

VILLA

Caballeros

HOMEOWNERS ASSOCIATION, INC.

RULES REGULATIONS & STANDARDS

AS APPROVED BY THE HOMEOWNERS AND
ADOPTED BY THE BOARD OF DIRECTORS FOR
INCLUSION INTO THE GOVERNING
DOCUMENTS APRIL 21, 2012

VILLA CABALLEROS HOMEOWNERS ASSOCIATION RULES AND REGULATIONS DOCUMENT

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INTRODUCTION

Purchasing a home in a condominium association offers many advantages to the homeowner, while at the same time imposes some restrictions.

These restrictions are not meant as an inconvenience or an invasion of freedoms, but as guidelines to maintaining harmony in your community and to prevent liability issues that could be very costly to the 59 homeowners of the Villa Caballeros Homeowners Association.

This information booklet was compiled by your Homeowners Association for the purpose of protecting and maintaining the Villa Caballeros property and to instill a pleasant living environment for all owners, residents and guests. Everyone's cooperation is essential in order to accomplish these purposes.

These Rules and Regulations were adopted by the Board of Directors, on behalf and approval of all Homeowners, under the authority of the Association's Declaration of Covenants, Conditions and Restrictions (CC&Rs). By adoption, these Rules become a legal working component of that Declaration.

The Association comprises 59 residential condominiums, all in very close proximity to each other and with all units having adjoining walls, floors and or ceilings. Thus, common sense and consideration for your neighbors are the keys to Villa Caballeros' ongoing success and quality of life.

Please read the enclosed information carefully.

Owners shall be certain that their family, tenants and guests fully understand and cooperate with the Association's rules and regulations.

If there are any questions, please contact the property management company. Full contact information is provided on the Homeowners Contact List. (Exhibit G)

GENERAL INFORMATION

Calendar of Business:

Board of Directors Meetings are generally held the third Saturday of the scheduled month, at minimum 5 times annually. A schedule of meetings is provided at the beginning of each year and each meeting is posted at least 4 days in advance, per civil code. Any additionally scheduled meeting or any time/date changes to the schedule will be posted in advance.

All homeowners of record are encouraged to attend the Board Meetings. A Homeowner Forum is scheduled during each board meeting whereby homeowners may participate by voicing their opinions and/or concerns. Homeowners are welcome to stay for the 'business portion' of the agenda, yet their participation is limited to the Homeowner Forum.

The **Annual Meeting** is the third Saturday of January. Notice is mailed to all homeowners of record well in advance of meeting date and ballot/proxy information is mailed out 30 days in advance. In order to establish a quorum for the Annual Meeting, it is the responsibility of every homeowner to attend in person or to mail in their **proxy/ballot** on a timely basis before the date of the Annual Meeting.

A **Reserve Study** and a **Financial Audit** are prepared annually and mailed to homeowners of record. The Association's Fiscal Year is JAN 01 to DEC 31 and a copy of the **Annual Budget** is mailed to homeowners of record between 45 and 60 days prior to start of the fiscal year.

The **Master Insurance Policy** is renewed each year by the Board of Directors. Notice of Insurance Coverage is mailed to each homeowner of record, usually with the Annual Budget.

Board of Director Meeting Minutes are available for viewing at the Management company/accounting office. Minutes are also available via the Association's website.

Insurance Information:

The Board of Directors arrange for and approve property and liability insurances, annually, for the Association's Common Area Property, as defined in the governing documents. The Association's master policy **does not** include coverage for wall coverings, floor coverings, improvements, fixtures, appliances or personal property such as furniture, clothing, etc. The responsibility to insure these items is that of the homeowner and, if unit is rented, also of the tenant. An annual disclosure of Association's coverage is mailed to homeowners of record.

Homeowners (either in residence or non-resident) are responsible to carry condominium owner's insurance, commonly known as an HO6 Policy, for coverage of personal property, unit improvements, personal liability, loss assessments and other coverage as pertains to condominium ownership.

Tenants are solely responsible for coverage of their own personal items and personal liability. The owner's policy **does not** cover the personal property or the liability of the tenant.

IT IS THE RESPONSIBILITY OF HOMEOWNERS (AND TENANTS, IF UNIT IS RENTED) TO CONTACT THEIR INSURANCE COMPANY OF CHOICE TO OBTAIN COVERAGE.

GENERAL RESPONSIBILITIES

- ◆ The Board of Directors, management and accounting have a legal and fiduciary duty to abide by and enforce the Association's governing documents, as well as a duty to abide by the "California Civil Code for Common Interest Developments", commonly known as the Davis-Stirling Act.

- ◆ Villa Caballeros Homeowners Association, a California non-profit corporation, is governed by a volunteer Board of Directors elected by the homeowners. The Board of Directors, on behalf of the Association, contracts the services of a professional property management, accounting firm and other outside vendors to provide for the day-by-day management and maintenance of the Association's common areas and for general business needs, including monthly assessment billing, accounting, general correspondence, meeting materials, etc.

- ◆ Please be respectful of the management, accounting personnel, vendor personnel and the volunteers serving on the Board of Directors . If there is an issue that needs to be addressed, it shall be done so by the homeowner, in writing, to the Board of Directors, via the Association's management or accounting offices. (Please see Homeowner's Contact List for information, **Exhibit G**) Owners of record also have the right to attend Board meetings and participate in Homeowner Open Forum.

- ◆ Owners who rent their units shall include in the written lease a provision binding their tenants to the terms and conditions contained in the Association's governing documents, including without limitation, these Rules and Regulations and proof of this provision must be provided to the Association at time of lease.

- ◆ Homeowners who leave their units unoccupied for long lengths of time shall inspect, or have a designated representative inspect, their units periodically (preferably weekly, at minimum monthly) for any maintenance issues, water leaks, mold issues, etc. that can not be determined or discovered from the exterior of the unit. Unoccupied units should have the water to the unit shut off. (see **Section 6 - B** "Water Shut Off Valves")

- ◆ Failure to perform maintenance within units on a timely basis or failure to report any common area problems within the interior of a condominium to the Association's management on a timely basis (i.e. interior wall leaks, undetectable from the exterior of the unit, left unreported to management and causing water and/or mold damage) may incur repair costs and liability on the part of the homeowner. as per the Association's governing documents.

◆ All homeowners provide to the Association, through escrow, proof that the governing documents of the Association have been presented during escrow and are in their possession. Upon purchase of a condominium, an owner is automatically a member of the Association and has a legal duty to understand and abide by the Governing Documents. These governing documents, found in all common interest development communities in California, include the "Declaration of Covenants, Conditions and Restrictions" (CC&Rs), the "By-Laws of the Corporation" and the most recently adopted "Rules and Regulations".

◆ If any homeowner no longer has copies of their governing documents, upon request to management, copies of such may be obtained at the cost of photocopying. All of the Association's governing documents are available at no cost by accessing the homeowners section of the Association's website and printing out the pdf file provided for each document. Please see Homeowner Contact List, **Exhibit G**, for website information.

◆ It is a violation of California Civil Code for a seller to neglect to provide a buyer with all of the Association's governing documents.

Villa Caballeros falls under the jurisdiction of the City of Palm Springs, the County of Riverside and the State of California. All pertinent ordinances and codes in force by these governmental entities apply to Villa Caballeros Homeowners Association, Inc. and to all Homeowners, Tenants and Guests

SECTION 1 GENERAL USE RULES AND RESTRICTIONS

A. CONDUCT AND COURTESIES

1. All homeowners and tenants have the right to peaceful enjoyment of their respective properties and the common areas of the Association. When a violation occurs, it is the right and duty of any homeowner witnessing the violation, most importantly any violation that is a threat to the safety of residents and liability to the Association, to file a complaint in writing to the management company. The management company will record the incident and advise the Board of Directors. (**See Exhibit A - Reporting a Violation**).
2. Improper conduct or obscenities will not be tolerated. Actions by any person of any nature, which may be dangerous or construed as a threat, create a health or safety problem, or unduly disturb others, are not permitted. This includes excess noise, intoxication, quarreling, threatening, fighting, offensive language or conduct. Should persons causing or participating in behavior as described above refuse to cease their activities and/or leave the premises when so directed by management or duly authorized person, assistance will be immediately requested by the local law enforcement agency to maintain order.

