SILVER LAKES ASSOCIATION
15273 Orchard Hill Lane
P.O. Box 179
Helendale, CA 92342-0179
760-245-1606
www.silverlakesassociation.com

ANNUAL DISCLOSURE 2025

In accordance with State Civil Code, the Silver Lakes Association is providing written notice that the general assessment will be $235.00 per single family lot/unit per month for the fiscal year 2025-2026 starting July 1, 2025.

Included with this letter is the summary of the 2025-2026 Budget. The Budget provides funding for all the amenities of the Silver Lakes Association. Included in our budget is a Reserve Plan per the requirements of State Civil Code §5550. A contingency line item is included to account for emergencies, which may arise during the year.

Each property owner will be sent a coupon book during the month of June 2025. The monthly coupon must be enclosed with the monthly assessment payment.

The revenue projections are based on assessments, fines and registration fees established by the Board of Directors as well as the history of facility revenue, earned interest and projected delinquency.

The expense projections are based on numerous factors from past experience such as equipment repair, inflation, and levels of service established by the Board of Directors.

A COPY OF THE PRO FORMA 2025-2026 OPERATING BUDGET CAN BE OBTAINED BY CONTACTING THE ADMINISTRATION OFFICE. COPIES WILL BE PROVIDED UPON REQUEST AT ASSOCIATION EXPENSE.

Silver Lakes Association

Board of Directors

Notice to Members Regarding the Approved 2025-2026 Budget and Assessment Increase Dear Silver Lakes Association Members,

Your elected Board of Directors is committed to the responsible stewardship of our community's resources, always balancing the traditions that have made Silver Lakes special with the forward-thinking necessary to ensure our long-term success.

After a detailed and painstaking review of the Association's operating needs and future obligations, your Board has approved the **2025-2026 Fiscal Year Budget** with a new monthly assessment of **$235.00**. We would like to explain the factors that led to this adjustment and outline the careful steps we have taken to protect and strengthen Silver Lakes Association's financial health.

Budget Review and Adjustments

The Board of Directors conducted an exhaustive line-by-line review of all expenses. Our primary focus was to preserve essential services while minimizing unnecessary costs. We evaluated every salaried and hourly employee position, along with associated employment benefits.

The cost of living and employment-related expenses have continued to rise, including:

- **Increases in minimum wage laws**.
- **Higher employment taxes and insurance premiums**.
- **Significant rises in group health insurance and medical benefit costs**.

In light of these realities, the Board felt it prudent—and responsible—to **implement a modest cost-sharing measure**: beginning this fiscal year, Association employees will contribute **10% toward their health benefits**. In previous years, these increasing costs were fully absorbed by the Association, but this adjustment allows us to better manage expenses without compromising service quality.

Golf Course and Community Project Updates

The Golf Course Maintenance Contract substantially increased primarily due to labor, health insurance, and tax cost escalations. The Board is currently working on the renovation project for the golf course. The Board is working extensively with a golf renovation consultant, including community volunteers highly knowledgeable in golf course operations, to solicit competitive proposals and ensure that the Silver Lakes golf course is kept at the expected standards of our members.

Ongoing and upcoming projects for our association include:

- **Replacement of the barn at the Equestrian Center**.
- **Repairs and replacement of damaged asphalt at the Restaurant**.

Legal Matters and Financial Settlement

A former employee filed a **wage and hour lawsuit** against the Association, which evolved into a **class-action settlement**. Guided carefully by Association legal counsel, a **pending settlement** has been negotiated and submitted to the court, with a total anticipated cost to the Association of **$600,000**. To **ease the financial impact**, this settlement cost will be spread across **two fiscal years**. No special assessment is planned at this time, because of prudent financial planning.

Water and Reserve Fund Protection

Water resources remain crucial to the future of Silver Lakes. Our operating and reserve budgets have been structured to ensure we continue to meet all obligations while protecting against unforeseen expenses, particularly regarding water-related infrastructure.

Communication Improvements – We Need Your Help!

