following:

APPROVED: Final observation is complete and the owner is in substantial conformance with the approved plans.

DISAPPROVED: Homeowner is NOT in substantial conformance with the approved plans. Homeowner shall complete/modify/remove the items. After all items have been corrected resubmit to the Managing Agent for a second request for final observation. See attached comments for items not in conformance.

The Terrace at Canyon Hills Homeowners Association Architectural Committee Comments / Corrections:

Date: _____



The Terrace at Canyon Hills Homeowners Association

SUBMISSION OF YOUR ARCHITECTURAL PLAN APPLICATION

Living in a planned community such as The Terrace at Canyon Hills Homeowners Association (“The Terraces HOA”), offers many privileges as well as the imposition of certain restrictions. To preserve the value, desirability, attractiveness and architectural integrity of the Terraces, its Covenants, Conditions and Restrictions (“CC&Rs”) have authorized the formation of the Architectural Committee (“AC”).

The AC is appointed by the Terrace at Canyon Hills Board of Directors (“The Terraces BOD”) and does not seek to restrict individual creativity or personal preferences, but rather to help ensure a continuity in design for which the community will aid in the preservation of the real property proprietary interests within the community and improve the maintenance of the traditional appearance of the community.

Nothing may be attached, removed, or modified in relation to the exterior of buildings within the community, or placed in the common areas without prior AC approval.

Please submit your Architectural Plan Application and support documentation material to the AC as follows:

**The Terrace at Canyon Hills Homeowners Association
Architectural Committee
c/o Powerstone Property Management
9060 Irvine Center Drive
Irvine, CA 92618**

1.0 When Should a Homeowner Submit An Architectural Plan Application?

AC will review and respond to all written requests within thirty (30) days of their receipt; accordingly, this time-related requirement should be taken into consideration when planning any property improvements or projects or selling a home. It is strongly recommended that plans be submitted with a complete application at least sixty (60) days prior to beginning any work to reduce the risk of any potential inconvenience to the applicant and, also, help ensure an Architectural Plan Application can be reasonably reviewed and approved, and the desired work started timely. Only complete submittals **from Homeowners** will be considered.

1.1 What Should a Homeowner Submit?

1.1.1 Architectural Plan Application Request Form found on the Terrace HOA’s website: <https://www.theterraceatcanyonhills.com/>

1.1.2 Architectural Plans and Specifications are defined as renderings, illustrations, photographs, measurements, material descriptions and samples, and brochures provided by vendors (2 sets). One approved set will be returned to Homeowner while the other approved set will be retained by HOA.

1.1.3 Any duplicate submitted photographs, renderings, illustrations, measurements, brochures, and material descriptions and samples, that are supportive of submitted Architectural Plans Specifications will not be returned to Homeowner (e.g., second set of supportive materials submitted to AC).

1.2 What Should Architectural Plans Include:

Plans may be drawn on 8-1/2 x 11 sheets of paper, or a formal plan may be submitted. The plans should detail all proposed improvements. Each plan should depict all easements running across the property and accurately reflect all boundary lines.

1.2.1 Plot or Site Plan: Must be drawn to scale (e.g., 1/8"=1'0") or clear dimensions defined.

1.2.2 Improvement Plan: Must show the nature, shape, dimensions, materials, color, finish and location of proposed improvements.

1.3 Details to Be Included in Architectural Plans Are As Follows:

1.3.1 Unit address, Homeowner's name, email address, daytime, and evening phone number.

1.3.2 All dimensions of the proposed improvement; distances between existing and proposed work; and distance of proposed work from property lines.

1.3.3 Detailed description of materials to be used for the proposed improvement.

1.3.4 Drawings, illustrations, specifications, photographs, depiction of applicable elevations (side view), footings, etc.

1.3.5 Colors of all proposed materials to be used for the proposed improvement.

1.4 Other Information:

1.4.1 BOD may require Homeowner to pay for fees incurred by HOA if BOD deems professional consultation and/or extensive review of the Architectural Plan is necessary.

1.4.2 It is each Homeowner's responsibility to accurately depict all property lines and easements associated with their property. HOA does not have the authority to authorize construction upon HOA's Property or easements. HOA reserves the right to require removal of anything including improvements, discovered to be on HOA's property, including but not limited to community common interest property ("common area"), or easements.

1.4.3 AC approval does not waive, constitute, or reflect compliance with any federal, state, or local law, ordinance, or code. Approval by AC does not relieve or satisfy a Homeowner's obligation to comply with all government laws and regulations affecting use of premises, subject to any approved Architectural Plan Application. Approval by AC does not constitute approval by City of Laguna Beach ("City") or County of Orange ("County"); and approval by City or County does not constitute approval by AC. **It is each Homeowner's responsibility to obtain all necessary permits and satisfy compliance with federal, state, or local law, ordinance, or code.**

1.4.4 AC approval does not constitute acceptance of any technical or engineering specifications; and HOA assumes no responsibility for such of the property. Homeowner is responsible for all technical and engineering specifications. Approval of a Homeowner's Architectural Plan Application by AC and/or HOA, pursuant to the Terrace HOA Architectural Guidelines developed by HOA and AC does not warrant structural safety, conformance with building codes, or other applicable governmental

requirements. AC and BOD will review and either approve or reject an Architectural Plan Application for aesthetic purposes only.

- 1.4.5 Any oversight of a provision of the governing documents, or a provision of HOA Architectural Guidelines, **does not** waive any guideline or rule expressed therein. Corrections may be required. Only improvements depicted within Architectural Plans can be reviewed by AC. Homeowner is responsible to ensure all improvements are depicted within the Architectural Plan submitted. Any improvements not depicted within Architectural Plans are not approved. Any change(s) to approved Architectural Plans shall be deemed unapproved until resubmitted and approved. Approval of Architectural Plans and Specifications shall apply only to the property for which approval is granted and shall not be deemed authorization to proceed with improvements on any property other than the property reviewed by AC and **owned** by the Applicant. It is each Homeowner's responsibility to specifically identify all improvements for which they seek approval. Improvements which are not described with specificity may result in later disputes and, potentially, the required removal or relocation of any ambiguous and/or non-compliant improvements for which any resulting costs would be the responsibility of Homeowner. Consequently, it is in the best interests of Homeowner to ensure a thorough and knowingly detailed preparation of any Architectural Plan Application has been completed before submission to AC for approval.
- 1.4.6 Access to, or storage of, equipment used during the course of construction must be through, **and limited to**, Homeowner's property only. Property owned and/or maintained by HOA shall not be used for construction access or storage, unless Homeowner obtains prior written authorization from HOA; Homeowner agrees in writing to indemnify HOA for damage to property owned and/or maintained by HOA which is damaged as a result of Homeowner's project; and Homeowner posts a construction deposit for restoration of damage to property owned and/or maintained by HOA.
- 1.4.7 Homeowner is financially responsible for any past and future damages, and repairs and/or replacement to property owned and/or maintained by HOA which is damaged as a result of Homeowner's project.
- 1.4.8 Homeowner is financially responsible for any damage to property owned and/or maintained by HOA including, but not limited to, change of color to the front of their garages; and damage to interior courtyard or backside of their patio/deck when used for remodeling, upgrading, painting or any construction project.
- 1.4.9 Homeowner is financially responsible to pay HOA the cost of remedying any Homeowner-caused damage or disability to property including, but not limited to Homeowner's incomplete property improvement /construction repairs and/or projects. All improvement/construction repair projects must be completed within 90 days of AC approval date.
- 1.4.10 Building materials may not be stored on streets, sidewalks, or on property owned and/or maintained by HOA. Streets may not be obstructed by construction equipment or vehicles. All rubbish, debris and unsightly material, or objects of any kind, shall be regularly removed from the property and shall not be allowed to accumulate thereon.
- 1.4.11 In the event that City and/or County requires modifications to the plans and specifications previously approved by AC, Homeowner shall submit to AC all modifications to the plans. AC shall have the right to review and impose further

conditions on such modifications which are not inconsistent with the requirements imposed by City and/or County. The AC shall have the right to impose conditions of approval of proposed Improvements which are more restrictive than conditions as may be imposed by the City and/or County.

1.4.12 Failure to Comply With And Satisfy All Procedural Requirements For An Architectural Plan Application May Void Approval.

1.5 Appeal:

In the event of an adverse Architectural Plan Application decision, Homeowner may request an appeal by submitting a request Board Approved Architectural Appeal Variance Form to BOD. The Appeal must be filed within thirty (30) days of the decision by AC and, also, must be submitted in writing to the BOD, through the managing agent. Please refer to the CC&R' s Article XII, Section 12.05.

An Application for Appeal (“AFA”) pursuant to the Architectural Appeal Variance Form, shall be heard at the BOD meeting following submission, so long as the AFA is received at least ten (10) days prior to the date of the meeting. Otherwise, the AFA will be considered at the next scheduled BOD meeting. In any event, the written decision of BOD in response to any AFA shall be provided within forty-five (45) days following the date such request is received. The failure of BOD to render a decision within forty-five (45) day period shall be deemed a decision in favor of the Homeowner unless HOA-owned property is involved.

The requesting Homeowner is encouraged to attend BOD meeting at which the AFA is to be considered. In the event the requesting Homeowner cannot attend the BOD meeting, the Homeowner is encouraged to provide BOD with a written description of the reasons why the AFA should be granted.

1.6 Variance:

BOD may authorize a variance from compliance with any of the Architectural Guideline’s provisions, with all the reasons in support of and against authorization of the variance by respective individual BOD members documented within the minutes of the applicable BOD meeting. Homeowners must place their requests in writing. For Unit configuration and/or neighboring units to be taken into consideration, photographs and layout specifications are required to be submitted by Homeowner with each variance request.