3. Owners shall be responsible for the conduct of their guests, family and/or tenants, and all service personnel, vendors, contractors or any other invitees.
4. Association vendors and their employees shall be treated in a courteous and considerate manner. All complaints regarding service rendered or behavior by any of the Association's vendors and/or its employees must be made to management for appropriate handling.
5. The Board of Directors has the authority to discipline any person for any conduct, which in its opinion, may endanger the welfare, interest or character of the Association, as well as for violations of specific rules. Anyone refusing to abide by these rules may face corrective action by the Board of Directors which may include fines, property liens and/or legal action. (**See Exhibit B - Notice of Hearings and Section 5 Regarding Fines and Related Actions by the Association**).
6. Out of courtesy for your neighbors in close proximity and in light of second-hand smoke health issues, please refrain from smoking on patios or balconies. Smoke (as well as cooking and cleaning fumes) easily travels into neighboring units, particularly from the ground floor units to the second and third floor units. Per the desire of the majority of homeowners and approval of these Rules & Regulations, smoking is prohibited anywhere within the pool and spa enclosure.
7. Please use good judgement and avoid vacuuming, using clothes washer, clothes dryer or any such noise-making equipment or activity after 10:00 PM or before 8:00 AM. Residents of units positioned above other units shall be mindful of the sound of heavy walking, dragging of furniture, heels on tile or wood floors and other noises above and beyond normal sound levels.
8. Vendors and contractor's work hours are restricted to Monday through Saturday from the hours of 8:00 AM to 5:00 PM. Construction work, commercial carpet cleaning services and other such similar activities are prohibited on Sundays or Holidays. These are the same restrictions as per Palm Springs City Ordinance.
9. The Villa Caballeros Homeowners Association, Inc. is not responsible for the loss of property belonging to homeowners, residents, renters, and/or guests including but not limited to clothing, automobiles or for any damage sustained by them on the Association's property.

B. RULES PERTAINING TO PETS

1. No more than two (2) usual and ordinary household pets (exclusive of fish in aquariums and caged birds) per unit. Pets may not be kept or bred for commercial purposes.
2. Dogs must be on a leash at all times and under personal control when outside of individual living quarters or patio enclosures. (Palm Springs City Ordinance). No animal shall be attached by leash or chained anywhere in the common area. Animals are not allowed in enclosed pool/spa area, tennis or handball court.

3. Dogs should be walked outside of common areas. Pedestrian gates shall be kept locked after exiting and again after re-entering the complex. Dogs shall not be allowed to urinate or defecate on common area property, walkways or in elevator. In the event that pets urinate on walkways or in elevator, or if there is excrement anywhere left by dogs in the common area, such waste shall be removed or cleaned immediately by the owner of the dog in a sanitary manner.
4. Anyone observed by another owner or resident not cleaning up after their dogs in common areas shall be subject to warning and/or fine. It is the duty of other owners and residents to help watch against owners of dogs who do not clean up excrement. Not only is it shameful behavior to neglect to clean up after one's dog, it is disgusting for others to have to look at and can cause health issues to humans and to other dogs.
5. If pets are kept in enclosed patios or balconies, these areas shall be maintained daily by removal of feces and mopping the urine away. Cats may not roam free and must use a litter box located in their home or in the exclusive use area of the unit.
6. Excessive dog barking or animal noise (as defined by Palm City Ordinance) shall be deemed a nuisance, whether the pet is inside or outside of the unit. If left uncorrected, the owner will be reported to animal control.
7. Homeowners, renters and their guests shall be responsible and liable for any personal injury or property damage (including lawns, shrubs, plantings). Homeowners, renters and their guests shall be fully liable for any person hurt or bitten by their pet, whether in their immediate care or the care of a designee. The Association shall be held harmless from any claim resulting from any action of their pet whatsoever.
8. The Association, acting through the Board, shall have the right to prohibit keeping and to cause removal from the property, of any animal which constitutes, in the opinion of the Board and as documented by written complaints from other owners or residents and by warnings issued, a nuisance or a danger to any other resident.

C. TRASH DISPOSAL

1. There are two dumpster enclosures, one at the west end of Bldg. 1 and the other at the west end of Bldg. 3. Both areas have one brown dumpster for general household trash, which is collected 3x weekly (M/W/F) and a blue dumpster for recyclable trash, which is collected once weekly on Thursdays. Collection will be delayed by one day if a collection day is on a holiday. Residents are strongly encouraged to learn and follow the guidelines posted for recycling and the disposal of non-recyclable trash.
2. All trash shall be placed into the appropriate dumpster. No items, such as oversized furniture, appliances, planters, etc., may be placed around the dumpster. Nothing shall be left outside of the dumpsters as it will not be picked up by the sanitation workers. It is the responsibility and expense of the owner or tenant to find a hauler to remove large disposal items. No trash shall be left at front doors, in common areas or on patios or balconies.

3. "Wet" garbage, such as kitchen and food wastes, etc., shall be placed in sealed or tied plastic bags to minimize odors and vermin/pests.
4. Cardboard boxes must be cut up and/or broken down and folded flat before it is placed in the recyclables dumpster. This will take up less space as the recycle dumpster is emptied only once weekly.
5. The area around the dumpsters shall be kept clean and clear at all times to prevent infestation of vermin and pests. All residents must clean up after themselves. There are no maintenance personnel on duty for this task at the complex.
6. Use the walkway pedestrian entrance to the dumpster enclosure. As a courtesy to neighboring homeowners, close dumpster covers quietly.
7. Household Hazardous Waste (HHW) includes a variety of wastes that must be taken to the **ABOP** collection center or disposed of at the annual County HHW clean-up event. These materials cannot be disposed of in landfills. The **ABOP** center is located at 1100 Vella Road in Palm Springs. The center accepts household quantities of **Antifreeze, Batteries, Oil and Paint**. HHW shall not be disposed of in the Association's dumpsters. It is the owner's or tenant's responsibility to legally dispose of these materials. Palm Springs Disposal Services cannot accept HHW materials and if HHW is discovered in the dumpsters, PSDS's policy, at their discretion, is to not empty the dumpster and to report the matter to the District Attorney's office. HHW also includes insecticides, fuel and solvents. For a detailed list of trash considered recyclable, a list of materials considered Household Hazardous Waste, the hours of ABOP or dates of clean-up events, please review the Riverside County Waste Management Website. The link is: <http://www.rivcownm.org/opencms/>
8. Excess household construction materials from renovations or excess amounts of cardboard boxing/moving materials may not be placed in the Association's dumpsters. It is the owner's or tenant's responsibility to contact PalmSprings Disposal Services for a complimentary pick-up of cardboard boxes broken down and stacked for removal by PDSD or to insure that their contractor doing the renovations removes construction debris or engages a hauler to remove the construction debris from the complex.

D. SIGNS, DECORATIONS, FOR SALE SIGNS AND OPEN HOUSES

1. One (1) real estate "For Sale" or "For Rent" or "For Lease" sign may be placed inside the vertical window adjacent to the front door of the unit. It may be no larger than two (2) square feet and must be professionally prepared. Real estate signs are not allowed to be placed in Common Areas or anywhere on the outside of the unit. Agents may place one 'take one' box, displaying flyers for distribution, outside the main entrance, in the vicinity of the generic Villa Caballeros Units Available sign.
2. Open House signs are allowed to be staked outside the main entrance to the property and for directional use inside the property and only during the hours the unit is open to the public. Neither real estate agents and/or homeowners shall post, provide or advertise gate codes to the general public.

3. No sign, poster, billboard, advertising device or other display of any kind shall be displayed on the common area or in the unit which is visible in the common areas, without the written approval of the Board of Directors.
4. Holiday decorations are encouraged and permitted. The design and quantity should be in good taste, keeping with the architectural character and scale of the units and community. Decorations may be displayed up to twenty (20) days prior to the holiday but shall be removed within ten (10) days after the holiday. Care must be taken to avoid damage to outside painted surfaces. Decorations may not be attached to the stucco.