To **reduce costs and improve communication efficiency**, we are encouraging all members to **consent to electronic communications**.

Included with this mailing is a form for you to:

- Authorize the association to send you electronic communications as your preferred method of communication.
- Provide your **email address** for HOA communication.
- Opt **out of receiving a printed coupon book** if you manage your payments online or prefer statements electronically.

Electronic communication can save the Association thousands of dollars annually, funds that can be better directed toward community improvements and services. Additionally, the Board plans to implement member **polls and surveys** on key topics. **If we do not have your email on file, you will not be able to participate** in these surveys. Please take a moment to complete and return the form.

You may **register on our portal at www.silverlakesassociation.com, where you can:**

- View the Association calendar.
- Submit maintenance requests and concerns.
- Access association documents.
- Review your account statements and payment history.

We are continually working to **automate and modernize** our management, systems the Ledger, and website publications to better serve you while maintaining fiscal responsibility.

Addressing Community Concerns

In addition to providing you with the budget update, the Board would like to take a moment to address concerns about theft and criminal activity in our community.

Please know that the Board shares these concerns and remains committed to doing everything within its authority to promote a safe and secure environment for all residents. Recently, the Board met with our Code Enforcement Manager to discuss ways to have a stronger presence throughout our community. While Code Enforcement plays an important role, it's important to remember they are not the Police Department and their authority is limited to enforcing SLA Rules & Regulations on association amenities and common areas.

This year, we had representatives from the Sheriff's Department and California Highway Patrol (CHP) meet with our residents regarding the ongoing concerns for our community. We encourage all residents to promptly report any suspicious activity or incidents directly to law enforcement, as they directed us at that meeting. Consistent reporting helps justify increased patrols and resources for our community.

Thank You to Our Volunteers

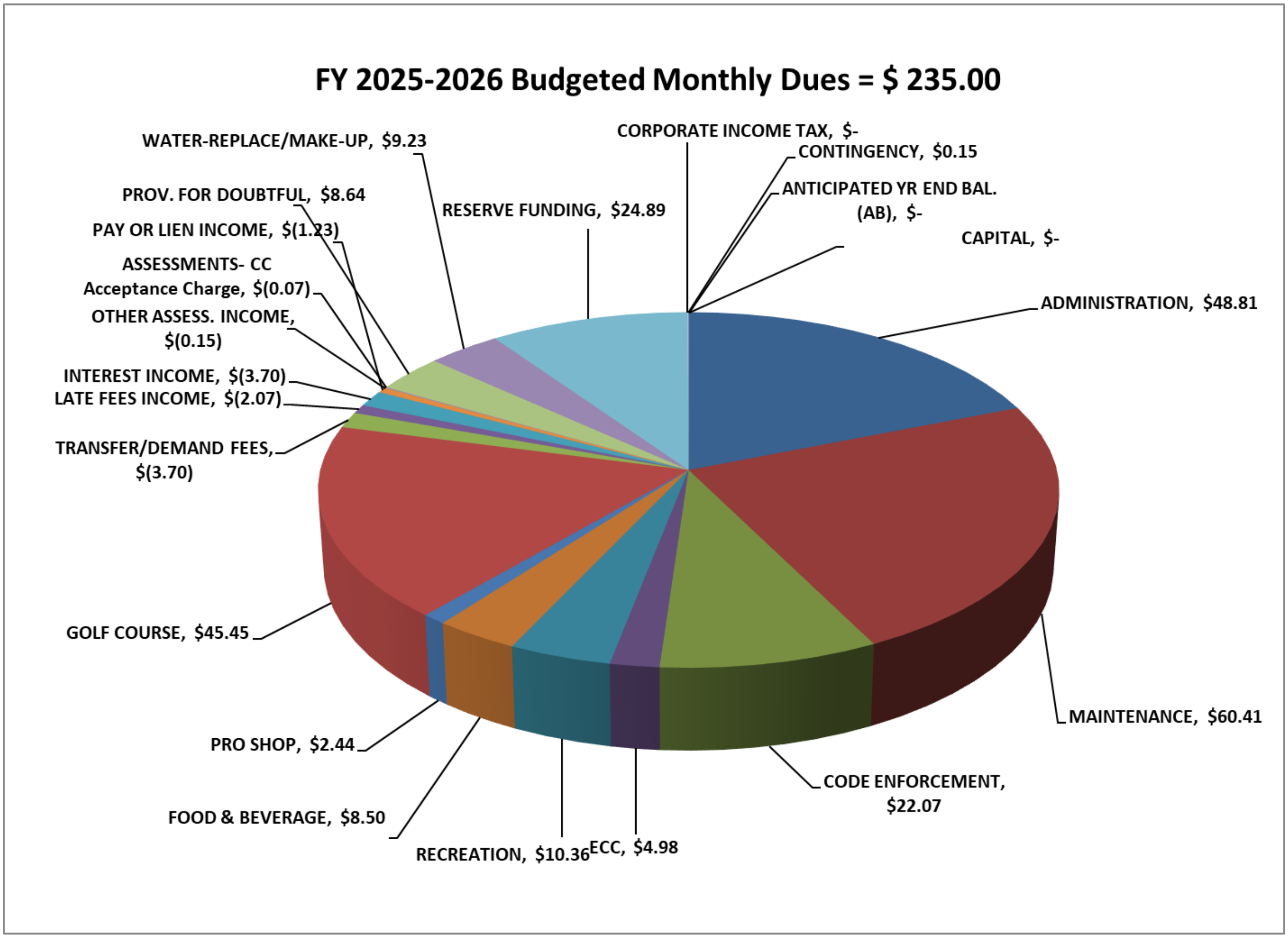
A sincere **thank you** to our many **volunteer committee members**. Without your time, energy, and care for Silver Lakes, the Association would have to spend far more on administrative staffing and outside consultants. Committee listings and member names are available on the Silver Lakes website, and we encourage all interested homeowners to consider serving. Your participation strengthens our community!