1.7 Submittal to City/County:

Upon obtaining the written approval from AC, Homeowner shall thereafter submit Architectural Plans and Specifications to City/County if the proposed improvements require the issuance of a building permit or other City/County required approval. In the event of a discrepancy between this document and City/County requirements, the most restrictive standard shall prevail. HOA will not be responsible for actions taken by government agencies. In the event City and/or County requires modifications to the Architectural Plan Application previously approved by AC, Homeowner shall submit to AC all modifications to the Architectural Plan Application. Modifications that **REQUIRE** City of Laguna Beach Building Department permit/inspection are as follows:

1. Any modification to electrical wiring in walls or ceilings;
2. Any modification to gas or water pipes in walls, ceilings or floor;
3. Replacement or additional devices added to electrical meter/distribution panel;
4. Addition and/or modification to existing exterior wall or roof penetrations;

5. Window replacement including wood frames (casements), not retro fit windows;
6. Replacement of heating and/or air conditioning equipment; and
7. Any type of structure located in or around a deck or concrete patio.

1.8 Hours of Operation:

All improvement installation operations shall be carried on in accordance with HOA's governing documents, and City/County ordinances, whichever is more restrictive.

1.9 Notice of Completion:

Within thirty (30) days after completing installation, a completed Notice of Completion Form ("NOC") must be submitted to AC. Upon the AC's receipt of the NOC form, AC shall have sixty (60) days to inspect those improvements completed upon Homeowner's Unit and shall notify Homeowner in writing of failure to comply, specifying the particulars of noncompliance, if any. Homeowner shall remedy such noncompliance or remove the same within a period of not more than thirty (30) days from the date that notice of AC ruling is given to Homeowner. If after sixty (60) days Homeowner has failed to remedy such noncompliance, AC shall notify BOD in writing of such failure, which shall result in a hearing process, including Homeowner's participation.

Once the NOC is approved in writing, HOA will confirm that HOA property has not been damaged and there are no fines or outstanding assessments against Homeowner.

The Terrace at Canyon Hills Homeowners Association

ARCHITECTURAL GUIDELINES

2.0 Walls/Fences/Privacy Screens:

Homeowners may construct additional walls and fences a maximum four (4) feet in height on their Exclusive Use Area concrete patio and allow for air flow (no privacy panels) with AC approval.

Fencing should allow access, including stairs/steps, for HOA's service providers. Fencing should include a 36-inch gate for access. Footings should be attached to the top of owner's exclusive use concrete pad. No fencing shall be installed on common interest area.

Homeowner can install a trellis/lattice made of wood or vinyl, with the color white, brown or natural, on his/her Unit's patio or deck. Height may be not higher than the bottom of the eave/gutter of the Unit's first floor and not wider than the width between adjoining Units. A trellis/lattice can be attached only to the Unit's wood trim, railing, or decking, not stucco or wood siding, and must be placed within the Unit's Exclusive Use Area. Homeowner shall have responsibility for any wood, patio, or decking damage repair or replacement, if necessary, including but not limited to water intrusion-related damage caused by the installed trellis/lattice. The trellis/lattice must allow for air flow and be maintained in good functional and aesthetic condition. An Architectural Plan Application is required before installation.

2.1 Swimming Pools And Spas:

Portable swimming pools and spas are not allowed.

2.2 Portable Wood Fire Pits:

No fire pits are allowed on patio/decks or common areas.

2.3 Temporary Structures:

No outbuilding, tent, shed or other temporary building, structure or improvement may be placed upon any portion of the Terraces properties.

2.4 Alteration Of Association Property Or Association Maintenance Areas:

Any modification to the common area property is strictly prohibited. The addition of plant material or alteration of iron fencing is not permitted on HOA property or HOA maintenance areas. Regardless of whether a submitted Architectural Plan Application, with proposed alterations to HOA property or HOA maintenance areas, is deemed approved, improvements of this nature shall not be permitted.

2.5 Trees, Landscape And Hardscape:

No trees, plants, flowers, and/or any other landscape and hardscape-related items (e.g., potted plants, rocks, stones, gnomes, statues, fountains, etc.) may be planted and/or placed upon HOA property, common areas, or HOA maintenance areas, including courtyards, without BOD approval.

2.6 Drainage:

Per section of 4.17 of the CC&Rs, which states in part, "There shall be no interference with the established drainage pattern over any part of the properties." For the purpose hereof,

"established" drainage is defined as the drainage which exists at the time the overall grading of any part of the property is completed by the developer, which may include drainage from HOA properties over any Unit or HOA maintenance areas on the properties. Each Unit has been graded in accordance with the requirements of local agencies for directing the flow and drainage of surface water. If the existing drainage is altered in any way because of: (a) the alteration of swales or drainage courses; (b) a change in grading; or (c) any landscaping or other improvements that are installed in a way that alters the drainage flow on Homeowner's property, Homeowner should consult with a licensed civil engineer before making alterations to property with the Terraces community. HOA shall not be responsible for such drainage of water of any damage to persons or property resulting therefrom. No changes to the existing grade are allowed.

2.7 Lighting:

Porch and roadway lighting maintained by HOA may not be altered. **Any changes to exterior patio/deck lights installed by developer require AC approval.**

2.8 Holiday Lighting:

Holiday lighting is permitted without AC approval from November 15th until January 15th only. Holiday lighting is limited to Homeowner's own unit. Nails, screws or thumb tacks may not be installed in the wood shingles/siding and/or trim. All lighting must be attached with removable clips to the gutters.

Lighting for other holidays throughout the year is limited to 14 days prior and 14 days after the holiday. Nails, screws, or thumb tacks may not be installed in the wood shingles/siding and/or trim. All lighting must be attached with removable clips to the gutters.

Per section 7.04b and 7.12 of the CC&Rs, Homeowner is responsible for any damage to a Unit's exterior and the cost of damage repair to a Unit's exterior caused by Homeowner's installation of holiday lighting.

2.9 Advertising/Contractor Signs:

Contractors performing work on the individual Units may not post and display their company's signage Homeowner's Unit. No contractor signs shall be placed by a Homeowner on a HOA maintained area or on a HOA building.

2.10 Mailboxes:

Mailboxes are the property of the HOA and shall not be altered. The lock mechanism and mailbox keys are Homeowner's responsibility. Management does not keep extra mailbox keys. **Nothing can be posted on the mailboxes per Federal guidelines.**

2.11 Streets/Roadways/Driveways/Walkways:

No construction debris or materials such as lumber, drywall, sand or bricks may be permitted to remain on the streets, roadways, driveways, or walkways of the Terraces community. All items of such nature must be stored in Homeowner's unit and shielded from view from the street and neighboring lots. If any materials are delivered and deposited on HOA maintenance areas, Homeowners will be held responsible for the costs involved in cleaning and/or restoring HOA property, streets, roadways, driveways, or walkways. HOA reserves the right to clean the streets, roadways, driveways, walkways, and any other HOA maintenance area and bill the responsible Homeowner for costs.

2.12 Window Coverings:

Per section 4.15 of the CC&Rs, only curtains, drapes, shutters or blinds may be installed as permanent window covers. No aluminum foil or similar coverings deemed to be inappropriate for a window covering shall be applied to the windows or doors of any Unit.

Window awnings are not permitted. Exterior window treatments are not permitted.

2.13 Window Tinting:

AC approval is needed to install window film, heat reduction film, UV ray reduction film or other solar film designed to repel the heat, UV or other rays of the sun from the interior of the home. HOA encourages home improvements that positively affect the reduced energy consumption of the home, based on renewable resources. Mirror, colorized tinted, dark and blackout finishes will not be approved.

2.14 Outside Installations:

No projections of any type may be placed or permitted to remain above the roof of any building within the Terraces properties, except one or more chimneys and vent ss originally installed by the developer; approved solar panels; antenna; or satellites. No basketball backboard or other fixed sports apparatus may be constructed or maintained on the property. No fence or wall may be erected, altered, or maintained on any Unit except with AC's prior approval. **No patio cover, wiring, air-conditioning fixture, or other devices may be installed on the exterior of a Unit; or be allowed to protrude through the walls or roof of the exterior of the building (except for those items installed during the original construction of the Unit).** Glass block is not permitted in any improvement. Free standing canvas patio covers are not permitted.

2.14.1 Per section 7.04b and 7.14 of the CC&Rs, Homeowner may not nail and/or affix anything to the outside exterior wood siding or stucco. Homeowner will be financially responsible for any damage and necessary repairs.

2.15 Satellite Dishes:

Except for installations upon a common area or in a location that causes a safety hazard, the HOA cannot "impair" or unreasonably restrict the installation, maintenance, or use of satellite dishes that conform to the FCC's Over Air Reception Devices Rule (known as "OTARD"). OTARD specifically addresses that an HOA:

- A. May not unreasonably delay or prevent the installation, maintenance or use of a satellite dish;
- B. Cannot unreasonably increase the costs of installation, maintenance or use; and
- C. Cannot preclude the Homeowner/tenant from obtaining an acceptable signal quality.

OTARD's purpose is to open up a world-wide communication system at reasonable costs to promote competition and consumer choice. With that in mind, the following guidelines are to be followed.

Common areas are excluded from the OTARD regulations. No satellite dishes are to be installed or placed in designated common areas without prior HOA approval. This also includes common area roofs or buildings outside the area of exclusive use of a resident's home.

The size allowable must be less than one meter in diameter and installed upon property within the exclusive use or control of that antenna user, if that Homeowner/tenant has a direct or

indirect ownership of possessory interest in the property (i.e., balconies and patios). This applies even if the HOA maintains the area dependent on whether Homeowner/tenant is the “only party entitled to beneficial use of the area.” However, the HOA can require the temporary removal of the dish, if necessary, to perform maintenance.