E. ENTRANCES, PATIOS, BALCONIES AND WINDOWS

1. The enclosed patios and balconies are considered 'Exclusive Use Common Areas', as defined in California Civil Code. The Association maintains architectural control of these spaces, but maintenance of these areas is the responsibility of the owner or tenant. Unsightly storage, storage units, trash containers, garbage, household cleaning tools (including mops and brooms), gardening tools and any such similar items are prohibited to be 'on view' in these areas.
2. The front entrance to each unit is Common Area, under control of the Association, and not part of the actual unit itself. Each unit entry is permitted to have one potted plant or tree, or a matching pair of planters, or other tasteful decoration of similar type and reasonable proportion, along with a door mat not to exceed 3 feet by 4 feet. Care must be taken to prevent overflow and damage to the 2nd and 3rd floor decking when watering potted plants, with use of appropriate sized saucer or a pot having no drainage holes. Use of plantings at ground floor entrances are allowed if in harmony with the overall landscape plan adjacent and subject to approval by the Board of Directors.
3. **ONLY ELECTRIC BBQ GRILLS ARE ALLOWED.** Grills, fire places, fire pits or any other such item having flames, either from charcoal, propane or other source of fire, are strictly prohibited due to insurance requirements and local code regulations.
4. Trash bags, boxes or other refuse may not be left outside the front door entrances or on balconies or patios at any time. Laundry, towels and clothing shall not be displayed so as to be visible from any place in the common area or on any balcony, walkway or patio railings.
5. No additional exterior lighting, including light posts, sconces and ground lighting may be installed without written approval of the Board of Directors. No outside shades, awnings, trellis, decorative ornaments, architectural elements, exterior window or door guards/gates, ventilators, fans, air-conditioners or like devices shall be used in or around the windows or on the exterior of the buildings. Misting systems are prohibited.
6. No items shall be attached to the stucco, wood or other exterior elements of patios and balconies. One ceiling fan is allowed in the patio/balcony of each unit and shall be of a color and style so as to be in harmony with the overall look of the complex. Overly bright or flood lights on balconies, patios or contained in ceiling fans are prohibited.

7. Satellite dishes are not encouraged. Satellite dishes no larger than 36 inches may be installed with prior written consent of the Association, using a stand, on balconies or patios. These are exclusive use homeowner areas and placement should be as much out of sight of common areas as possible. Satellite dishes are prohibited from being attached to the stucco of the patios/balconies or to the wood beams of the balconies. Satellite placement on the Common Area roof is prohibited as cable may not be attached to the stucco, causing damage, or holes drilled through the building's roof or walls to accommodate cabling access to units below.
8. All interior window treatments shall be of a tasteful and decorative design, with neutral colors facing to the common areas. Newspaper, bed sheets, aluminum foil, dark plastic, reflective window film, or any other similar types of window coverings are prohibited.
9. Residents of second and third floor balcony units shall vacuum, sweep or wet-mop balcony decks. Use of water hoses and/or buckets of water is prohibited as the upstairs balconies drain directly into the center of the ground floor patios below. Care shall be taken to prevent any overflow caused by watering plants from dripping to units below.

F. LEASING OF CONDOMINIUM

1. **No residence may be leased or rented for a period of less than thirty consecutive (30) days.** This is strictly enforced and any homeowner known to be leasing for less than 30 days may be reported to the City of Palm Springs for operating a short-term rental without a permit. This may result in payment to the City of Palm Springs of unpaid hotel occupancy taxes and/or a fine by both the City and the Association.
2. All lease/rental agreements for any unit with Villa Caballeros shall be in writing and shall contain a clause which states that the tenants are fully aware of the Association's Governing Documents and Rules & Regulations. A provision, either preprinted on a standard rental form or added as an addendum to the lease, shall include the information noted as follows:

“this lease shall be subject in all aspects to the provisions of the Villa Caballeros Association's Declaration of Covenants, Conditions and Restrictions (CC&Rs), Articles of Incorporation, Bylaws and the Association's Rules and Regulations. Any failure by the lessee hereunder to comply with the terms of the foregoing documents shall be a default under this lease”.

3. Owners are required by the Association's CC&Rs and Rules and Regulations to provide a copy of any executed lease/rental agreement to management within seven (7) days of tenant's occupation of the premises, including the names and contact information of all occupants of the leased/rented unit. Owners shall provide each tenant a copy of these Rules and Regulations. Extra copies are available for the cost of photocopying from management or may be downloaded and printed at no cost from the Homeowner Section of the Association's website. **(See Section 7)**
4. The Owner is responsible for the behavior and conduct of their tenants, compliance with governing documents and any damage to Common Area that may occur for the duration of the lease or when moving in or out of the unit.

G. HOME BUSINESSES, COMMERCIAL BUSINESSES

1. No portion of Villa Caballeros, including individual residences, shall be used for conducting any business (other than noted below), commercial, manufacturing, mercantile, storing, vending or any non-residential purposes except that an Owner may lease that Owner's condominium in compliance with the governing documents.
 2. Any legal home occupation/enterprise activity conducted in compliance with the Home Occupancy Operating Standards (as presented in **Exhibit C- Home Occupancy Business Operating Standards**) is permitted as long as that activity is done through means of telephone, telephone modem, internet connection and/or reasonable level of mail or other parcel delivery service and does not cause out-of-the-ordinary walk-in or vehicular traffic, except as incidental to a social relationship of the Owner or Tenant occupant.
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SECTION 2 PARKING AND VEHICLES

A. ASSIGNED SPACES, GUEST PARKING & GENERAL DRIVING

1. Due to the limited number of parking spaces within the Villa Caballeros complex, the convenience of the residents will take precedence over that of guests.
2. The Association provides for one (1) numbered parking space for each unit. This space is Exclusive Use Common Area, under the control of the Association and is not a deeded space or part of the owner's unit itself. Storage of anything other than vehicles is prohibited. Guest parking is provided along the west wall on a first-come basis. Please note posted notices in the Guest Parking areas.
3. Other vehicles may not park in reserved parking spaces at any time, without permission from the assigned owner.
4. Handicapped parking is available by governmental issued permit only in designated handicap spaces.
5. To prevent damage to landscape lighting, curbs and plants and walls, do not back into the guest parking spaces.
6. The speed limit within the complex is ten (10) miles per hour. Come to a complete stop at the posted stop sign.

B. VEHICLE REGISTRATION AND MAINTENANCE OF STORED VEHICLES

1. In accordance with the Association's CC&Rs and Palm Springs City Ordinance, only licensed, currently registered and fully operable vehicles may be kept within the common area of the property, including both reserved covered and all guest parking spaces. Storage of inoperable, unlicensed or unregistered vehicles is prohibited. Inoperable, unlicensed or unregistered vehicles will be given notice by the property manager and shall be removed within 96 hours of notice or they may be towed at owner's expense.
2. Unit owners may store covered vehicles in their assigned space if covered with a factory cover and properly maintained. The storing of covered vehicles in the guest parking areas is prohibited. Vehicles cannot be stored on blocks in any parking area.
3. Garages and guest parking areas may not be used for any other purpose other than parking vehicles. Repairs of vehicles (other than changing a battery, fixing a flat tire or other similar-type maintenance activities), including the washing of vehicles, are prohibited in the garage or in guest parking areas. A separate car wash area is provided for Villa Caballeros owners' use. Nozzle is locked. Code is 1133. Please be sure that the nozzle is locked again after use.
4. Owner of vehicles are responsible for cleaning up leaking oil under their vehicles. Drip pans are required for cars with oil leaks.

C. NO PARKING AREAS AND TOWING INFORMATION

1. Due to fire code regulations, vehicles parked in any area not designated for parking shall be immediately towed at the vehicle's owners expense. Vehicles parked in a fire lane, designated by a red curb, shall be immediately towed at vehicle owner's expense.
 2. Parking in the "loading zone area" is for loading or unloading a vehicle and only for the limited time as posted.
 3. Parking of campers, trailers, boats, recreational vehicles or other over-sized vehicles is prohibited, except at times such vehicle is being loaded or unloaded.
 4. Violation of vehicular or parking rules and regulations may result in towing vehicle at vehicle owner's expense. Any vehicle towed shall be reported to the Palm Springs Police Department for their records.
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SECTION 3 RECREATIONAL FACILITIES