Looking Ahead we encourage all property owners to attend monthly Open Board Meetings

We are exploring the opportunity for **hybrid (in-person and virtual) Board meetings**, ensuring more members can stay engaged regardless of location or schedule. This Board takes very seriously its duty to represent and serve the membership. We understand that assessment increases are never welcome, but we believe they are **necessary, fair, and carefully considered**. We are confident these steps will protect Silver Lakes' legacy and ensure its strength for generations to come.

Thank you for your continued trust and support. Together, we are making Silver Lakes a stronger, better, and more connected community.

Respectfully,
Silver Lakes Association Board of Directors


FY 2025-2026 Budgeted Monthly Dues = $ 235.00
CORPORATE INCOME TAX, $-
CONTINGENCY, $0.15
ANTICIPATED YR END BAL. (AB), $-
CAPITAL, $-
ADMINISTRATION, $48.81
MAINTENANCE, $60.41
CODE ENFORCEMENT, $22.07
ECC, $4.98
RECREATION, $10.36
FOOD & BEVERAGE, $8.50
PRO SHOP, $2.44
GOLF COURSE, $45.45
TRANSFER/DEMAND FEES, $(3.70)
LATE FEES INCOME, $(2.07)
INTEREST INCOME, $(3.70)
OTHER ASSESS. INCOME, $(0.15)
ASSESSMENTS- CC Acceptance Charge, $(0.07)
PAY OR LIEN INCOME, $(1.23)
PROV. FOR DOUBTFUL, $8.64
WATER-REPLACE/MAKE-UP, $9.23
RESERVE FUNDING, $24.89