Although approval is not required prior to installation, it is strongly encouraged that Homeowner/tenant contact HOA to ensure compliance with these guidelines.

The OTARD Rule is not applicable if there is a clearly defined and legitimate safety issue or historical preservation concern.

Screening/concealing/painting of a satellite dish may be required as long as it does not impose unreasonable expense or delay, preclude the reception of a quality signal, affect product warranties, or increase the cost to the user.

For dish placements/installations in visible areas, HOA may retain an “expert” to determine if signal strength and quality is acceptable if satellite dish is placed/moved to a non-visible area. HOA cannot require movement of a satellite dish if it causes a significant degradation of signal/service to the user.

HOA may also require reasonable reimbursement for any damage to the common area during the installation, maintenance or use of a satellite dish. This includes damage to the exterior walls, roof, patios or balconies as a result of the placement or installation of the satellite dish particularly if the dish is removed or replaced.

HOA is responsible for ensuring that maintenance of tree growth and landscaping do not directly interfere with acceptable signal quality, service and use. HOA is not responsible for trees and landscaping outside the direct control of the HOA.

Please see the FCC website (www.fcc.gov/media/over-air-reception-devices-rule) for further OTARD rules and details.

2.16 Portable Basketball Standards AND Other Recreational Equipment:

Portable basketball equipment or recreational equipment, such as, but not limited to, hockey nets are not permitted on HOA property or common areas.

2.17 Interior of Units:

Per section 4.03 of the CC&Rs, which states in part “Each owner shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surface of the walls, ceilings, floors, windows and doors bounding their own Unit.

2.18 Structural Alterations:

Per section 4.07 of the CC&Rs, “No Homeowner shall make or cause to be made structural alterations or modifications to the interior of their residence without the prior written consent of the AC. No Homeowner shall make any improvement or alteration within the boundaries of their residence which impairs the structural integrity or mechanical systems or lessens the support of any portion of the common property.

2.19 Painting:

Exterior painting is not permitted by Homeowner. HOA shall perform all exterior painting. Any

damages to the exterior paint by Homeowner, or Homeowner's tenants, guests, and/or visitors will be charged to Homeowner.

2.20 Screen Doors:

Screen doors may be installed on the front door entrances provided the screen door is a full screen with minimal or no kickplate; or is a 15-panel screen with minimal or no kickplate; or is retractable. All screen doors must be white in color and kept in good working condition (i.e. free of rust, on hinges, and without holes/tears in the mesh). See examples of pre-approved screen doors in Appendix B.

Patio screen doors must be replaced as original style, or retractable style and white in color. Metal security screen doors are permitted as long as they are white in color, free of rust, on hinges, and in good working condition without holes and/or tears in the metal screen/mesh.

2.21 Barbecues:

Free standing UL Listed barbecues are permitted in Exclusive Use Areas and are limited to gas or propane only. Charcoal and wood burning appliances are not permitted. Permanent barbecue structures or islands are subject to approval by AC.

2.22 Patio Or Deck Cover And Trellis:

Per section 4.19 of the CC&Rs, which states in part, "No Homeowner shall construct or maintain a patio cover or deck cover or trellis which would encroach beyond the boundaries of a "Patio Air Space" or "Deck Air Space" which may be appurtenant to the Unit as attached hereto and made a part thereof. Patios, deck covers, and trellises must be white. It shall be the obligation of Homeowner of each Unit to maintain any patio cover, deck cover, or trellis constructed for the benefit of their Unit in a good and attractive condition, and in a manner which is in accordance with the standards for maintenance in the area of the Terraces properties. Architectural Plan Applications must show the exterior elevation, designate materials, colors, and include dimensions of desired patio covers, deck covers, and trellises for AC approval.

2.23 Garage Doors:

Per section 7.05 of the CC&Rs, Homeowners are responsible for both attached and detached garage door repair and/or replacement, including glass. Homeowner is required to repair and/or replace the attached garage door with the same style, design, color (white) and frosted glass as the original garage door installed by the developer. Detached garage doors are also required to be repaired and or replaced in the same style, design and color (white) without windows.

2.24 Air Condition Unit Relocation

AC approval is not required; however, the condenser must be installed within 4 feet of the original location. Air conditioning equipment must be ground-mounted and installed in the rear of the unit; it should not be visible from the street right-of-way. It should be installed in such a way that any noise to adjacent Unit is minimized. Installation of air conditioning equipment on the roof of the Unit or in a window of the Unit will not be permitted.

2.25 Antennas

Except as may otherwise be permitted by AC, all exterior antennae that are visible (fully or partially) from any Condominium Building area or other Unit, or that have a diameter exceeding the measurement allowed by California and federal laws, must be approved by AC.

2.26 **Flagpoles**

Are permitted but can only be mounted to building/unit trim, not mounted on building/unit siding. Flagpoles cannot be mounted outside of a Homeowner's common area walkway facing the street nor can the installed flag extend past the end of Homeowner's common area walkway leading to their unit. Flag poles must meet federal, state, and local guidelines. In the event of a discrepancy between this document and City/County/Federal requirements, the most restrictive standards shall prevail.

2.27 **Garage Door Keypads**

Garage door keypads may be installed on the garage door frame without AC approval provided the keypad is white in color and not to be larger than 8 inches by 12 inches. Garage door keypads are to be installed on the interior facing portion of the framing, not facing the street. Homeowner is responsible for the cost of removal and/or replacement of a garage door keypad that is not in compliance with the provisions of this paragraph, and the cost of repair to the unit for such removal and/or replacement. In the event of garage door frame maintenance, repairs, and/or replacement, Homeowner will be responsible to remove and reinstall the garage door keypad at Homeowner's expense.

2.28 **Front Door Replacement and Ornamentation**

AC approval is required for the addition or replacement doors to a Unit. The wood should match existing approved style: smooth, 4-panel doors, white in color only (see Appendix A). Security window bars are not permitted. Use of nails, screws, and thumb tacks on the front door are not permitted.

No permanent door ornamentation other than an approved door knocker (requires submission of Architectural Plan Application) may be attached to the front door. This includes carved ornamentation within the wood of the front door.

Wreaths are permitted provided they are not supported by nails, screws or thumbtacks.

2.28.1 Existing front doors with carved ornamentations thereon that have been approved by BOD are grandfathered in and may remain so long as they are white in color and without additional ornamentation. Upon replacement, if any, the replacement door ***must*** include four panels, be white in color; and, otherwise, comply with all provisions of the Architectural Guidelines.

2.28.2 Existing front doors with six panels, instead of four panels, that have been approved by BOD are grandfathered in and may remain so long as they are white in color. Upon replacement, if any, the replacement door ***must*** include four panels only, be white in color; and, otherwise, comply with all provisions of the Architectural Guidelines.

2.28.3 The grandfathering in provisions relative to any front doors referenced within this paragraph, 2.28-2.28.3, are effective as of the date of the revised Architectural Guidelines, March 24, 2022

2.29 **Front Door Handle Replacement**

The front door handle, deadbolt, and keypads all must match in same style and color.

2.30 **Window Replacement**

AC approval is required for all replacement windows. Submission of Architectural Plan Application, with replacement window specifications, to AC shall include a description of the window frame material and color. Mill finish on aluminum windows, reflective material adhered

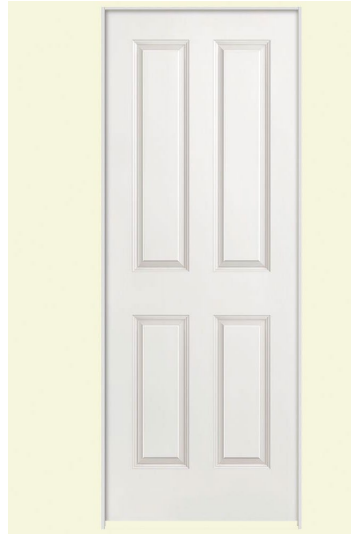
to, or immediately adjacent to the window glass is prohibited. Replacement windows shall be substantially the same (i.e., retro fitted and “Like for Like”) as those initially installed with frames that do not exceed three (3) inches with no tinting, unless or approved by AC. Unit structure and wood siding cannot be affected by installation of replacement windows. All windows must be kept clear, except for bathroom windows.

2.30.1 French doors may be considered when replacing sliding doors installed by the developer; however, same requirements as outlined in sections 1.3 and 2.30 apply.

APPENDIX A - DOORS

Acceptable front door options, all must be a solid single door and white:

(Original doors)



(Acceptable replacement: 4 panel)

Acceptable Sliding Door replacement options -French door options, must be white:



APPENDIX B – SCREEN DOORS

Acceptable screen door options, must be white:

All screen with minimal or no kickplate



15 panel with a maximum 12" kickplate or no kickplate



Retractable Screen Door

Examples of acceptable metal security doors



Steel Security Door with Metal Screen



Security door with Meshtec

The Terrace at Canyon Hills Homeowners Association

Policy on Electric Vehicle Charging Stations

I. Introduction

The Terrace at Canyon Hills Homeowners Association (“Association”) recognizes the benefits that electric vehicles have on the environment, promotes and encourages the use of electric vehicle charging stations (“Charging Stations”) within the community, and is committed to working with Owners¹ interested in installing a Charging Station.