A. SWIMMING POOL & SPA

WARNING: THERE IS NO LIFEGUARD ON DUTY

1. Pool area hours are posted. Pool and spa hours are 7:00 AM to 11:00 PM daily. Please be considerate to neighbors living nearby and respect the hours posted, particularly the use of the spa jets/pumps, due to noise considerations while in use. Pool gates shall be locked at all times. Use of spa and pool shall be only in accordance with posted regulations and warnings and done so completely at user's own risk.
2. California State Law requires any child under age 14 in the pool or pool area to be accompanied by a responsible adult, **18 YEARS OR OLDER AT ALL TIMES**. This is strictly enforced. Parents or responsible guardians are expected to not allow children to run or play boisterously in the pool or spa areas.
3. Conduct must respect the privacy and peace of nearby residents and other pool area guests. Any noise or music above the normal level of conversation is prohibited. No running, diving, rough-play or intoxication is permitted.
4. At the request of a majority of Homeowners and per approval of these Rules and Regulations, there is a **NO SMOKING POLICY** everywhere within the pool and spa (fenced in) area.
5. Absolutely no glass containers permitted anywhere in the pool and spa area. This includes drinking glasses, bowls, beer or soda bottles, etc. Anyone seen with glass will be asked to remove it or leave from the area. Should any glass be broken in the vicinity of the pool or spa, the homeowner responsible (personally or if the violator is a guest or tenant of a homeowner), shall pay for the cost of draining, cleaning and refilling the pool or spa. Any liability for injuries from broken glass is that of the violator and not of the Association.
6. Proper swimwear required. No nude sunbathing or swimming is permitted at any time. No animals or pets are allowed in the pool and spa areas. No personal items are to be left in pool/spa areas overnight. Please do not remove pool furniture from deck area.
7. Please be sure to lower table umbrellas when leaving, to prevent wind damage if left open. Tables shall be left clean after use and trash is to be disposed of in residential trash bins.
8. Pool and spa facilities are reserved for residents and their guests only. In consideration to other owners and residents, there is a limit of 4 guests per unit allowed, in addition to the residents of the unit, in the pool and spa area.
9. Diapers, persons with open sores or contagious infections, are not allowed at any time in the spa or pool.

10. The pool and spa are maintained to the highest standards in accordance with State, County and local ordinances. The Association employs a professional pool service to care for all aspects of the pool and spa. Pool service is conducted three times weekly (M/W/F). There is no cleaning service scheduled on weekends. If there are any problems with the pool or spa, please report specific details to management.

B. TENNIS COURT AND HANDBALL COURT

1. Tennis court hours are from 7:00 AM to Dusk. Proper regulation tennis shoes must be worn at all times. When players are waiting, the time limit for play is one hour. No bicycles, skateboards, roller blades or street shoes are allowed on the court.
 2. Handball court hours are from 7:00 AM to 11:00 PM. White sole court shoes must be worn at all times. When players are waiting, the time limit for play is one hour. Assure that lights are out and door is locked upon completion of play.
 3. No animals or pets are allowed in the handball court or tennis court areas. No equipment, trash, beverage containers or personal items shall be left in the court areas.
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SECTION 4 ARCHITECTURE AND LANDSCAPING

1. No exterior structural change is permitted at any unit. No exterior painting, alteration or repair of any common area feature is permitted. All such exterior painting and repair shall be the duty of the Association.
2. No alteration of exclusive use patio or balcony is permitted without the written approval of the Board of Directors. An architectural variance form to request such approval is provided, **Exhibit D**. Patio security gates and entry door security screen doors of the exact size and style that has been approved for use are allowed. No other types of security gates are allowed on any windows, patio/balcony doors or entrance doors.
3. No interior structural changes are permitted within the unit. A structural change is defined as any alteration or modification to any wall, subfloor or ceiling component, regardless of whether or not it contains electrical or plumbing connections or is part of a load bearing wall, that would affect the integrity and safety of the buildings or affect the electrical, plumbing, cable or HVAC of any common area or that or any neighboring unit.
4. An interior structural change does not include a change in flooring, coverings, cupboards, appliances, fixtures, countertops or electrical or plumbing modifications that affects only that owner's unit, or any interior alteration which is solely decorative in nature and does not affect the structural integrity of the buildings.

5. It is the responsibility of the owner and, if using, their contractor or designated representative, to obtain any and all permits required for any modifications and improvements. The Association shall not be liable for any situation that may occur by not obtaining permits required by the City of Palm Springs.
 6. No owner shall further landscape or otherwise improve any common area facility maintained by the Association. There shall be no interference with established drainage patterns over any ground level patio or common area.
 7. No structure of a temporary character, such as trailer, tent or storage unit may be installed or used on exclusive use common area patios or balconies at any time, temporarily or permanently.
 8. The Board of Directors may, from time to time, adopt additional Architectural Standards, as may be necessary, to maintain and promote the architectural integrity of Villa Caballeros.
-

SECTION 5 FINES AND RELATED ACTIONS BY THE ASSOCIATION

A. PER OCCURRENCE FINES

1. If the violation is of a 'per occurrence' nature (not cleaning up after pets, towels hung on balconies, etc.) and the safety and liability of residents and the Association is not at risk, a polite warning letter will be issued to the owner of the unit. (not to the tenant, if unit is rented) If the occurrence continues uncorrected, the following fine schedule will be implemented:

1st Offense: Warning Letter / 2nd Offense: \$100 / 3rd Offense: \$200

In the event of such a violation, the Owner will be notified, in writing, of the date of the occurrence and details. A hearing date will be scheduled, after which the fine will be assessed to the owner if the Association determines it is appropriate.

B. VIOLATIONS

1. FIRST NOTICE - The Board, its designated committee or managing agent shall notify the owner (and not the tenant, if applicable) responsible for a violation of the Rules and Regulations, in writing, and describe the violation with reasonable particularity and direct reference to the section of the governing documents applicable. Notice will be given of a scheduled hearing before a fine is imposed. If the owner believes that an error has been made in the First Notice, the owner has the right to register an objection, in writing, to the management company within ten (10) days from the date of the notice.
2. SECOND NOTICE - If the owner fails to correct the violation, as determined from inspection by the Board or management company, a Second Notice will be mailed to the

owner. If the violation is not corrected within twenty (20) days of the date of the Second Notice, there will be a daily fine of \$10 per violation assessed to the owner's account. After thirty (30) days from the commencement of fines, if non-compliance still exists, the Board may institute legal action in accordance with the governing documents, California Civil Code and the provisions for collection of past due assessments. Such legal actions may include a lien and judgement placed upon the property. Accordingly, all legal fees, interest, court costs and other fees incurred in the collection of the fine will be the responsibility of the owner. Owner may be requested to appear before the Board, as specified in Civil Code 1363.810 through 1363.850 which identifies an internal dispute resolution process (IDR) that an owner and the Association must pursue as a prerequisite to an enforcement action. The IDR Process will run concurrently with the fines as previously stated.

3. **APPEAL PROCEDURES** - If the owner believes any fines or cited violations are in error or unjustly applied by misinterpretation of the governing documents, the owner should summarize their disagreement in writing to the management company and pay any fines levied at that time. The management company will provide a written reply to the owner, accepting or rejecting the rebuttal of the violation. If the owner does not accept the management company's rebuttal, the owner must request an appeal hearing to the Board of Directors. If the violations are excused or dropped, any fines paid by the owner levied for these specific violations or occurrences will be refunded by Association.
4. The fine procedures set forth in this section of the Rules and Regulations shall not be exclusive of other rights and remedies which may be available to the Association or Board as set forth in the governing documents and California Civil Code.
5. **The Association has the duty to immediately correct any violation that presents an immediate safety or liability issue. If the Association incurs any costs in correcting such violations, the expense will be charged to the responsible owner.**

C. LIEN FILING AND DELINQUENCY COLLECTIONS¹⁵¹⁵

1. The Board of Directors has a fiduciary obligation to collect all Assessments in a timely manner. Based upon the Association's "Declaration of Covenants, Conditions and Restrictions" (CC&Rs), and in compliance with the "California Civil Code for Common Interest Developments", commonly known as the Davis-Stirling Act, the Board has instructed management, legal counsel and accounting to follow the collection procedures in a manner that is legal, fair and even-handed for all homeowners.
 2. Current delinquency collection and lien filing information is provided in **Exhibit E**. This same information is mailed to all homeowners of record on an annual basis.
 3. It is the sincere desire of the Board of Directors to cooperate with homeowners in matters of delinquent accounts. Should a homeowner require special consideration that is fair, legal and does not cause loss to the other homeowners, such homeowner should contact the Association's accounting firm in writing so attention may be given to your account before legal action takes place and legal costs are incurred.
-

SECTION 6 GENERAL PROPERTY INFORMATION

A. KEYS FOR GATES/COURTS/MAILBOXES & ENTRY GATE REMOTES/CARDS

1. At time of escrow closing, keys for the Tennis Court, Handball Court, Pool/Pedestrian Gates, Community Room and Mailbox should have been provided by the seller. If keys are not provided at close of escrow or if keys are lost, replacement keys may be obtained from the property manager, for gates and courts only, for \$25 each.
2. The Post Office does not allow the Association to maintain extra mailbox keys. If a mailbox key is not provided at escrow closing or if a mailbox key is lost, the Post Office must remove the mailbox lock and replace with a new lock. Requests for new mailbox locks must be made at the Main Post Office on Amado St., in central Palm Springs. The Post Office will charge for this service.
3. Remotes and gate cards are provided by the seller of a unit to the buyer, at time of escrow closing. If remotes or gate cards were not provided at escrow closing or if they have been lost or damaged, replacements may be obtained from the property manager at the cost of \$25 for each item.
4. To add or remove a telephone number from the entry gate call box, please email the information in writing to management. Up to two names or numbers (pending available call box capacity) may be added or changed per unit, at no charge annually.
5. Owners who rent their units, or their managing agents, must themselves request any replacement keys, remotes, etc. directly from management on behalf of tenants and must advise management of any changes to the entry call box information. Changes to the call box information of more than once annually will be charged for in the amount of \$10 per additional change.
6. Vendor pass codes are provided by management to vendors who regularly service the property. Use of these pass codes is prohibited by owners, tenants and guests and may not be distributed. Improper use of these codes reduces the integrity of the security gate system and the overall safety and well being of residents.