SILVER LAKES ASSOCIATION

2025-2026 BUDGET - SUMMARY BY DEPARTMENT

DEPARTMENT/ OTHER	FY 24-25 BUDGET	FY 25-26 FINAL BUDGET	CHANGE	CHANGE PCT	PER MONTH PER UNIT
ADMINISTRATION	(1,658,762)	(1,977,351)	318,589	19.2%	$ 48.81
MAINTENANCE	(2,447,696)	(2,448,747)	1,051	0.0%	$ 60.41
CODE ENFORCEMENT	(852,328)	(894,103)	41,775	4.9%	$ 22.07
ECC	(189,406)	(201,682)	12,276	6.5%	$ 4.98
RECREATION	(414,596)	(419,560)	4,964	1.2%	$ 10.36
FOOD & BEVERAGE	(342,224)	(344,431)	2,207	0.6%	$ 8.50
PRO SHOP	(123,649)	(98,660)	(24,989)	-20.2%	$ 2.44
GOLF COURSE	(1,619,768)	(1,841,178)	221,410	13.7%	$ 45.45
TRANSFER/DEMAND FEES	36,000	150,000	(114,000)	-316.7%	$ (3.70)
LATE FEES INCOME	50,000	84,000	(34,000)	-68.0%	$ (2.07)
INTEREST INCOME	150,000	150,000	0	0.0%	$ (3.70)
PAY OR LIEN INCOME	20,000	50,000	(30,000)	-150.0%	$ (1.23)
OTHER ASSESS. INCOME	3,000	6,000	(3,000)	-100.0%	$ (0.15)
ASSESSMENTS- CC Acceptance Charge	1,500	3,000	(1,500)	-100.0%	$ (0.07)
PROV. FOR DOUBTFUL	(650,000)	(350,000)	(300,000)	-46.2%	$ 8.64
WATER-REPLACE/MAKE-UP	(178,000)	(373,841)	195,841	110.0%	$ 9.23
RESERVE FUNDING	(1,000,000)	(1,008,066)	8,066	0.8%	$ 24.89
CORPORATE INCOME TAX	0	0	0	0.0%	$ -
CONTINGENCY	(6,000)	(6,000)	0	0.0%	$ 0.15
CAPITAL	0	0	0	0.0%	$ -
ANTICIPATED YR END BAL. (AB)	0	0	0	0.0%	$ -
TOTAL	(9,221,929)	(9,520,619)	298,690	3.2%	$ 235.00
PREVIOUS BILLABLE UNITS	3,431	CURRENT BILLABLE UNITS			3,376
PREVIOUS YEAR ASSESSMENT:	$224.00	*** 2025-2026 ASSESSMENT:			235.00

This is a summary of the budget. The complete budget is available for review at the business office of the Association (15273 Orchard Hill Lane, Helendale, CA 92342). Copies of the complete budget will be provided upon written request at no charge to property owners within five (5) business days of the request.

SILVER LAKES ASSOCIATION
SUMMARY BY DEPARTMENT/OTHER

DEPARTMENT/OTHER	FY 24-25 BUDGET	FY 25-26 FINAL BUDGET	CHANGE	CHANGE PCT	PER MONTH PER UNIT	PERCENTAGE OF TOTAL OPERATING BUDGET
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ADMINISTRATION	(1,658,762)	(1,977,351)	318,589	19.2%	48.81	20.77%
MAINTENANCE	(2,447,696)	(2,448,747)	1,051	0.0%	60.45	25.72%
CODE ENFORCEMENT	(852,328)	(894,103)	41,775	4.9%	22.07	9.39%
ECC	(189,406)	(201,682)	12,276	6.5%	4.98	2.12%
RECREATION	(414,596)	(419,560)	4,964	1.2%	10.36	4.41%
FOOD & BEVERAGE	(342,224)	(344,431)	2,207	0.6%	8.50	3.62%
PRO SHOP	(123,649)	(98,660)	(24,989)	-20.2%	2.44	1.04%
GOLF COURSE	(1,619,768)	(1,841,178)	221,410	13.7%	45.45	19.34%
TRANSFER/DEMAND FEES	36,000	150,000	(114,000)	316.7%	(3.70)	-1.58%
LATE FEES INCOME	50,000	84,000	(34,000)	68.0%	(2.07)	-0.88%
INTEREST INCOME	150,000	150,000	0	0.0%	(3.70)	-1.58%
PAY OR LIEN INCOME	20,000	50,000	(30,000)	150.0%	(1.23)	-0.53%
OTHER ASSESS. INCOME	3,000	6,000	(3,000)	100.0%	(0.15)	-0.06%
ASSESSMENTS- CC Acceptance Charge	1,500	3,000	(1,500)	100.0%	(0.07)	-0.03%
PROV. FOR DOUBTFUL	(650,000)	(350,000)	(300,000)	-46.2%	8.64	3.68%
WATER-REPLACE/MAKE-UP	(178,000)	(373,841)	195,841	110.0%	9.23	3.93%
RESERVE FUNDING	(1,000,000)	(1,008,066)	8,066	0.8%	24.89	10.59%
CORPORATE INCOME TAX	0	0	0	0.0%	0.00	0.00%
CONTINGENCY	(6,000)	(6,000)	0	0.0%	0.18	0.06%
CAPITAL	0	0	0	0.0%	0.00	0.00%
ANTICIPATED YR END BAL. (AB)	0	0	0	0.0%	0.00	0.00%
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TOTAL	(9,221,929)	(9,520,619)	298,690	3.239%	235.10	100%
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PREVIOUS BILLABLE UNITS	3,431	CURRENT BILLABLE UNITS			3,376	
PREVIOUS MONTHLY ASSESSME	$224.00	*** 2025-2026 ASSESSMENT:			235.10	