The Association’s Board of Directors (“Board”) recognizes that in order to fulfill its responsibilities, it must impose reasonable restrictions on installations of Charging Stations. Therefore, the Association has adopted this Policy on Electric Vehicle Charging Stations (“Policy”), which places reasonable restrictions that do not significantly increase the cost of the Charging Station or significantly decrease its efficiency or specified performance. In addition, the Policy ensures that a uniform and reasonably high standard of attractiveness is maintained within the community, and that the Association is able to continue to meet its obligations for the maintenance, repair, and replacement of the Common Area, Exclusive Use Common Area, and other building components.

The Association has established this Policy, including the guidelines described below, regarding the installation of Charging Stations within the community. This Policy is based on, and designed to comply with, Civil Code sections 4745 and 4745.1, and as they may be amended from time to time. The Policy is designed to aid Owners in developing their electric vehicle charging station projects within Association expectations, thereby minimizing the time for review and approval by the Board. Interpretation, variances, and implementation of the Association’s *Declaration of Covenants, Conditions and Restrictions* (“CC&Rs”), architectural guidelines (“Guidelines”), and other rules and policies of the Association (collectively, “Governing Documents”) are at the sole determination of the Board. This Policy supersedes any and all previous policies and guidelines promulgated by the Association, if any.

II. Definitions

1. A Charging Station is defined as a station designed in compliance with California Building Standards Code and which delivers electricity from a source outside an electric vehicle into one or more electric vehicles. A Charging Station may include several charge points simultaneously connecting several electric vehicles to the station and any related equipment needed to facilitate charging of plug-in electric vehicles.

¹ All capitalized terms not defined herein shall have the meaning as described in the Association’s CC&Rs.

2. An EV-dedicated TOU meter (“TOU Meter”) means an electric meter supplied and installed by an electric utility, that is separate from, and in addition to, any other electric meter and is devoted exclusively to the charging of electric vehicles, and that tracks the time of use (TOU) when charging occurs. A TOU Meter includes any wiring or conduit necessary to connect the electric meter to a Charging Station, as defined in Civil Code Section 4745, regardless of whether it is supplied or installed by an electric utility.

III. Guidelines for Charging Stations and TOU Meters

1. All installations and/or alterations of a Charging Station, a TOU Meter, and any wiring or conduit necessary to connect the same must be approved in writing by the Board or the Association’s Architectural Committee prior to commencing any construction activities.
2. Prior to providing its approval, the Association requires that the Owner provide evidence that he or she has obtained all necessary governmental permits in addition to seeking written approval from the Association.
3. Any Owner who installs or seeks to install a Charging Station and/or TOU Meter without prior written permission and approval of the Architectural Committee, shall be responsible for all costs incurred to remove, relocate or modify the Charging Station and/or the TOU Meter, including attorney’s fees and costs.
4. An application for approval shall be submitted, processed and approved in the same manner as an application for approval of an architectural modification to the property as set forth in the Governing Documents of the Association and the following:
 - A. Approval or denial of the application shall be made in writing;
 - B. If the application is not denied within sixty (60) days from the date of receipt of the application, then the application shall be deemed approved, unless that delay is due to a reasonable request by the Association for additional information; and
 - C. Approval shall not be unreasonably avoided or delayed.
5. An Owner may install and use a Charging Station and/or a TOU Meter in the Owner’s garage once his/her application is approved. An Owner that installs a Charging Station at his/her garage must submit as part of his/her application, plans and specifications to install a TOU Meter, if necessary, in order to separately meter and track his/her electricity

usage for which the Owner will be responsible for. **An Owner may not power a Charging Station, or otherwise charge an electric vehicle, utilizing the garage electricity which is metered to the Association.** An Owner must install a separate meter linked to the Owner's Unit in order to charge an electric vehicle within the garage and must further meet all applicable health and safety standards and requirements imposed by state and/or local authorities as well as other applicable zoning, land use, and other ordinances or land permits.

6. As may be applicable, an Owner seeking to install a Charging Station and/or a TOU Meter for the exclusive use of an Owner in a portion of the Common Area that is not the Owner's Exclusive Use Common Area shall be reviewed and considered by the Association only if installation in the Owner's garage is impossible or unreasonably expensive pursuant to the Civil Code and as determined in the sole discretion of the Board. In the event an Owner is authorized by the Association to install a Charging Station on Common Area, the Owner shall be required to install a TOU Meter to separately meter and track his/her electricity usage, which shall be the sole responsibility of the Owner.
7. Where any portion of the project impacts Common Area components and/or Exclusive Use Common Area components (including, without limitation, Common Area electrical components serving the Unit garage or the installation of a TOU Meter in Common Area), Owners shall be required to enter into a release and indemnity agreement ("Agreement") with the Association for the alteration/use of the space in the Common Area, subject to applicable provisions of the Davis-Stirling Common Interest Development Act ("Davis-Stirling Act") and any reasonable restrictions imposed by the Association. The cost for the preparation of the Agreement is \$600.00 (plus the cost of recordation), to be paid by the Owner.
8. An Owner must meet all applicable health and safety standards and requirements imposed by state and/or local authorities as well as other applicable zoning, land use, and other ordinances or land permits.
9. In compliance with the applicable provisions of the Davis-Stirling Act and the Governing Documents, the following requirements must be met if a Charging Station and/or a TOU Meter is to be installed:
 - A. Owner must meet all applicable health and safety standards and requirements imposed by state and/or local authorities as well as other applicable zoning, land use, and other ordinances or land permits;

- B. Owner must obtain prior Board approval and agree in writing to do each of the following: (1) comply with all Association architectural standards; (2) utilize a properly licensed and insured contractor to install the Charging Station and/or the TOU Meter; (3) within fourteen (14) days of approval and annually thereafter, provide a certificate of insurance that names the Association as an additional insured under the Owner's insurance policy in the amount of not less than one million dollars (\$1,000,000.00); (4) pay for all electricity usage associated with the Charging Station; and (5) enter into the Agreement and pay for the costs of same.
 - C. Owner and each successive owner of the Charging Station and/or the TOU Meter shall be responsible for all of the following: (1) costs for damage to the Charging Station, and/or TOU Meter, Common Area, Exclusive Use Common Area, separate interests, and any other property, resulting from the installation, maintenance, repair, removal, or replacement of the Charging Station and/or the TOU Meter; (2) costs for the maintenance, repair, and replacement of the Charging Station and/or the TOU Meter until it has been removed and for the restoration of the Common Area after removal; (3) costs of electricity associated with the Charging Station; (4) disclosing to prospective buyers the existence of any Charging Station and/or the TOU Meter of the Owner and the related responsibilities of the Owner under this Policy and the Davis-Stirling Act, specifically Civil Code Sections 4745 and 4745.1, as the same may be amended from time to time; and (5) maintaining a homeowner liability coverage policy in the amount of not less than one million dollars (\$1,000,000.00) and naming the Association as a named additional insured under the policy with a right to notice of cancellation.
10. The Association shall have no obligation to resolve any disputes related to allegations or claims that any Owner or other person has used another Owner's Charging Station and/or the TOU Meter without permission, or that any Owner or other person has damaged another Owner's Charging Station and/or TOU Meter. A Charging Station and/or TOU Meter installed and/or used by an Owner at the Association's development, as permitted under this Policy, shall be considered an Owner's personal property for which the Owner is solely responsible.
11. If required by the Association, Owner shall retain and pay for the services of a duly-licensed structural engineer (as defined in California Business & Professions Code §6736) to make a determination that the structural integrity of the Condominium building on which the installation will be located is adequate to support the Charging Station to be installed.

12. Owner of the Charging Station and/or the TOU Meter shall be solely responsible for the increase in any costs to maintain, repair, and/or replace any building components as a result of the installation of the same. The Charging Station and/or the TOU Meter may need to be lifted and/or removed to allow for the ongoing maintenance of the Association, and the Owner of the Charging Station and/or the TOU Meter shall be solely liable for such costs. Upon request from the Association, the Owner of the Charging Station and/or the TOU Meter shall have the same lifted or removed within fourteen (14) days to accommodate repairs and maintenance to any component for which the Association is responsible for. If the Owner fails to lift or remove the Charging Station and/or the TOU Meter within the allotted time, the Association shall be authorized to cause the lifting or removal of the Charging Station and/or the TOU Meter and charge the actual cost of the same to the Owner as a special assessment. In no event shall the Association be responsible for the costs of lifting, removing, and/or reinstalling the Charging Station and/or the TOU Meter, or for any increase in the Owner's expenses during times which the Charging Station and/or the TOU Meter is inoperable for any reason.
13. Prior to the sale or transfer of any Charging Station and/or the TOU Meter equipped property, either: (1) the Charging Station and/or the TOU Meter must be removed from the garage and/or Common Area, and must be restored to its original condition at the Charging Station and/or the TOU Meter Owner's sole cost and expense; or (2) the transferee of the property must, within fourteen (14) days of purchase, provide a certificate of insurance that names the Association as an additional insured under the new Owner's insurance policy in the amount of not less than one million dollars (\$1,000,000.00); and agree to assume, abide by, and be bound by all of the terms of this Policy and the Agreement, if any.
14. The Association shall retain the right to inspect the Charging Station and/or the TOU Meter and verify that the installation of the same adheres to all provisions of this Policy and applicable provisions of the Governing Documents. Any and all costs incurred by the Association for a professional inspection of the Charging Station and/or the TOU Meter and/or its installation shall be the sole obligation of the Owner of the same.
15. In any action resulting from a dispute between the Owner(s) of the Charging Station and/or the TOU Meter and other Owner(s) of the Charging Station and/or the TOU Meter and the Association, related to the installation of the same, or any provisions of this Policy, the prevailing party shall be awarded its reasonable attorney's fees.

16. All parties will cooperate to take any and all actions, and sign all documents reasonably necessary to effectuate the intent, and to carry out the provisions, of this Policy, including, but not limited to, the execution and delivery of all documents and performance of all further acts reasonably necessary for this purpose.