B. WATER SHUT-OFF VALVES

1. There are individual water shut off valves conveniently located for each condominium at the ground level, below each line of units, near the entry to the ground floor units. Each is identified with the unit's number associated with that valve. **When the unit is left unoccupied, it is highly recommended that owners turn off the water valve to their units. Each owner or tenant should know where their water shut off valve is located.**

The valve lever turned vertical along the pipe is ON and the valve lever turned horizontal to the pipe is OFF. ***(This is possible for each unit except for 4 units in the center of building #2. Some of those water lines were co-mingled during original construction and turning one unit's water off may affect the water in another of those unit's kitchen or bathroom.)***

2. Valves that have a hose bib/water spigot attached are plumbed to be able to turn off water to a unit without turning off water to the hose bib.
3. If water valve has been turned off due to a plumbing problem, please notify management of the situation.

A. UTILITY HOOK-UPS FOR CABLE/TELEPHONE/ELECTRIC

1. Cable, telephone and electric access for each unit is located in Utility Closets at either end of each building. Specific units that are served out of each utility closet are shown on the sign on the door of the utility room. A full listing of which utility closets service which units is shown in **Exhibit F** of this document.
2. All utility doors are padlocked for security. It is the responsibility of the owner or their tenant to provide the padlock combination to service personnel when utility service is requested and instruct them as to which utility closet services your residence. The combination for each utility door is 1133 and the owner or tenant shall insure that the utility closet is locked when service is completed. I

D. ROOF ACCESS

1. Homeowners or tenants are not allowed on the roofs unless there is a need to service their air conditioning equipment or clean the outside of the clerestory windows of the second floor units in Buildings 1 and 3. There is a roof access ladder at the west end, second floor, of Buildings 1 & 3 and at the north end, third floor, of Building 2.
 2. The roof access ladders are padlocked for security. It is the owners responsibility to show air conditioning service personnel where the ladder access is, provide them with the ladder access combination, which is 1133, and insure that the roof access ladders are locked upon completion of service.
 3. As roofs are common area under the control of the Association, any service personnel that accesses the roof must be licensed and insured. The Association does not accept liability for any person, owner or resident who is on the roof. Any damage to the roofing materials/foam roofing by any homeowner, resident or their service personnel, or work of any type done by any homeowner or their service personnel that causes a leak to units below, will be repaired at responsible owner's expense.
 4. If Air Conditioning Unit is being replaced, the Association's Management must be notified in advance of the installation date as a crane must be used to lift equipment to roof. Any damage to roofs, stucco or another unit's equipment that might occur during installation is the responsibility of the homeowner and their installer.
-

SECTION 7 IMPORTANT HOMEOWNER CONTACT INFORMATION

A. CONTACT AND WEBSITE INFORMATION

1. The Association has created a website for the owners, residents and visitors of Villa Caballeros. To access the website, type www.villacaballeroshoa.com into your browser's search engine. Complete contact information for the management company, accounting firm, Indian Lease representative and much more information is listed in the public area of the website. Owners may access the Homeowners Section by providing their email address as the I.D. and unit number as the password. There, owners will find links to access and print all of the Association's governing documents and are able review the most recent minutes of the Board Meetings. There is also a link to provide comments and feedback.
 2. Complete contact information for management, accounting, Indian Lease representative, and frequently used local telephone numbers can be found in **Exhibits G & H** of this document.
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SECTION 8 EXHIBITS

EXHIBIT A - RULES AND VIOLATIONS REPORT

EXHIBIT B - PROCEDURE FOR HEARINGS

EXHIBIT C- HOME OCCUPANCY BUSINESS OPERATING STANDARDS

EXHIBIT D - ARCHITECTURAL VARIANCE CHANGE REQUEST

EXHIBIT E- DELINQUENCY COLLECTION AND LIEN POLICIES

EXHIBIT F- UTILITY HOOK UP LOCATIONS FOR EACH UNIT

EXHIBIT G- CONTACT INFORMATION

EXHIBIT A

EXHIBIT B

VILLA CABALLEROS HOMEOWNERS ASSOCIATION

Procedure for Hearing

1. Statement of violations by Acting Chairperson
2. Violator's statement.
3. CC&Rs requirements; By-Laws; and Rules & Regulations of the Association.
4. Discussion and questioning by the Board Members to violator.
5. Questions and final statement by violator.
6. Board ruling.
7. Enforcement procedures as applicable.
8. Adjournment.

DOCUMENTATION:

NAME OF VIOLATOR: _____ **PHONE NO.** _____

ADDRESS: _____

NATURE OF VIOLATION:

ADDITIONAL COMMENTS: _____

DATE: _____

SIGNED BY: _____

EXHIBIT C

Homeowners Association Home Occupation Policy

1. Home Occupation shall mean any legal activity conducted in compliance with the Operating Standards set forth herein and carried out by a homeowner as an accessory use within his/her dwelling unit. It is intended that Home Occupations shall be limited to use of the home through means of telephone, telephone modem, internet connection and reasonable mail or other parcel delivery, as set forth below and for no other purpose. In other words, any kind of activity conducted in compliance with the Home Occupation Policy shall not be visible from the exterior of the home through any modification to the unit or through the operation of said legal activity.
2. The purpose of the policy is to allow for the conduct of home enterprises which are incident to and compatible with the surrounding residential use of the units within the Community.
3. Home Occupations shall comply with all of the following:
 - a. There shall be no parking of commercial vehicles within the community;
 - b. There shall be no walk-in traffic to the unit as issue except as incidental to a social relationship of the homeowner or tenant occupant;
 - c. The home occupation shall not alter the appearance of the dwelling;
 - d. There shall be no commercial displays or signs visible from the outside;
 - e. There shall be no signs other than the address of the residence;
 - f. There shall be no advertising (including in any telephone book) which identifies the home occupation by street address.
 - g. The home occupation shall not encroach into any required parking, setback or common areas.
 - h. There shall be no use of storage of hazardous material, mechanical equipment or chemical materials not recognized as being part of a normal household or hobby use;
 - i. Activities conducted and equipment or material used shall not change the fire safety or occupancy classification of the premises. Utility consumption shall not exceed normal residential usage;
 - j. No use shall create or cause noise, dust, vibration, odor, smoke, glare, or electrical interference or other hazards or nuisances;
 - k. Only the occupants of the dwelling may be engaged in the home occupation;
 - l. The home occupation shall not generate pedestrian or vehicular traffic;
 - m. If the home occupation is to be conducted by a tenant, the property owner's written authorization for the proposed use shall be obtained prior to commencement of the home occupation.
4. A home occupation approval may be revoked or modified upon 30 days written notice by the Association if a majority of the Board of Directors, at their discretion, determine any one of the following findings can be made:
 - a. That the use has become detrimental to the quiet enjoyment of any homeowner or resident within the community and/or constitutes a nuisance.
 - b. That the use has become detrimental to the Association and/or any homeowner or resident based on any health or safety concern.
 - c. The home occupation is generating pedestrian or vehicular traffic and/or parking concerns
 - d. That the homeowner is advertising the Home Occupation by identification of the street address either in a telephone book or any other advertising form;
 - e. There is a violation of any of the Home Occupation policies set forth in the Policy;
 - f. That the use is in violation of any statute, ordinance, law or regulation.
5. In order to secure the integrity and purpose of the policy, Home Occupations may be reviewed and monitored on a periodic basis if the Board deems it necessary or a complaint is received by the Board.

