



MEMORANDUM

TO: All Saddleback Homeowners
FROM: Board of Directors, Saddleback Homeowners Association
DATE: December 8, 2020
SUBJECT: Saddleback Homeowners Association (SHOA) ANNUAL POLICY STATEMENT

PURPOSE: Provide Saddleback property owners with information about SHOA policies as required by the California Davis-Stirling Common Interest Development Act. Please note that significant portions of the HOA governing documents were last updated in 1991 and 1993. Many changes to laws, rules and regulations affecting application of our Covenants, Codes and Restrictions (CC&Rs) and By-Laws (governing documents) have occurred since then. Your HOA has taken steps to update these documents as an ongoing project.

- 1) Person designated to receive official communications. The SHOA Board Secretary is the designated person responsible for receiving communications. The name and contact information for the current Secretary may be obtained from the Saddleback website at: www.SaddlebackHomeownersAssociation.com, by clicking on the "HOA Board" button in the upper right corner.
- 2) A Saddleback homeowner may submit a request to have HOA notices sent to two different specified addresses. Such HOA notices can include annual assessment payments and other financial documents.
- 3) The delivery of General Notices will be sent to the homeowners email on file with the Association and it's Agent (professional management company), and: (1) by posting at the SHOA Mail Kiosk located on Bluegrass Drive; and (2) by posting on the Saddleback website. If a member desires to receive General Notices or Individual Notices by individual delivery, the following options are available:
 - a) U.S. Postal Mail
 - b) Internet eMAIL

NOTE: Delivery of all notices by internet email is the Association's strong preference and default method for timely, efficient communication. Association members have the responsibility for ensuring that the Association Secretary is advised by email or U.S. Mail of any change in contact information, to include email, phone numbers, and physical address for mail service if different or in addition to the Saddleback address.

- 4) HOA Members have a right to review Board meeting minutes. Such minutes are available from the SHOA website by going to the right hand corner of the main page and clicking on the "Documents" button, then on the "Board Meeting Minutes" button. A written copy may also be obtained by contacting the HOA Secretary if you do not have internet access.

- 5) A State of California legally-required "Notice of Assessments, Collections and Foreclosure" process/procedures is included with this Annual Policy Notice as Attachment 1. Please review it carefully, as it describes your rights regarding payment of annual dues and any assessments.
- 6) The SHOA policy regarding collection of annual dues assessments and legal remedies in the event of default in payment is included as Attachment 2. Please note that if you are unable to pay dues assessments by the specified date, contact the SHOA Treasurer as soon as possible to establish a payment plan and avoid additional collection effort costs.
- 7) SHOA Dispute Resolution Procedures. In the event that a resident appears to be in violation of an issue specifically stated in the HOA Covenants', Codes, and Restriction's (CC&Rs) and By-Laws (governing documents), please refer such problems to the HOA Board President. If a dispute involves a Board member, such member will recuse themselves from determining an allegation based outcome. Any disputes/allegations need to be stated in writing, either by U.S. Mail or by email to the President of the Board, and clearly citing (quoting) the specific clause in the governing documents that appears to be problematic. Please be advised that "draft" versions of proposed revisions to our CC&Rs or By-Laws cannot be considered. Use the official versions posted on the SHOA website where applicable. If an issue is not clearly addressed by criteria in our governing documents (i.e. excessive noise, animal control, etc.), a referral should be made to the appropriate oversight agency, such as Placer County. Please also be aware that:
 - a) It is expected that residents will make reasonable efforts to resolve disputes themselves. Please keep in mind that HOA Board members are volunteers from our community who will try their best to represent good governance for the benefit of our community.
 - b) Our governing documents were last revised in 1991 and significant time has elapsed since then, where construction (such as Accessory Dwelling Units) and other standards may have changed; and,
 - c) Recent California law found in the Davis-Stirling Common Interest Development (HOA) Act, Federal law, County ordinances, and other statutory documents; have, in some instances, significantly changed the ways HOAs do business and can supersede our governing documents.
- 8) Physical Property Change Requirements. Per Article V, of our CC&Rs, "No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association . . . " All residents are strongly advised to read Article V "Architectural Control", Article VI "Use Restrictions," and the HOA Architectural Committee "Standards" as amended 7/6/93, in their entirety prior to commencing any property alterations, as these documents impact your ability to make changes to your property. These documents are also found in the Documents section of the HOA website.
 - a) The HOA has developed a "START" (Saddleback Timely Architectural Review Transmittal) Form for your use in submitting a request for HOA review/approval of your project. An electronic copy of this form may easily be obtained by going to the HOA website at www.SaddlebackHomeownersAssociation.com, navigating to the upper right corner and clicking on the "Documents" button, then the "START" form button. Please