[END OF ELECTRIC VEHICLE CHARGING STATION POLICY]

RECORDING REQUESTED BY,)
AND WHEN RECORDED MAIL TO:)
)
ROSEMAN LAW, APC)
Steven A. Roseman, Esq.)
Andrew M. Jun, Esq.)
21650 Oxnard Street, Suite #2000)
Woodland Hills, CA 91367)

ELECTRIC VEHICLE CHARGING STATION RELEASE AND INDEMNITY AGREEMENT

This Electric Vehicle Release and Indemnity Agreement ("Agreement") is by and between The Terrace at Canyon Hills Homeowners Association ("Association") and ("Owners¹"). The Association and Owners are referred to collectively as the "Parties" and individually as a "Party."

RECITALS

A. **Whereas**, the Association is a California nonprofit mutual benefit corporation organized as a homeowners' association for the residential development located in Laguna Beach, California, and established as a common interest development, as described in the Davis-Stirling Common Interest Development Act, and Civil Code §§ 4000-6150.

B. **Whereas**, Owners are the record owners of real property within the Association located at _____ ("Property"), and are thus members of the Association.

C. The Assessor's Parcel Number ("APN") of the Property is as follows:
_____.

D. The legal description of the Property is as follows:

¹Even if there is just one record owner, the plural "Owners" is used throughout the Agreement.

E. **Whereas**, all members of the Association are bound by the restrictions imposed in its *Declaration of Covenants, Conditions and Restrictions for The Terraces at Canyon Hills*, recorded on August 14, 1986, as Document No. 84-451850, in the Official Records of Orange County, California, and any amendments thereto (collectively, "CC&Rs").

F. **Whereas**, the Association's CC&Rs provides that the Association shall "maintain and otherwise manage all of the Common Area and all facilities, improvements, and landscaping within the Project." (CC&Rs, Article VII, Section 7.03(a).) Further, the Association's CC&Rs provides that the Common Area of the Association shall mean "the entire Common Interest Development except the separate interests therein." (CC&Rs, Article I, Section 1.06.)

G. **Whereas**, the Association's CC&Rs provides that the garage and Property driveway are Exclusive Use Common Area. (CC&Rs, Article I, Section 1.10.) The Association's Bylaws provide that the Association shall promulgate and enforce rules to govern the use of the Common Area by any owner. (Bylaws, Article VI, Section 3.) Pursuant to the foregoing, and consistent with California law, the Association's *Policy on Electric Vehicle Charging Stations* and CC&Rs generally permits the installation of electric vehicle charging stations, subject to certain limitations and approvals.

H. **Whereas**, Owners seek to install an electric vehicle charging station ("Charging Station") and/or an EV-dedicated TOU meter ("TOU Meter") in the garage, located in and/or affecting the Common Area of the Association, which could potentially impact the Association's ability to properly maintain, control and manage the Common Area in a safe and first-class condition, pursuant to the CC&Rs.

I. **Whereas**, the Common Area consists of Common Area components beyond the interior surfaces of the Property's garage, if any, including but not limited to, electrical wires, conduits, and structural components of the garage.

J. **Whereas**, Owners represent and warrant that they have obtained all other approvals and/or permits required in order to install the Charging Station and/or TOU Meter, including any approval and/or permit required from the City, County, and/or the Association, as may be applicable, and, have provided sufficient evidence of the same to the Association.

K. **Whereas**, the Parties have agreed to be bound by the provisions provided for in this Agreement and in Civil Code §4745, which will permit Owners to install the Charging Station and/or TOU Meter in exchange for certain maintenance costs and indemnity provided for herein.

AGREEMENT

NOW THEREFORE, in exchange for the releases, promises and other consideration described in this Agreement, and by incorporation of the recitals referenced above, the Parties agree as follows:

1. **Permission for Electric Vehicle Charging Station/TOU Meter Installation.** The Association hereby grants permission to Owners for the installation of the Charging Station and/or TOU Meter in the Common Area of the Property, at a specific location as approved by the Association, subject to the conditions and limitations contained herein. It is expressly understood that Owners are not entitled to utilize the exclusive use common area garage for any other purpose, except as granted by the Association and its Governing Documents. If at any time Owners shall fail to comply with any of the terms or conditions contained in this Agreement, such permission shall be immediately revoked and the Association's building/property shall be put back into its original condition at Owners' sole cost and expense. Each of Owners' obligations under this Agreement are a material term, and breach of any of Owners' obligations shall be considered a material breach of this Agreement.

2. **Indemnity and Release of Association.** Owners, on behalf of himself, herself, and any heirs, representatives, successors and assigns, hereby indemnifies, holds harmless, shall defend, and releases the Association and its officers, directors, employees, members, attorneys, and agents, and each of them, from any and all claims, debts, liabilities, demands, and causes of action, whether known or unknown, now and in the future, arising from or related to any loss or damage, including, without limitation, water damage, and any other damage sustained from or arising from the Charging Station and/or TOU Meter and their installation, maintenance, or use, or any claims relating to the legality of the installation of the Charging Station and/or TOU Meter and/or any legal challenge concerning the installation of the Charging Station and/or TOU Meter by any other member of the Association, and shall remove the Charging Station and/or TOU Meter in the event of such challenge. Owners agree to be solely responsible for any water intrusion, mold, and/or other damages caused to the Property, the Association's Common Area, or to any other property of the Association as a result of the installation, maintenance, and/or use of the Charging Station and/or TOU Meter. Owners further agree to be solely responsible for any costs incurred by Owners and/or the Association, including actual attorney fees, in the defense of any legal or other challenge to the installation, maintenance and/or use, of the Charging Station and/or TOU Meter, as described herein.

3. **Future Maintenance and Repair.** Owners agree to pay to the Association the actual increase in any costs to maintain, repair, and/or replace any building components as a result of the installation, maintenance and/or use of the Charging Station and/or TOU Meter. Owners specifically acknowledge that the Charging Station and/or TOU Meter may need to be lifted and/or removed to allow for the ongoing maintenance of the building, and Owners agree to be solely liable for such costs. Upon request from the Association, Owners agree to have the Charging Station and/or TOU Meter lifted or removed within fourteen (14) days to accommodate repairs and maintenance to any building components. If Owners fail to lift or remove the Charging Station and/or TOU Meter within the allotted time, the Association shall be authorized to cause the lifting or removal of the Charging Station and/or TOU Meter and charge the actual cost of the same to Owners as a special assessment. In no event shall the Association be responsible for the costs of lifting, removing, and/or reinstalling the Charging Station and/or TOU Meter, for any damages caused, or for any increase in Owners' utilities during times which the Charging Station and/or TOU Meter is inoperable for any reason.

4. **Transfer of the Property.** Owners agree that prior to the sale or transfer of the Property to another, either (i) the Charging Station and/or TOU Meter shall be removed and the Owner shall reimburse the Association for the cost of the building being put back into its original condition, or (ii) the transferee of the Property shall sign a counterpart addendum to this Agreement whereby the transferee agrees to assume, abide by, and be bound by all of the terms herein as the Owners. This Agreement, if recorded, shall run with the land and shall be binding upon all successor purchasers of the Property.

5. **Compliance with Electric Vehicle Charging Station Policy.** Owners agree at all times to comply with and be bound by the Association's *Policy on Electric Vehicle Charging Stations*, a copy of which is attached hereto and incorporated herein by this reference, and which is subject to amendment from time to time.

6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

7. **Modifications.** This Agreement may not be amended, canceled, revoked or otherwise modified except by written agreement signed by all of the Parties hereto.

8. **Successors in Interest.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective directors, officers, agents, shareholders, partners, members, servants, employees, affiliates, representatives, heirs, executors, executrix, conservators, successors, beneficiaries, and assigns.

9. **Further Assurances.** The Parties shall timely execute and deliver any and all further documents that may be reasonably necessary to effectuate the provisions of this Agreement, including any documents necessary to allow this Agreement to run with the land. This Agreement may be recorded against the Property in the Association's sole discretion.

10. **Tax Consequences.** Each Party is responsible for their own tax consequences, if any, related to this Agreement.

11. **Attorneys' Fees.** If any act at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing Party shall be entitled to recover actual attorneys' fees, which may be determined by the court in the same action or in a separate action brought for that purpose in addition to any other relief to which that Party may be entitled.

12. **No Reliance and Advice of Counsel.** The Parties have been instructed to and have had the opportunity to have this Agreement reviewed by independent counsel of their own choosing, and by entering into this Agreement neither Party has relied upon the advice of the other Party. Each Party hereto executes this Agreement acting upon its independent judgment and upon the advice of its respective counsel, if applicable, without any representation, express or implied, of any kind or nature, from each to the other, except as only specifically set forth herein.

13. **Counterparts.** This Agreement may be signed and executed in one or more counterparts, each of which shall be deemed an original and shall be effective when all parties have executed a counterpart. Signatures on this Agreement transmitted by facsimile and/or other electronic means shall have the same force and effect as original signatures.

14. **Captions and Interpretations.** The paragraph titles, headings or captions are inserted in this Agreement as a matter of convenience. As such, the paragraph titles, headings or captions are not intended to define, limit or describe the scope of any provision, and shall not affect the interpretation of any paragraph hereto.

15. **Singular, Plural, and Gender Usage.** Whenever applicable within this Agreement, the masculine, feminine and/or neutral gender shall be deemed to include the other, and the singular and plural are each deemed to refer to the other.

16. **Authority to Enter Agreement.** This Agreement is the result of arms-length negotiations. Each signatory to this Agreement represents and warrants to the others that he or she has full authority and is duly and fully authorized to execute this Agreement.