This is a summary of the budget. The complete budget is available for review at the business office of the Association (15273 Orchard Hill Lane, Helendale, CA 92342). Copies of the complete budget will be provided upon written request at no charge to property owners within five (5) business days of the request.

Silver Lakes Association
Assessment and Reserve Funding Disclosure Summary
Fiscal Year Ending June 30, 2026

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

<u>STATEMENT OF MECHANISMS TO FUND RESERVES.</u> The Board uses the following mechanism to fund reserves or repair or replace major component: Collection of regular assessments.

(1) The regular assessment for the 2025-26 fiscal year per ownership interest is <u>$235.00</u> per month.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page (N/A) of the attached report.

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

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, see note immediately below):	Purpose of the assessment:
No Special Assessment		None

Total:____________________________$0.00__

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page (N/A) of the attached report.

(3) Based upon the most recent reserve study review, dated 5/5/25, and other information available to the Board of Directors, have currently projected reserve account balances to be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes____________X____________ No_______________________

(4) If the answer to #3 is "no", what additional assessments or other contribution store serves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not been approved by the Board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N.A.	

Total:____$0.00________

Silver Lakes Association
Assessment and Reserve Funding Disclosure Summary
Fiscal Year Ending June 30, 2025

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

Major asset:	**Reason this major asset was not included:**
Painting-Interiors	Maintained by association personnel
Lighting-Interiors	Maintained by association personnel
Lighting–Ext., Buildings	Maintained by association personnel
Doors	Maintained by association personnel
Chain Link Fencing	Repair/replace as needed
Sand Replenish	Maintained by association personnel
Concrete Walls	Maintained by association personnel
Storage Sheds	Maintained by association personnel

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is **$6,735,992** based in whole or in part on the last reserve study or update prepared by staff as of **5/5/25**. The projected reserve fund cash balance at the end of the current fiscal year (2024-2025) is **$3,144,441**, resulting in reserves being **46.7%** funded at this date. The current deficiency in the reserve fund represents **$1,038** per ownership interest.

STATEMENT OF ITEMS DEFERRED FOR MAINTENANCE, REPAIR, OR REPLACEMENT. In accordance with Civil Code Section 5300 (b)(4) and as of the date of this notice, the Board of Directors has not determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less, except that the Board determined to defer certain tree pruning and tree removal for budget considerations. The Board also intends to make swale repairs over the course of several years.

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 1% percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% percent per year. The Board does not anticipate that any special assessments will be required this year to repair, replace, or restore any major component or to provide adequate reserves.

Silver Lakes Association
Assessment and Reserve Funding Disclosure Summary
Fiscal Year Ending June 30, 2025

(A) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life "means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in the study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each annual budget report or summary there of that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation.