EXHIBIT D

VILLA CABALLEROS ARCHITECTURAL VARIANCE CHANGE REQUEST

Residence/Unit Number _____ Date _____

Name of Owner (please print): _____

To the Architectural Committee/Board of Directors:

We, the undersigned owners, request approval of the following modification. We understand that building permits for home improvements may be required by the City of Palm Springs and that the cost of the permit and responsibility for obtaining permits and subsequent inspections will be borne by us. We understand that approval by the City does not constitute approval by the Association and that approval by the Association is required.

Description of Work To Be Done _____

Total Cost Estimate: \$ _____ Begin Date _____ Completion Date _____

Contractor (if applicable): _____
(Name/Address/Telephone Number)

Contractor Insurance Company: _____
(Please attach copy from your Contractor)

We acknowledge that all approved changes in the original design will be at our expense; that any reparation needed of existing sprinklers, underground utilities, building structure and exterior landscaping or damage resulting from construction, alterations or changes originating from these permitted improvements will be at our expense; and that maintenance of the permitted improvements will be at our expense.

Signature of Owner(s) _____

Mailing Address _____

Telephone Number _____ Alternate Number _____

Please provide as much detail as possible so that the Board of Directors may consider approval without delay. Please attach additional sheet if necessary. Upon completion, mail or fax the form to the management company at the address/fax number shown on the Association's contact sheet.

Board of Directors: Approved _____ Denied _____

Name Title Date

EXHIBIT E

COLLECTION POLICY FOR DELINQUENT ASSESSMENTS

Notice Required by Civil Code 1365. (e)

VILLA CABALLEROS HOMEOWNERS ASSOCIATION

PALM SPRINGS, CALIFORNIA

**IF THIS DOCUMENT CONTAINS ANY RESTRICTION
BASED ON RACE, COLOR, RELIGION, SEX, FAMILIAL
STATUS, MARITAL STATUS, DISABILITY, NATIONAL
ORIGIN OR ANCESTRY, THAT RESTRICTION
VIOLATES STATE AND FEDERAL FAIR HOUSING
LAWS AND IS VOID, AND MAY BE REMOVED
PURSUANT TO SECTION 12956.1 OF THE
GOVERNMENT CODE. LAWFUL RESTRICTIONS
UNDER STATE AND FEDERAL LAW ON THE AGE OF
OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR
OLDER PERSONS SHALL NOT BE CONSTRUED AS
RESTRICTIONS BASED ON FAMILIAL STATUS.**

VILLA CABALLEROS HOMEOWNERS ASSOCIATION

**SUMMARY OF POLICIES AND PROCEDURES OF LIEN RIGHTS AND
OTHER LEGAL REMEDIES FOR DEFAULT IN PAYMENT OF ASSESSMENTS**

1. **Regular and Special Assessments.** Regular assessments are due and payable, in advance, on the first day of each month. If imposed, special assessments shall be due and payable on the due date specified by the Board.
2. **Late Charges.** Regular and special assessments are delinquent 15 days after they become due. A late charge of ten percent (10%) or ten dollars (\$10.00) whichever is greater, per month will be applied if payment in full is not received 15 days after the payment is due.
3. **Interest.** Interest at the annual rate of 12% may be charged on all sums due that are thirty (30) or more days delinquent.
4. **Additional Charges, Costs and Attorneys Fees.** Pursuant to *Civil Code Section 1366(e)(1)*, the Association is entitled to recover reasonable collection costs, including reasonable attorney's fees, incurred in connection with collection. Costs may include, but are not limited to publication, recording, posting, service and mailing.
5. **Application of Payments on Delinquent Assessments.** Payments received on delinquent assessments will be applied first to the regular or special assessments owed, and then applied to interest, late charges, collection expenses, administration fees, attorneys' fees, reimbursement assessments, and any other amount due to the Association in connection with collection of delinquencies.
6. **Pay or Lien Letter.** Any Owner who is more than thirty (30) days delinquent in the payment of his or her assessments will be referred to the Association's attorney for collection and will receive a pay or lien letter, via certified mail. The letter will be sent at least thirty (30) days prior to a lien being recorded against the Owner's property, and will notify the owner of record in writing of the following, pursuant to *Civil Code Section 1367.1*:
 - (a) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount;
 - (b) An itemized statement of the amounts owed, including delinquent assessments, fees and reasonable costs of collection, reasonable attorneys' fees, any late charges and interest if any;
 - (c) The owner's right to inspect the Association's records to verify the debt;
 - (d) The owner's right to request a meeting with the Board, as set forth below;

(e) That the owner will not be liable for late charges, interest and costs of collection if it is determined that the assessment was paid on time to the association.

(f) The owner's right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to its "Meet and Confer" program (known as "IDR"-Internal/Informal Dispute Resolution) pursuant to *Civil Code Sections 1363.810, et seq.*;

(g) The owner's right to request alternative dispute resolution ("ADR") with a neutral third party pursuant to *Civil Code Sections 1369.510 et. seq.* before the association may initiate foreclosure against the owner;

7. **Owner's Dispute of Debt/Request For Meeting With Board Prior to Lien.** Pursuant to *Civil Code Section 1367.1*, the owner has the following rights:

(a) **Meet and Confer.** Prior to recording a lien, the Association shall offer and, if so requested by the owner, to participate in dispute resolution pursuant to the Association's "meet and confer" program (known as IDR-Internal/Informal Dispute Resolution) commencing with *Civil Code Section 1363.810*.

(b) **Request to Meet With Board to Discuss Payment Plan.** The Owner may submit a written request to meet with the Board to discuss a payment plan for the debt owed. The Association will provide any standards it has adopted regarding payment plans to Owners. The Board will meet with the Owner in executive session in conjunction with a regularly scheduled Board meeting, within 45 days of the postmark of the request, if such was mailed no later than 15 days after the postmark of the pay or lien letter. If there is no regularly scheduled Board meeting within that period, the Board may designate a committee of one or more members to meet with the Owner.

8. **Lien/Notice of Delinquent Assessment.** If the delinquent Owner does not bring the account current within thirty (30) days of the Pay or Lien Letter, and unless a dispute over such debt has been resolved or payment plan has been entered as set forth above, a lien (also referred to as Notice of Delinquent Assessment) will be recorded against the property, upon a majority of the Board determining at an open meeting to record such lien. The Board shall record the vote in the minutes of that meeting. The President or other person designated by the Association shall sign the lien. Such lien will set forth the amount of delinquent assessments and all other sum owed, such as late charges, costs and reasonable attorneys' fees, a legal description of the property, name of the record owner, and the name and address of the trustee authorized to enforce the lien by sale. A copy of the itemized statement of charges owed by the owner shall be recorded together with the Notice of Delinquent Assessment.

A copy of such lien will be mailed to the every person whose name is shown as an owner of the separate interest in the Association's records, within 10 days after recording of the lien. Upon receipt of a written request by an owner (mailed in a manner indicating the association has received it, such as by certified mail) identifying a secondary address for purposes of collection notices, the association shall also send additional copies of any required collection notices to such secondary address. The lien is subject to non-judicial foreclosure, and the property may ultimately be

foreclosed upon and sold without court action to satisfy the debt owed. Reasonable attorneys' fees and costs up to \$425.00 may be collected in connection with preparing and recording the lien. *Civil Code §1366.3(a)*.

9. **Dispute of Charges After Lien.** Prior to initiating foreclosure for delinquent assessments, the Association shall offer the owner and, if so requested by the owner, shall participate in dispute resolution pursuant to the Association's "Meet and Confer" program (known as IDR-Internal/Informal Dispute Resolution pursuant to *Civil Code Sections 1363.810 et. seq.*, or Alternative Dispute Resolution with a neutral third party pursuant to *Civil Code Sections 1369.510 et. seq.* The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner (binding arbitration not available if the Association pursues judicial foreclosure.)