17. **Incorporation of Recitals.** Paragraphs A through K, inclusive, of the Recitals hereof are fully incorporated herein and are true and correct. These Recitals are intended and shall be deemed and construed to be a material and integral portion of this Agreement.

18. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement and supersedes and replaces all prior agreements and understandings, whether oral or in writing, and may not be modified or amended except by written instrument signed by all Parties.

19. **Intent of the Parties.** It is the intent of this Agreement that the Owner and each successive owner of the Charging Station and/or TOU Meter shall be responsible for all of the following: (1) costs for damage to the Charging Station and/or TOU Meter, Common Area, Exclusive Use Common Area, or separate interests resulting from the installation, maintenance, repair, removal, or replacement of the Charging Station/TOU Meter; (2) costs for the maintenance, repair, and replacement of the Charging Station and/or TOU Meter until it has been removed and for the restoration of the Common Area after removal; (3) the cost of electricity associated with the Charging Station and/or TOU Meter; (4) disclosing to prospective buyers the existence of any Charging Station and/or TOU Meter of the Owner and the related responsibilities of the Owner under this Section 19. The Owner of the Charging Station and/or TOU Meter, whether located within a separate unit (i.e., garage) or within the Common Area or Exclusive Use Common Area, shall, at all times, maintain a liability coverage policy. The Owner that submitted the application to install the Charging Station and/or TOU Meter shall provide the Association with the corresponding certificate of insurance within fourteen (14) days of approval of the application. That Owner and each successor owner shall provide the Association with the certificate of insurance annually thereafter.

THE UNDERSIGNED EXECUTED THIS AGREEMENT ON THE DATE SHOWN BELOW.

OWNER(S):

Date

Signed: _____

Print Name: _____

Date

Signed: _____

Print Name: _____

THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION

Date

Signed: _____

Print: _____

Title: _____

4528. The form for billing disclosures required by Section 4530 shall be in at least 10-point type and substantially the following form:

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.

Property Address: _____

Owner of Property: _____

Owner's Mailing Address: _____

(if known or different from property address)

Provider of the **Section 4525** Items:

| | | | |
|--------------|-------------------|--------------------------------|---------------------|
| Vanessa Cruz | Escrow | Powerstone Property Management | 09-26-2023 |
| 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) |
|--|---|------------------|---|
| Articles of Incorporation (or statement that not incorporated) | Section 4525(a)(1) | \$30.00 | |
| CC&Rs | Section 4525(a)(1) | \$55.00 | |
| Bylaws | Section 4525(a)(1) | \$40.00 | |
| Operating Rules | Section 4525(a)(1) | \$35.00 | |
| Age Restrictions, if any | Section 4525(a)(2) | | Refer to the Demand |
| Rental Restrictions, if any | Section 4525(a)(9) | \$0.00 | Refer to CC&Rs |
| Annual Budget Report (or summary, including Reserve Study) | Sections 5300 and 4525 (a)(3) | \$45.00 | |
| Assessment and Reserve Funding Disclosure Summary | Sections 5300 and 4525 (a)(4) | | Included in Budget |
| Financial Statement Review | Sections 5305 and 4525(a)(3) | \$45.00 | |
| Assessment Enforcement Policy | Sections 5310 and 4525(a)(4) | | Included in Budget |
| Insurance Summary | Sections 5300 and 4525 (a)(3) | | Included in Budget |
| Regular Assessment | Section 4525(a)(4) | | Refer to the Demand |
| Special Assessment | Section 4525(a)(4) | \$0.00 | Refer to the Demand |
| Emergency Assessment | Section 4525(a)(4) | | Refer to the Demand |

| Document | Civil Code Section Included | Fee for Document | Not Available (N/A) or Not Applicable (N/App) |
|---|--|-------------------------|--|
| Other Unpaid Obligations of Seller | Sections 5675 and 4525(a)(4) | | Refer to the Demand |
| Approved Changes to Assessments | Sections 5300 and 4525(a)(4), (8) | | Included in Budget |
| Settlement Notice Regarding Common Area Defects | Sections 4525(a)(6), (7) and 6100 | | Refer to the Demand |
| Preliminary List of Defects | Sections 4525(a)(6), 6000 and 6100 | | Refer to the Demand |
| Notice(s) of Violations | Sections 5855 and 4525(a)(5) | | Refer to the Demand |
| Required Statement of Fees | Section 4525 | \$260.00 | aka Demand |
| Minutes of Regular Board Meetings (conducted over the previous 12 months, if requested) | Section 4525(a)(10) | \$100.00 | |
| Total fees for these documents: | | \$ \$610.00 | |

*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** shall be charged separately.

This is the minimum document offering required to meet CA Statute 4525. You may opt to acquire additional documents including, but not limited to, Meeting Minutes, Reserve Studies, Insurance Declaration Pages, and/or property inspections not mandated by law but helpful to the prospective buyer(s) and/or their agent to make a more informed decision regarding the subject property.

Please note: Other fees including, but not limited to, Transfer Fees, Capital Contributions, Collection fees, etc. may be assessed to each property and will be disclosed on the Statement of Fees (Demand), and are not included within estimated charges outlined within this form.

Insurance Disclosure for: The Terrace at Canyon Hills Homeowners Association

General Liability Coverage

Policy # BR2024007001

1. Name of Insurer: Capitol Specialty Insurance Co.
2. Policy Limits: \$1,000,000 per occurrence/\$2,000,000 aggregate
3. Deductible: \$2,500
4. Inception Date: 02/26/2024 Expiration Date: 02/26/2025

Property Coverage

Policy # CPPF17132700

1. Name of Insurer: Great American Risk Solutions
2. Policy Limits: \$71,538,512
3. Deductible: \$50,000 per occurrence
4. Inception date: 02/26/2024 Expiration Date: 02/26/2025

D & O Coverage

Policy # PCAP0329770322

1. Name of Insurer: Philadelphia Indemnity Insurance Co.
2. Policy Limits: \$1,000,000
3. Deductible: \$5,000
4. Inception Date: 02/26/2024 Expiration Date: 02/26/2025

Fidelity Bond Coverage

Policy # 4124011064815Y

1. Name of Insurer: Manufacturers Alliance Insurance Co.
2. Policy Limits: \$ 2,500,000
3. Deductible: \$ 2,500
4. Inception Date: 02/26/2024 Expiration Date: 02/26/2025

Umbrella Coverage

Policy # G74693878

1. Name of Insurer: Federal Insurance Co.
2. Policy Limits: \$ 5,000,000
3. Deductible: None
4. Inception Date: 02/26/2024 Expiration Date: 02/26/2025

Work Comp Coverage

Policy # TWC4375423

1. Name of Insurer: Technology Insurance Co., Inc.
2. Policy Limits: \$1,000,000 Statutory Limits
3. Deductible: None
4. Inception Date: 02/26/2024 Expiration Date: 02/26/2025

Wildfire Coverage

Policy # PCAP0017810418

1. Name of Insurer: Lloyd's of London Underwriters
2. Policy Limits: \$ 2,000,000
3. Deductible: None
4. Inception Date: 02/26/2024 Expiration Date: 02/26/2025

EQ/Flood Coverage

NONE WITH THIS AGENCY

In accordance with Section 5300(b)(9) of the Civil Code:

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

Assessment and Reserve Funding Disclosure Summary

The Terrace at Canyon Hills HOA, Laguna Beach

For Fiscal Year Beginning: 6/1/2024

of units: 152

| | | | |
|--------------------------|--------------|--------------------------|------------|
| 1) Budgeted Amounts: | Total | Average Per Unit* | |
| Reserve Contributions: | \$54,500.00 | \$358.55 | |
| Total Assessment Income: | \$130,416.00 | \$858.00 | per: Month |

2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

| Year | Total Amount Per Unit* | Purpose |
|---------------|------------------------|---------|
| Total: \$0.00 | | |

3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will 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? **No**

4) If the answer to #3 is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

| Approximate Fiscal Year Assessment Will Be Due | Average Total Amount Per Unit* |
|--|--------------------------------|
| 2024 | \$1,800.00 |
| 2034 | \$1,950.00 |
| | |
| | |

Total: \$3,750.00

5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

| | |
|---|-------------|
| 6) All computations/disclosures are based on the fiscal year start date of: | 6/1/2024 |
| Fully Funded Balance (based on formula defined in 5570(b)4): | \$4,307,089 |
| Projected Reserve Fund Balance: | \$627,413 |
| Percent Funded: | 14.6 % |
| Reserve Deficit (surplus) on a mathematical avg-per-unit* basis: | \$24,208 |

From the 1/8/2024 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

7) See attached 30-yr Summary Table, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