SUMMARY OF INTERNAL DISPUTE RESOLUTION PROCEDURES AND ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

INTERNAL DISPUTE RESOLUTION PROCESS ("IDR")

In accordance with Civil Code Section 5900 et seq., the Association has adopted the following internal dispute resolution process to be followed by the Association and owners in connection with the disputes relating to the enforcement of the Association's governing documents, the Davis-Stirling Common Interest Development Action (Civil Code Section 4000 et seq) and Section 7110 et seq. of the Nonprofit Mutual Benefit Corporation Code (collection, the "Disputes").

Either party to a Dispute may invoke the following procedure:

I. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

II. An owner may refuse a request to meet and confer. The association may not refuse a request to meet and confer.

III. The Board hereby designates the President or in his/her absence, the Vice-President ("Board Designee"), as well as the Association 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 dispute to assist the Board and attend the meet and confer session with the Owner. The Board Designee and the Association Manager shall both meet together with the Owner regarding the dispute. 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.

IV. Although not precluded attorney participation in the IDR is discouraged in order to maintain direct discussions between the principals of the 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 at least five (5) business days notice to the Association so that the Association can ascertain if it desires its corporate counsel to also attend. The Board shall have the right to reschedule any IDR meeting if it fails to receive timely notice that the Owner intends to have counsel or another party present at the IDR meeting, or if the Association's counsel is not available.

V. 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 help resolve the dispute.

VI. A resolution of the dispute agreed to by the parties shall be memorialized in writing by the parties, including the Board designee on behalf of the Association.

VII. The agreement reached binds the parties and is judicially enforceable if both of the following conditions are satisfied: (a) The agreement is not in conflict with law or the governing documents of the common interest development or association; and (b) The agreement is either consistent with the authority granted by the Board of Directors to its designee or the agreement is ratified by the Board of Directors.

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

ALTERNATIVE DISPUTE RESOLUTION PROCESS (“ADR”)

Please be advised that California Civil Code Section 5930 et seq. requires that the Association and owners endeavor to submit certain types of disputes to ADR prior to initiating a lawsuit. This notice merely provides a summary of the statute. If there is a dispute which may require ADR pursuant to Civil Code 5930 et seq., please review all of the provisions of the statute or seek your own independent legal counsel.

PARTIES BOUND BY THE STATUTE

The parties required to comply with the new statute are the Association (through the Board of Directors) and owners of record.

DISPUTES SUBJECT TO THE STATUTE (QUALIFYING DISPUTES)

Section 5930 provides that the Association or owners may not file an enforcement action in the Superior Court unless the parties have endeavored to submit their dispute to ADR. An “enforcement action” is defined as a civil action or other proceeding for any of the following purposes:

I. Enforcement of the Davis-Stirling Common Interest Development Act

II. Enforcement of the California Nonprofit Mutual Benefit Corporation law, commencing with Corporations Code Section 7110; or

III. Enforcement of the Association’s Governing Documents

Where, however, an owner has a private dispute with another owner or a tenant, or the Board has a dispute with a third party – such as a landscaper – such dispute is not within the confines of the statute.

DISPUTES SPECIFICALLY EXCLUDED FROM THE STATUTE

The ADR statute applies only to an enforcement action that is **solely** for declaratory, injunctive or writ of relief, or for that relief in conjunction with a claim for monetary damages **not** in excess of $5,000. The following types of dispute are specifically **excluded** from being required to resort to ADR:

I. A Small Claims action;

II. Assessment collection, except as provided for in Civil Code Section 5940;

III. Claims for money damages in excess of $5,000 in conjunction with a claim for declaratory, injunctive, or writ relief.