10. **Foreclosure.** If the delinquent Owner does not bring the account current after such lien has been recorded, and after the above dispute resolution requirements have been met, the majority of the Board may decide, in executive session, to approve foreclosure of such lien, only for those regular or special assessments which are of an amount equal to or exceeding one thousand eight hundred dollars (\$1,800) exclusive of late charges, fees, costs of collection, attorney's fees and interest, or which are more than twelve (12) months delinquent. The Board shall record the vote in the minutes of the next meeting of the board, open to all members. Confidentiality shall be maintained by identifying the property by parcel number. Such Board vote shall occur at least thirty (30) days prior to any public sale. The Board shall deliver notice by personal service to owner-occupants or to the owner's legal representative upon the Board voting to foreclose upon the owner's separate interest, and by first class mail, postage pre-paid to non-occupant owners at the most current address shown on the association's books. These limits do not apply to timeshares or assessments owed by developers.

Non-judicial foreclosure will then commence by the Association's law firm, pursuant to the CC&Rs, and *Civil Code Sections 1367.1 and 2924, et seq.* as follows:

(a) **Notice of Default and Election to Sell ("NOD").** A Notice of Default and Election to Sell ("NOD") will be recorded at the County Recorder's Office. A ninety (90) day time period starts by which the Owner is required to pay all charges owed. Attorneys' fees up to \$240.00 may be imposed at this stage. A title/lot book report would be obtained at a cost of approximately \$200.00.

(b) **Notice of Sale ("NOS").** If the delinquency is not cured within ninety (90) days after the NOD is recorded, (and a lawsuit has not been filed) upon receipt of the Board's vote to foreclose, the attorney will proceed with the recording and publishing of a NOS. Attorneys fees up to \$110.00, in addition to publication, recording, posting, service, and mailing costs are charged to the Owner.

11. **Payments After Lien.** Once an account has been turned over to the law firm, PLEASE DO

NOT SEND ANY ASSESSMENT PAYMENTS TO THE ASSOCIATION. ASSESSMENT PAYMENTS MAY ONLY BE ACCEPTED BY THE LAW FIRM. Any payments delivered to the Association will be sent to the attorney's office for proper crediting.

12. **Redemption.** An owner may redeem the property foreclosed upon within ninety (90) days after the sale, by paying all charges owed.

13. **Lawsuit.** The Association may, at any time, determine to file a personal lawsuit against the delinquent Owner to recover all delinquent charges pursuant to relevant law. All costs and attorneys fee in connection with the lawsuit, in addition to the delinquent charges and other collection costs, will be sought from the delinquent owner.

14. **Release of Liens Upon Payment.** Within twenty-one (21) days of payment in full of all delinquent assessments and charges, or if it is determined that a lien previously recorded was in error, the attorney will prepare a Release of Lien which will be recorded in the County Recorder's Office, and will provide Owner with a copy of such release or notice that the delinquent assessment has been satisfied.

15. **Right To Receipt.** When an owner makes a payment, the owner may request a receipt and the Association will provide same, which shall indicate the date of payment and person who received such payment.

16. **Overnight Payments.** Payments may be made by overnight mail to the following address:

If account is being handled by Association: Villa Caballeros Homeowners Assn.
c/o Joanne M. Allen & Associates
Attn: Collections Dept
1031 South Palm Canyon Drive
Palm Springs, California 92264
(760) 323-7475

If account is being handled by Attorneys office: Peters & Freedman, L.L.P.
Attn: Collection Department
43-100 Cook Street, Suite 202
Palm Desert, CA 92211
Phone (760) 773-4463

**REQUIRED NOTICE CONCERNING
ALTERNATIVE DISPUTE
RESOLUTION & INTERNAL
DISPUTE RESOLUTION
PROCEDURES**

**VILLA CABALLEROS
HOMEOWNERS ASSOCIATION
PALM SPRINGS, CALIFORNIA**

**Alternative Dispute Resolution
Civil Code 1369.510 through 1363.850
(ADR Laws)**

**Internal Dispute Resolution Procedure
Civil Code 1363.810 through 1363.850
(IDR Process)**

VILLA CABALLEROS HOMEOWNERS ASSOCIATION

SUMMARY REQUIRED BY *CIVIL CODE* SECTION 1369.590 (a)

- ALTERNATIVE DISPUTE RESOLUTION –

Pursuant to the requirements of California *Civil Code* Section 1369.590, the Association hereby provides you with notice and a summary of the following Alternative Dispute Resolution ("ADR") procedure:

ALTERNATIVE DISPUTE RESOLUTION:

Under certain circumstances, all California community associations and their individual members are to offer to participate in some form of Alternative Dispute Resolution ("ADR") prior to initiating certain types of lawsuits pursuant to California *Civil Code* Section 1363.590.

Please be advised that *Civil Code* Sections 1363.840 and 1369.590 could be subject to different interpretations as the statutory language has not yet been interpreted by any court. Each homeowner should consult with his/her own attorney regarding appropriate compliance with the statute.

I. **SCOPE OF STATUTE:**

Civil Code Section 1369.510 (a) defines "Alternative Dispute Resolution" as mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The form of ADR chosen may be binding or non-binding with the voluntary consent of the parties. *Civil Code* Section 1369.510 (b) defines "Enforcement Action" as a civil action or proceeding, other than a cross-complaint, filed by either individual homeowners or community associations, for any of the following purposes:

Enforcement of the Davis-Stirling Common Interest Development Act, *Civil Code* Section 1350, *et seq.*

Enforcement of the California Nonprofit Mutual Benefit Corporation Law (commencing with Section 7110 of the Corporations Code).

Enforcement of the governing documents of the common interest development.

The Association or an owner or member of the Association may not file an Enforcement Action in the superior court unless the parties have endeavored to submit their dispute to ADR pursuant to *Civil Code* Section 1369.510.

Civil Code Section 1369.510 only applies to an Enforcement Action that is solely for declaratory relief, injunctive relief, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000). This section does not apply to a small claims action and except as otherwise provided by law, this section does not apply to an assessment dispute.

II. COMPLIANCE PROCEDURES:

The ADR process is initiated by one party serving all other parties with a "Request for Resolution," which shall include all of the following:

1. A brief description of the dispute between the parties.
2. A request for alternative dispute resolution.
3. A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
4. If the party on whom the request is served is the owner of a separate interest, a copy of *Civil Code* Sections 1369.510 - 1369.590.

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

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

Statements, negotiations, and documents made or created at, or in connection with ADR (except for arbitration) are confidential. If a Request for Resolution is served before the end of the applicable time limitation for commencing an Enforcement Action, the time limitation is tolled during the following periods:

- A. The period provided in *Civil Code* Section 1369.530 for response to a Request for Resolution.
- B. If the Request for Resolution is accepted, the period provided by *Civil Code* Section 1369.540 for completion of ADR, including any extension of time stipulated to by the parties pursuant to Section 1369.540.

Pursuant to *Civil Code* Section 1369.560 (a), at the time of commencement of an Enforcement Action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:

- A. ADR has been completed in compliance with this *Civil Code* Section 1369.510, *et seq.*
- B. One of the other parties to the dispute did not accept the terms offered for ADR.
- C. Preliminary or temporary injunctive relief is necessary.

Failure to file a certificate pursuant to *Civil Code* Section 1369.560 (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

Civil Code Section 1369.570 (a) provides that after an Enforcement Action is commenced, on written stipulation of the parties, the matter may be referred to ADR. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.

III. FAILURE TO PARTICIPATE IN SOME FORM OF ADR:

In an Enforcement Action, in which fees and costs may be awarded pursuant to *Civil Code* Section 1354(c), the court, in determining the amount of an award of attorneys fees and costs, may consider whether a party's refusal to participate in ADR before commencement of the action was reasonable.

In accordance with California *Civil Code* Section 1369.590, the Board of Directors of the Association hereby advises you of the following:

Failure by a member of the Association to comply with the alternative dispute resolution requirements of Section 1369.520 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.

IV. NO EFFECT ON VOLUNTARY PARTICIPATION IN ADR:

The parties may still agree, in writing, to refer any dispute involving enforcement of the Association's Governing Documents, California Corporations Code Sections 7110, *et seq.*, or the Davis-Stirling Common Interest Development Act, *Civil Code* Sections 1350, *et seq.* to some form of ADR, even if those disputes may be technically outside of the ADR statute.

EXHIBIT A
RESOLUTION OF THE BOARD OF DIRECTORS OF
VILLA CABALLEROS HOMEOWNERS ASSOCIATION
A California Nonprofit Mutual Benefit Corporation

Re: Internal Dispute Resolution Process

WHEREAS, *Civil Code* §§1363.810 through 1363.850 identifies an internal dispute resolution process (“IDR Process”) that an Owner and Community Association must pursue as a prerequisite to an enforcement action;

WHEREAS, *Civil Code* §§1363.840 identifies an IDR Process applicable to all community associations that do not otherwise provide for an alternative procedure;

WHEREAS, the Board of Directors desires to identify the Association representatives who would participate in the IDR Process;

WHEREAS, the Association desires to adopt an IDR Process.