Prepared by: Sabrina Willison

Date: 4/2/2024

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

30-Year Reserve Plan Starting with Board of Directors 2024 Rate

2591-8

| | | |
|---|-----------------------------------|-------------------|
| Fiscal Year Start: 6/1/2024 | Interest: 2.00 % | Inflation: 3.00 % |
| Reserve Fund Strength: as-of Fiscal Year Start Date | Projected Reserve Balance Changes | |

| Year | Starting Reserve Balance | Fully Funded Balance | Percent Funded | Special Assmt Risk | % Increase In Annual Reserve Funding | Reserve Funding | Loan or Special Assmts | Interest Income | Reserve Expenses |
|------|--------------------------|----------------------|----------------|--------------------|--------------------------------------|-----------------|------------------------|-----------------|------------------|
| | | | | | | | | | |
| 2024 | \$627,413 | \$4,307,089 | 14.6 % | High | 36.25 % | \$654,000 | \$273,600 | \$6,369 | \$1,551,300 |
| 2025 | \$10,082 | \$3,365,576 | 0.3 % | High | 8.00 % | \$706,320 | \$0 | \$5,074 | \$223,716 |
| 2026 | \$497,760 | \$3,779,042 | 13.2 % | High | 3.00 % | \$727,510 | \$0 | \$15,165 | \$220,349 |
| 2027 | \$1,020,086 | \$4,224,667 | 24.1 % | High | 3.00 % | \$749,335 | \$0 | \$22,052 | \$604,497 |
| 2028 | \$1,186,976 | \$4,304,766 | 27.6 % | High | 3.00 % | \$771,815 | \$0 | \$28,870 | \$285,091 |
| 2029 | \$1,702,570 | \$4,733,535 | 36.0 % | Medium | 3.00 % | \$794,969 | \$0 | \$33,020 | \$928,231 |
| 2030 | \$1,602,329 | \$4,530,532 | 35.4 % | Medium | 3.00 % | \$818,818 | \$0 | \$38,200 | \$238,333 |
| 2031 | \$2,221,015 | \$5,050,365 | 44.0 % | Medium | 3.00 % | \$843,383 | \$0 | \$50,862 | \$245,667 |
| 2032 | \$2,869,593 | \$5,597,121 | 51.3 % | Medium | 3.00 % | \$868,685 | \$0 | \$60,025 | \$660,241 |
| 2033 | \$3,138,061 | \$5,752,718 | 54.5 % | Medium | 3.00 % | \$894,745 | \$0 | \$69,697 | \$264,869 |
| 2034 | \$3,837,634 | \$6,152,099 | 62.4 % | Medium | 3.00 % | \$921,587 | \$296,400 | \$38,429 | \$5,085,447 |
| 2035 | \$8,603 | \$1,613,254 | 0.5 % | High | 3.00 % | \$949,235 | \$0 | \$4,411 | \$529,331 |
| 2036 | \$432,919 | \$1,646,482 | 26.3 % | High | -31.10 % | \$654,000 | \$0 | \$14,090 | \$123,685 |
| 2037 | \$977,324 | \$2,114,423 | 46.2 % | Medium | 3.00 % | \$673,620 | \$0 | \$24,769 | \$173,948 |
| 2038 | \$1,501,766 | \$2,561,010 | 58.6 % | Medium | 3.00 % | \$693,829 | \$0 | \$36,089 | \$121,385 |
| 2039 | \$2,110,299 | \$3,092,003 | 68.3 % | Medium | 3.00 % | \$714,643 | \$0 | \$40,125 | \$959,396 |
| 2040 | \$1,905,671 | \$2,793,151 | 68.2 % | Medium | 3.00 % | \$736,083 | \$0 | \$42,943 | \$292,378 |
| 2041 | \$2,392,319 | \$3,190,259 | 75.0 % | Low | 3.00 % | \$758,165 | \$0 | \$54,896 | \$103,303 |
| 2042 | \$3,102,077 | \$3,812,461 | 81.4 % | Low | 3.00 % | \$780,910 | \$0 | \$68,797 | \$168,200 |
| 2043 | \$3,783,584 | \$4,405,472 | 85.9 % | Low | 3.00 % | \$804,338 | \$0 | \$82,970 | \$150,275 |
| 2044 | \$4,520,616 | \$5,054,292 | 89.4 % | Low | 3.00 % | \$828,468 | \$0 | \$85,887 | \$1,359,460 |
| 2045 | \$4,075,511 | \$4,497,261 | 90.6 % | Low | 3.00 % | \$853,322 | \$0 | \$89,707 | \$115,617 |
| 2046 | \$4,902,922 | \$5,225,423 | 93.8 % | Low | 3.00 % | \$878,921 | \$0 | \$106,262 | \$155,588 |
| 2047 | \$5,732,518 | \$5,955,631 | 96.3 % | Low | 3.00 % | \$905,289 | \$0 | \$122,682 | \$214,134 |
| 2048 | \$6,546,355 | \$6,669,453 | 98.2 % | Low | 3.00 % | \$932,448 | \$0 | \$138,326 | \$318,945 |
| 2049 | \$7,298,183 | \$7,319,406 | 99.7 % | Low | 3.00 % | \$960,421 | \$0 | \$143,672 | \$1,320,860 |
| 2050 | \$7,081,416 | \$6,980,237 | 101.4 % | Low | 3.00 % | \$989,234 | \$0 | \$151,405 | \$149,883 |
| 2051 | \$8,072,171 | \$7,861,051 | 102.7 % | Low | 3.00 % | \$1,018,911 | \$0 | \$171,817 | \$138,497 |
| 2052 | \$9,124,401 | \$8,804,790 | 103.6 % | Low | 3.00 % | \$1,049,478 | \$0 | \$172,311 | \$2,224,552 |
| 2053 | \$8,121,638 | \$7,653,722 | 106.1 % | Low | 3.00 % | \$1,080,962 | \$0 | \$173,629 | \$119,949 |

The Terrace at Canyon Hills

Rules and Regulations
Revised February 2024

THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION

MEMBERSHIP IN FORMATION

Coast Community Builders, the Developer of The Terrace at Canyon Hills recorded a Declaration of Covenants, Conditions and Restrictions ("CC&R's") establishing property restrictions to enhance the value of the residences and the common areas. The Terrace at Canyon Hills Homeowners Association was created primarily for the purpose of regulating the use and appearance of the community's condominium units and common areas through the enforcement of the recorded restrictions.

Among other things, the CC&R's allow the Board of Directors to adopt Rules and Regulations, including a system of monetary penalties to address violations of the recorded restrictions and the Rules. Please remember that the conduct of all owners, their family members, guests, and tenants are governed by the CC&R's and these Rules and Regulations, in addition to applicable State and Federal laws. If you do not have a copy of the CC&R's, please contact management and a copy will be provided to you upon payment of the applicable fee.

THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION

MAINTENANCE AND ARCHITECTURAL MATTERS

1. Littering of the common area is not permitted. Homeowners are responsible for any debris/trash left by their guests and/or tenants.
2. Homeowners under no circumstances may remove existing common area plants. This includes but is not limited to plants in the front of the units.
3. Plant material installed by the homeowner (if first approved) is the responsibility of the homeowner to maintain.
4. Homeowners may not install plants in the common area or change the irrigation or drainage systems, without prior written approval.
5. Residents of the Community shall dispose of trash, garbage, or other waste only by depositing the same into containers provided by the owner. Trash receptacles must have a secure lid and be properly screened from view. Such containers shall be exposed to the view of the neighboring unit when set out for reasonable period of time (not to exceed twenty-four (24) hours before and after scheduled trash collection hours)
6. Wheeled toys (e.g., skateboards, tricycles, big wheels, bicycles, etc.) are prohibited from common area landscaping.
7. No clothing, household fabrics or other unsightly articles shall be hung, dried, or aired on any portion of the Property, including the interior of any Residence, so as to be visible from other Residences or the street.
8. Balconies and decks are for individual use and not intended for storage of any kind within the open areas in decks, balconies and common area courtyards as seen from the common areas. Please only put appropriate items on the patios and deck that are designed for such.
9. No one is permitted to borrow or remove any equipment or property from the common area.
10. Noncommercial flags and banners may be displayed on or within a unit that are not more than fifteen (15) square feet in size. Any item attached to the exterior of a unit to hold a flagpole must first receive architectural approval. All nails/screws must be sealed and when removed the hole is to be filled and painted to match.
11. Nothing may be attached, removed or modified on the exterior of the buildings without prior architectural approval, as explained in detail within Article XII of the Association's CC&R's. Architectural applications may be obtained through the management company. Further, no owner shall make structural alterations or modifications to the interior of his unit or installations located therein which would have a material effect on another unit without the prior written consent of the Architectural Committee. No owner shall make any improvement or alteration within the boundaries of their unit, which impairs the structural integrity or mechanical systems, or lessens the support of any portion of the common area.

12. No homeowner may modify or repair any portion of the common areas without written approval from the Architectural Committee. Any such Board approved modification to the common area will become the responsibility of the homeowner unless the Association assumes such concerns.
13. Windows may not be covered with aluminum foil, newspapers or other material not designed for use as a window cover.
14. Roller-blading, skateboarding, roller-skating and scooters are strictly prohibited within the community.
15. Sunshades are not allowed on the decks/patios without prior approval.

HOLIDAY DECORATIONS

1. Holiday decorations are permitted from Thanksgiving until January 15th. Nails or screws may not be installed in the wood shingles/siding and/or trim.
2. Decorations for other holidays are permitted fourteen (14) days before and fourteen (14) days after the holiday. Nails or screws may not be installed in the wood shingles/siding and/or wood trim.

TENANT RULES AND REGULATIONS

1. The homeowner shall have the responsibility to acquaint their tenants and guests with the Rules and Regulations of the Association and the CC&R's.
2. For the purpose of these Rules and Regulations a tenant shall be defined as anyone in possession of a member's unit in exchange for any sort of consideration, or at the sufferance of the homeowners.
3. No owner shall be permitted to lease his unit for transient or hotel purposes. No owner may lease less than the entire unit. Every lease shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing.

PET RULES

1. Dogs or cats are not allowed to be unattended in the common area. All dogs must be maintained on a leash held by a person capable of controlling the animal when not in owner's unit. In order to prevent damage to the landscaping, dogs are not permitted to be tied up within the common area. Dogs may not be walked in the common area behind units from sunset to sunrise.
2. Cats must be confined indoors at night.
3. Local County and/or municipal animal ordinances will be strictly enforced (i.e., licensing, vaccines, leash laws, etc.).
4. Each homeowner is responsible for removing defecation of their dog, cat or other animal from the property of the Association.