IV. Action for a preliminary or temporary injunctive relief; and

V. The filing of a cross-complaint in response to a complaint already filed.

<u>COMPLIANCE PROCEDURES</u>

A. Initiating Party

The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party a “Request for Resolution” including the following information and language:

I. A brief description of the dispute

II. A request that the matter be submitted to ADR

III. A notice that the party receiving the Request for Resolution (the “Responding Party”) is required to respond thereto within thirty (30) days of receipt or will be deemed rejected; and

IV. If the party on whom the Request is served is an owner, a copy of Civil Code 5935 Request for Resolution

B. Service

A Request for Resolution may be served by personal delivery, first-class mail, express mail, email, facsimile transmission or other means reasonably calculated to provide the Responding Party actual notice of the Request.

C. Responding Party's Obligation

Upon receipt of the Request for Resolution, the Responding party, whether the Association or an owner, has **thirty (30) days** in white to either accept or reject the Request. In the event no such response is received, the Request is deemed "rejected."

D. Time for Completion of ADR

Where the Request is accepted, the parties must complete the ADR within ninety (90) days of receipt of acceptance. However, the parties can stipulate in writing to extend the period.

E. Cost of ADR

The cost of ADR shall be borne by both parties.

F. Tolling of Statute of Limitations

If a Request for Resolution is served before the end of the applicable statute of limitations, the time limitation is tolled for certain periods specified in Civil Code Section 5945.

G. Certification

In the event the lawsuit is eventually commence, the party filing must file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (1) alternative dispute resolution has been completed in compliance with 5950 et seq; (2) one of the parties to the dispute did not accept the terms offered for the alternative dispute resolution; or (3) preliminary or injunctive relief is necessary.

CONSEQUENCES FOR FAILURE TO COMPLY WITH ADR LAW

The failure to file the aforementioned certificate with the Court is grounds for a demurred or motion to strike unless the Court finds that the dismissal of action for failure to comply would result in substantial prejudice to one of the parties. Additionally, in awarding attorney's fees and costs, a court may consider whether a party's refusal to participate in ADR before commencement of the enforcement action was reasonable. As a result, it is important to seek independent counsel in the event that, as an owner may have further questions.

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

THE PRECEDING HAS BEEN PROVIDED IN ACCORDANCE WITH CIVIL CODE SECTION 5965, 5920.

Annual Policy Statement / Miscellaneous Disclosure Notices 2025-2026

Right to Provide Secondary Addresses for "Individual Notices" and for purposes of collection. Civil Code §4040 (b)

Silver Lakes Association Owners have a right to submit secondary addresses to the association for purposes of collection notices and other individual notices. Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the association shall send additional copies of any notices required by Section 4040 (b) of the California Civil Code to the secondary address provided. The owner's request shall be in writing and shall be mailed to the association in a manner that shall indicate that the association has received it. The owner may identify or change a secondary address at any time, provided that if a secondary address is identified or changed during the collection process, the association shall only be required to send notices to the requested secondary address from the point that the association receives the request.

Association representative designated to receive official communications to the Association. Civil Code § 4035

The association shall provide the name and mailing address of the person designated to receive official communications to the Association. The Silver Lakes Association has designated the following individual:

Silver Lakes Association

General Manager

15273 Orchard Hill Lane PO Box 179

Helendale, CA 92342-0179

Policy on Notices and Communications Civil Code § 4035 - 4045

Association Notices to Members (Owners): Any notice permitted or required to be provided to an Individual Member may be delivered as follows: first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier.

The document shall be addressed to the recipient at the address last shown on the books of the association. Delivery is deemed to be complete on deposit into the United States mail.

A notice may also be served upon an individual owner by personal service, which is a form of service described in the Civil Code. Proof of service will be retained in the Association files. Other acceptable ways of providing notices to individuals are:

- Email, facsimile, or other electronic means, if the recipient has consented, in writing, to that method.
- By any other method agreed between a member and the board.
- Notices of disciplinary action may be sent by fax or email if the association has written consent of member, but shall also always be provided by first class mail or personal service.

General Notices that are required to be provided to members such as board meeting notices and agendas, notices relating to ongoing construction, notices regarding rules changes, borrowing from reserves, or any other general notice to members may be delivered as follows:

1. Any of the above-listed methods.

2. Inclusion in a billing statement, newsletter, such as The Ledger periodical or other document that is delivered to Members.