NOW, THEREFORE, BE IT RESOLVED that **VILLA CABALLEROS HOMEOWNERS ASSOCIATION** adopts the IDR Process contained within *Civil Code* §1363.840 (deemed within statute to be fair, reasonable, and expeditious) as follows:

1. This IDR Process applies to the Association as well as an Owner as a prerequisite to the filing of any litigation related to a dispute involving their respective rights, duties or liabilities under the governing documents, the *David-Stirling Common Interest Development Act* (“D-S Act”) and/or the nonprofit mutual benefit corporation law (collectively “CID Dispute”). It does not relate to any collection of assessments unless the Association determines it need to file litigation to collect same.
2. Either party (Association or Owner) to a CID Dispute may invoke the following procedure:
 - A. The party may request the other party to meet and confer, in an effort to resolve the CID Dispute. The request shall be in writing.
 - B. An Owner may refuse an Association request to meet and confer. The Association may not refuse an Owner’s request to meet and confer.
 - C. The Board hereby designates the President or in his/her absence, the Vice-President (“Board Designee”), as well as the CID Manager to meet and confer with the Owner. The Board Designee shall also have the right to request the Chairperson of any applicable Committee involved in the CID Dispute to assist the Board and attend the meet and confer session with the Owner. If the Association is pursuing litigation related to a delinquent assessment, the Board designates the Treasurer in lieu of the President as the Board Designee.

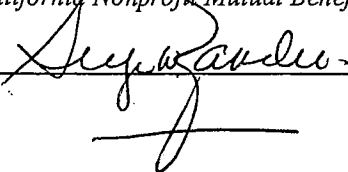
3. Although not precluded, attorney participation in the IDR Process is discouraged in order to maintain direct discussions between the principals of the CID Dispute and to maintain the goal of resolution through an expeditious process. To the extent Owner requires that his/her/its attorney attend the IDR Process, the Owner shall be required to give five (5) business days' notice to the Association so that the Association can ascertain if it desires its corporate counsel to also attend.
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 CID dispute.
5. A resolution of the CID Dispute agreed to by the parties shall be memorialize in writing and signed by the parties, including the Board Designee on behalf of the Association.
6. The Agreement reached by the Owner and the Board Designee binds the parties and is judicially enforceable if both the following conditions are satisfied:
 - A. The Agreement is not in conflict with law or the governing documents of the Association; and
 - B. The Agreement is ratified by the Board of Directors within thirty (30) days of the date that the Agreement is executed by the Owner and the Board Designee.
7. The Owner participating in the IDR Process shall not be charged a fee to participate in the IDR Process.

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of **VILLA CABALLEROS HOMEOWNERS ASSOCIATION**, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors of the corporation at a meeting held on October 17, 2009, and entered in the minute of such meeting in the Minute Book of the corporation. The Resolution is in conformity with the *Corporations Code*, the Articles of Incorporation and the Bylaws of the corporation and has never been modified or appealed and is, as of now, in full force and effect.

DATED: 10-17-09

VILLA CABALLEROS HOMEOWNERS ASSOCIATION
A California Nonprofit Mutual Benefit Corporation

By: 

UTILITY CLOSET LOCATIONS AND WHICH UNITS ARE SERVED OUT OF WHICH CLOSET FOR ELECTRICITY, TELEPHONE AND CABLE CONNECTIONS.

All locks to the utility closets (and to the roof access ladders) are set with the combination 1133. Please provide this information to your service technician at the time of service and please be sure service technician locks door when finished.

DOOR #1 Northeast Arenas/Avenida Caballeros Corner Located in the patio area of unit #105, Building 1. Please be courteous and announce your presence as entry must be made to private patio for access to Utility Closet #1.

101 102 103 104 105 106 112 113 114 115 116 117

DOOR #2 Northwest Corner of Bldg. 1 off Arenas Street Entrance
EMERGENCY FIRE SPRINKLER VALVE ONLY

DOOR #3 Southwest Corner Bldg. 1

110 111 121 122

DOOR #4 Southeast Corner of Bldg. 1

107 108 109 118 119 120

DOOR #5 Northeast Corner, Bldg. 2

201 202 206 207 211 212

(Also designated as storage room for gardener's equipment)

DOOR #6 Southwest Corner of Bldg. 2, near unit 205

EMERGENCY FIRE SPRINKLER VALVE ONLY

DOOR #7 Southeast Corner, Bldg. 2

203 204 205 208 209 210 213 214 215

(also designated as storage for gardeners mowing equipment)

DOOR #8 Southeast Corner Bldg. 3

303 304 305 314 315 316

DOOR #9 Northwest Corner, Bldg. 3

301 302 312 313

DOOR #10 Southeast Corner, Bldg. #3, Next to front door of Unit 301

EMERGENCY FIRE SPRINKLER VALVE ONLY

DOOR #11 Southeast Corner Bldg. 3 - Utility Closet is located within private patio area of Unit #307, facing the main entry gate. Please be courteous and announce your presence before accessing patio.

306 307 308 309 310 311 317 318 319 320 321 322

VILLA CABALLEROS CONTACT SHEET as of MAY 2012

MANAGEMENT: Maryellen Hill & Associates - For Questions about Property Management only.
Email Address: canderson@mehill.com / TEL: 760-320-5033 Ext. 225 / FAX: 760-322-2168 Property
Manager Contact is Cindy Anderson. 1111 Tahquitz Canyon Way, Suite 120, Palm Springs, 92262

24 HOUR EMERGENCY LINE (for emergencies only. non-emergencies will be responded to during
regular business hours). 760-275-2943 Cell Phone for Cindy Anderson

HOMEOWNER ACCOUNTS/PAYMENTS: Allen & Associates (For All Questions/Issues about
Homeowner Accounts) Contact: Ellen Voight Telephone: 760-323-7475 / Fax: 760-323-8763
Email: ellenvoight@joannemallen.com

INDIAN LEASE QUESTIONS/PAYMENTS: Contact – Christopher Serratt, Bureau of Indian Affairs
Telephone: 760-416-3289 / Ground Lease #584-30600XXX00 BS (XXX = Your Unit Number)

VILLA CABALLEROS WEBSITE: www.villacaballeroshoa.com Username is Email and Passcode is Unit number.

Police / Fire / Medical Emergency: Dial 911 / **Palm Springs Police Dispatch:** 760-327-1441
Palm Springs Police (Non-Emergency): 760-323-8116

Time Warner Cable: 760-340-2225 / **Verizon Telephone Service:** 800-483-4000

Southern California Edison (Electric): 800-684-8123 / **Desert Sun Newspaper:** 760-322-5555

Baristo Neighborhood Organization: Email: baristo@verizon.net

- Telephone/Cable/Electric Access for Each Unit is Located In Utility Closets at Either End of Each Building. Specific Units that are Served Out of Each Utility Closet are Listed on Each Utility Closet Door. (And in the Rules & Regulation Handbook) All Utility Doors are Padlocked for Security. Homeowners Must Provide Padlock Combination to Servicemen When Service is Requested. Combo for Each Utility Door is 1133. Please be Sure Door Is Locked When Service is Completed.
- Roof Access is on Top Floor of Each Building. Bldg 1 and Bldg. 3 at West End and Bldg. 2 at North End. Access to the Roof is Only Allowed for the Servicing of Each Unit's Air Conditioning/HVAC System. Access Ladders are Padlocked. Combo for Each Ladder is 1133. Please be Sure Ladder is Locked When Service is Completed
- Water Shut-Off Valves are Located on the Ground Floor, Below Each Unit (or Line of Units If on 2nd/3rd Floor) and Each Valve is Identified. When a Unit is Left Unoccupied for More than a Few Days, Homeowners Should Turn Their Water Valve OFF. When the Valve Lever is Vertical to the Pipe, the Water is ON. When the Valve Lever Is Horizontal to the Pipe, the Water Is Off. Some Valves Have Water Spigot Access Which Should Always Be ON, but the Unit Water can be Turned OFF Even When the Spigot is ON.
- Condos that are not often used must be checked on a regular basis by Homeowner or Caretaker.