5. Excessive dog barking or other animal noise will be deemed a nuisance.
6. Each homeowner will be held responsible for any damage to the common areas due to his/her pet. In addition, each homeowner will be responsible for any damage to the property of another due to his/her pet, either by financial reimbursement or corrective action to be determined by the Board of Directors.
7. The Board of Directors shall have the right to prohibit keeping any animal in the Association which constitutes, in the opinion of the Board, a nuisance to owners of condominiums within the property.

POOL/SPA RULES

1. No glass objects are allowed in the pool or spa area.
2. Use of pool facilities and common areas are a privilege which is enjoyed by all owners or occupants, however, consideration of others concerning noise is also important.
3. California State Law requires that no person under 14 years of age be allowed to use the pool, unless accompanied by an adult. Children under the age of 14 years are not allowed to use the spa. All persons use the pool and spa at their own risk.
4. Conduct, by an owner or occupant, which deprives any other owner or occupant use of the pool, spa or common area shall not be allowed.
5. No soap/bath oils/etc. allowed in the spa or pool.
6. No diving is permitted.
7. No running, pushing, or boisterous play will be permitted.
8. Radio/stereo units will not be permitted without the use of ear phones so as not to annoy other persons using the recreation facilities or living in the surrounding units.
9. No pets, skateboards, bicycles or musical instruments are allowed in the pool or spa area.
10. Only persons dressed in proper swimming attire that is suitable to be in water and not frayed to avoid clogging any filters are allowed in the pool and spa
11. Persons using the barbecue must make sure it is turned off and the sink and counter is left clean.
12. All trash must be placed in the trash containers.
13. Pool hours are from 6:00 AM to 10:00 PM.

SIGNAGE RULES

1. Noncommercial signs and posters larger than nine (9) square feet shall not be displayed on or in a unit without the written approval of the Board.

2. Only one "Real Estate for Sale, Lease, or Rent" signs may be displayed in a unit.
3. No signs shall be erected or displayed in the common area (including, but not limited to, Exclusive Use Common Area), except signs authorized by the Board.
4. Unauthorized signs in the common area will be removed from the property. Note: All signs must conform to the requirements of all applicable governmental ordinances.

PARKING RULES

1. Parking in the fire lanes is strictly prohibited and subject to immediate towing at the expense of the vehicle owner.
2. Residents must use their garages for the parking of their vehicles per the CC&R's of the Association.
3. Residents are not permitted to park in guest parking spaces without prior approval from the Board of Directors. Extenuating circumstances (e.g., unplanned garage repairs or other emergency situations preventing a resident from utilizing their garage) may require residents to temporarily park in guest parking when advance notice to the Board is not possible (i.e., unforeseen situation occurs outside of normal business hours). In such cases, the resident shall safe-list their vehicle with the Association's parking patrol company and contact the Management Company with a resident request for temporary use of a guest parking, and provide the following information:
 - Brief explanation of reason for request
 - Daytime contact information
4. Requests are subject to verification by the Board and may be denied at any time.
5. Driveways are denoted in the Condominium Plan for each unit. Not all driveways allow for parking; some are only for ingress and egress. The entire profile of vehicles parked in approved driveways located in front of attached garages may not extend further than the curb or the denoted line (whichever is shorter). The entire profile of vehicles parked in approved driveways in front of the center, detached garages, may not extend beyond the denoted lines.
6. Vehicles shall be parked completely inside garages with the door closed. Garages that are found open will be noted by the parking patrol company and a warning letter may be sent by the Management Company.
7. All vehicles parked in an approved driveway or guest parking space must be parked entirely within the marked boundaries or denoted lines of the parking space.
8. No vehicle parked in an approved driveway or guest parking space shall be parked in any manner that unreasonably interferes with or impedes ready vehicular access to any other approved driveway or guest parking space.
9. Vehicles must be parked head-in in **all** designated guest parking spaces (except those spaces that are parallel to the roadway).
10. For the safety of all, one-way traffic signs must be strictly adhered to by residents, visitors and their guests.

11. The speed limit for all vehicles within the Association shall be 10 (ten) miles per hour.
12. The electricity in the auxillary garages is for your garage door openers and safety lighting. The electricity is not permitted to be used for electric vehicles and appliances.

WHAT ABOUT GUEST PARKING?

The parking patrol company will monitor all vehicles parked in **guest** parking daily.

Any guest in parking spaces marked "guest" must be safe-listed (i.e., allowed to park in guest parking) with the Association's parking patrol company when parked anytime between midnight 12:00am and 6:00am.

A safe-listed vehicle is cleared for parking from the time on the day requested until noon following the last day of safe-listing.

A guest may be safe-listed at the request of a resident for up to eight (8) days in a 30- day rolling window not to exceed twelve (12) days in a rolling 60-day period. Furthermore, residents may only safe-list a guest if the resident is fully utilizing all of their own parking spaces.

Safe-listing a vehicle does not guarantee that the guest will have a space; guest parking is subject to availability.

Safe-listing for guests staying longer than eight (8) days in any consecutive thirty (30) day period is at the discretion of the Board of Directors only and must be requested in advance so please plan ahead.

Abuse of the Safe-listing program by a resident may result in suspension of guest parking privileges.

WHAT TYPE OF WARNING PROCESS IS IN PLACE?

Vehicles parked in guest parking without a safe list confirmation number will be subject to the following actions:

| | |
|----------------------|------------------|
| First Offense: | Citation* |
| Second Offense: | Citation* |
| Third Offense: | Citation* |
| Fourth Offense: | Towing ** |
| Subsequent Offenses: | Towing ** |

* **Written citation** to be placed on the vehicle.

** Vehicle may be towed at owner's expense after 96 hours from the issuance of the first citation.

Violations will be tracked and remain valid for 1 year from date of issue; prior violations will continue to count during this 1 year period.

WHO DO I CALL IF MY VEHICLE IS TOWED?

Laguna Beach Police: (949) 497-0701 or CSA (800) 996-6990

THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION
ENFORCEMENT PROCEDURE

A. Basic Policy on Fines

The objective of this Enforcement Policy shall be to promote and seek *voluntary* compliance by Owners and tenants with the Association's Governing Documents. The term Governing Documents as used in this Policy means the Association's Rules and Regulations, Bylaws, and the CC&R's.

B. Violation Letter

Reports of alleged violations of the Association's Governing Documents may be made to the Association's management company by any Member, including any Member serving on an Association committee. Such a report shall constitute a "complaint" and should preferably be in writing. The "complaint" should clearly state the facts and circumstances regarding the alleged violation. Action may also be taken as a result of an oral report (presented by telephone or in person), and under such circumstances appropriate file documentation concerning the complaint shall be generated and maintained for future reference.

A courtesy letter shall be sent by management, requesting the Owner's voluntary cooperation. Such notice shall describe the non-complying condition, and request that the owner correct the condition within a reasonable time specified in the notice. If the courtesy notice does not bring about voluntary compliance the Association may, as described herein, encourage the Owner's compliance through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited, the imposition of fines and monetary penalties subject to the notice and hearing conditions set forth in this Policy, and/or the pursuit of arbitration or legal action.

C. Violation Hearing Letter

Should the violation letter be unsuccessful in remedying the noted infraction, the Board of Directors may impose a fine after the owner is offered an opportunity to be heard on the matter. The violation hearing letter shall be sent at least ten (10) days before the hearing and contain the following information:

- i. A brief description of the alleged violation and, in the event the correction of the alleged violation requires actions such as the installation, removal, repair, replacement, reconstruction, or maintenance of improvements, the date by which such violation is to be corrected by the owner;
- ii. The disciplinary and/or corrective action and/or penalties, such as levying of a fine which has been imposed in accordance with the Fine Schedule set forth below; and
- iii. Notification that the Member shall have an opportunity to be heard by the Board of Directors to explain why a fine and/or corrective action and/or penalties should not be imposed. In the event the owner does not attend the hearing or a rescheduling of the hearing as may be agreed to by the Member and the Board for good cause shown,

such Member shall be deemed to have waived his right to a hearing and his right to object to the disciplinary and/or corrective actions and/or penalties as may be imposed by the Board. The Member shall receive no less than ten (10) days prior written notice of the hearing date. The violation letter shall be deemed delivered two (2) business days following the letter's deposit into the mail, provided it is sent by first class mail or certified mail sent to the last address of the Member shown on the records of the Association.

Such hearing shall be conducted according to such reasonable rules and procedures as the Board shall adopt which shall provide the Member with the right to present oral or written evidence and witnesses on his behalf.

The decision of whether it is appropriate or necessary for the Association to initiate enforcement or disciplinary action in any particular instance beyond the fining process shall be within the sole discretion of the Association's Board of Directors. The Board shall provide the Member notice of its decision within fifteen (15) days following the hearing.

D. Alternative Dispute Resolution ("ADR")

The Association shall comply with the ADR requirements of California Civil Code Section 5930 and any applicable requirements of the Governing Documents, before bringing any civil action or suit to enforce the Association's Governing Documents.

**THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION FINE
SCHEDULE**

| TYPE OF VIOLATION | FIRST OFFENSE | NON-COMPLIANCE-FOLLOWING VIOLATION NOTICE | CONTINUING NON-COMPLIANCE |
|---|----------------------|---|--|
| Failure to comply with, or violation of the Governing Documents | Violation Letter | Hearing Notice to the owner to discuss the violation and a possible \$50.00 fine. | Continuing non-compliance will result in further fines of \$100.00 for each month the violation continues, with invitations to hearings. In the alternative, or in addition to fines, the Association may, at any stage, proceed with legal action or arbitration, as appropriate. |