follow the directions for completing Page 1 of the Form, then provide by hard copy to the HOA Secretary who will forward it to the appropriate Board members for approval. Please note that acceptance of this form usually requires the inclusion of paint sample color chips, site plan/elevation drawings, pictures of fencing materials, etc., as applicable to the specific project that you are considering. Please allow at least one to two weeks for processing.

- b) It should be noted that the Davis-Stirling Act and County ordinances, among other authorities, has changed some approval criteria since our CC&Rs and Architectural Standards were adopted. The HOA will make every attempt to apply current government requirements to the review process.
- 9) Mailing address for overnight payment of assessments. If this becomes a necessity, please call our HOA Management Company and let them know of your intentions:

Eugene Burger Management Company (EBMC)
11601 Blocker Dr., Auburn, CA 95603
TEL: (530) 745-9801

This policy was an agenda item at the previously announced and scheduled Board Meeting held on December 8, 2020, The policy was motioned, seconded and approved by a majority vote of the Board of Directors.

Attachment 1: "NOTICE OF ASSESSMENTS AND FORECLOSURE"

Attachment 2: "Saddleback Annual Dues Assessment Policy"

Distribution: - Each Saddleback property owner by mail
- Posted on the mail kiosk bulletin board for 15 days
- Posted to the SHOA website documents section

Attachment 1

Saddleback Homeowners: *Please read this State mandated notice in its entirety. It affects your rights regarding dues and assessments owed to the HOA.*

"NOTICE of ASSESSMENTS and FORECLOSURE"

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

ASSESSMENTS and FORECLOSURE. Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or non-judicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive) In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code) The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code) At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code) If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code) The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS. When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code) An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise. An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure. An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS and PAYMENT PLANS. An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code) The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)" (b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.

Attachment 2



ANNUAL DUES ASSESSMENT and COLLECTION POLICY

This document establishes an official policy regarding the assessment and collection of the Saddleback Homeowners Association Annual Dues, as provided by our Covenants Conditions & Restrictions (CC&Rs) and California State law.

1. The Saddleback Homeowners Association Treasurer or the contracted HOA financial management company (Agent) will notify Saddleback homeowners via U.S. MAIL and/or INTERNET EMAIL of the next year dues assessment by **December 1st** of the current year. The mail or email will state the amount owed and method of payment, which will normally be by check, payable to the Saddleback Homeowners Association. Other payment methods, such as online debit or credit card transactions, may also be available if the contracted Association Agent provides such methods. To allow timely communications regarding financial matters, the homeowner is solely responsible for informing the Association or its Agent of any changes to their email address and phone number contact information.
2. Annual HOA property assessments for the next year are paid forward and due to the Association by **December 31st** of the current year, and shall be considered late if not received by **January 15th** of the following year. For example, in the year 2020, dues are required to be paid by December 31st, 2020; if received after January 15th, 2021, such payments will be considered late and incur additional penalties plus interest to the homeowner.
3. If the property owner fails to pay the required dues by **January 15th**, interest from the due date of December 31st at the rate of ten percent (10%) per annum, compounded annually, will accrue. A \$15 surcharge will also be added for late-payment processing. In addition, the following actions will be taken:
 - A. On **January 16th** of the current year, the Association or its Agent will send a reminder letter to the address on record of the affected property owner. The letter will inform the individual that the assessment is past due and include the amount required to settle the debt. It will also instruct the homeowner to immediately contact the Treasurer or Agent and resolve the matter.
 - B. If the outstanding assessment debt is not paid by **February 15th** of the current year, a certified letter will be sent by the Association or its Agent via U.S. Mail to the property owner. The letter will state the amount owed and the basis for calculating the new total debt. It will also instruct the owner to submit payment by **February 25th** of the current year. If payment in full (original assessment plus penalties) is not received by that date, the entire amount will be referred to a collection agency for further action. In such cases, the final total debt will include fees rendered by the collection agency, along with any additional accounting and/or attorney fees related to the collection activity.

This policy was approved by the Saddleback Board of Directors on November 25, 2020.