3. Posting the printed document in a prominent location that is accessible to all members, if the location has been designated for the posting of general notices by the association in the annual policy statement, prepared pursuant to Section 5310.

4. If the association broadcasts television programming for the purpose of distributing information on association business to its members by inclusion in the programming.

5. If the association website(www.silverlakesassociation.com), by posting on the website accessible to all Members.

FOR ALL NOTICES: Any “hard copy” or electronic record that contains the member’s legal signature satisfies the "in writing" requirement, as long as it comes in a form that can be retained, electronically or printed.

In order to be effective, any of the following requests must be delivered in writing, signed by the member(s) to the association as set forth above:

- A request to change the Member's information in the association membership list.
- A request to add or remove a second address for delivery of individual notices to the Member.
- A request for individual delivery of general notices to the Member, that would otherwise be posted in the common area, on the website, or made by some form of general notice, or a request to cancel a prior request for individual delivery of general notices.
- A request to opt out of the membership list or a request to cancel a prior request to opt out of the membership list.
- A request to receive a full copy of a specified annual budget report or annual policy statement (or any annual disclosures).
- A request to receive all reports that in full that are otherwise provided to members in summary form, or a request to cancel a prior request to receive all reports in full.

<u>Designated Location for posting of "General Notices" Civil Code § 4045 (3)</u>

A "General Notice" is a notice by the Association to the entire membership. Effective January 1, 2014, The Association has designated the following location for the posting of "General Notices" to the membership:

Silver Lakes Association Clubhouse

27801 Mountain Springs Road

Helendale, CA 92342

<u>Right to Receive General Notice by Individual Delivery Civil Code §5310(a)(4), §4045(b)</u>

All members have the option to receive general notices by individual delivery, instead of by General Delivery. A request for individual delivery of general notices to the Member, that would otherwise be posted in the common area, on the website, or made by some form of general notice, or a request to cancel a prior request for individual delivery of general notices, <u>must be in writing</u>. Any electronic record satisfies the "in writing" requirement, as long as it comes in a form that can be retained, electronically or printed.

<u>Right to Receive Board Minutes Civil Code §§5310(a)(5), 4950(b)</u>

Please submit a written request for copies of Board Meeting Minutes to the following address:

Silver Lakes Association, General Manager

PO Box 179

Helendale, CA 92342-0179

<u>Outstanding Loans Civil Code §§5300(b)(8)</u>

The Association does not currently have any outstanding loans with an original term of more than one year.

FHA (Civil Code 5300b10-11) below:

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest. This common interest development is not a condominium project. The association of this common interest development is not certified by the Federal Housing Administration.

VA (Civil Code 5300b10-11) below:

Certification by the federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest. This common interest development is not a condominium project. The association of this common interest development is not certified by the federal Department of Veterans Affairs.

Assessment Collection Policy Civil Code §§5310(a)(6),5730

"NOTICE ASSESSMENTS AND FORECLOSURE"

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as non-judicial foreclosure. For liens recorded on and after January 1, 2006,an association may not use judicial or non-judicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars ($1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars ($1,800) or more than 12 months delinquent, an association may use judicial or non-judicial foreclosure subject to the conditions set forth in Article3 (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)

UPDATED COLLECTION POLICY FOR DELINQUENT ASSESSMENTS

1. **DUE DATES:** All Regular Assessments shall be due and payable, in advance, in equal monthly installments, on the first day of each month. Special Assessments and Reimbursement Assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a Special Assessment and Reimbursement Assessments be due and payable earlier than thirty (30) days after it is imposed.

2. **PAYMENT RECEIPTS/ OVERNIGHT PAYMENT LOCATION:** Overnight payment of assessments may be sent/delivered to the following address: Owners can request a receipt from the Association which shall indicate the date of payment and the person who received it. Any request for a receipt of payment must be submitted directly to the Association's business address (separately from any actual payment). Overnight payment of assessments may be sent/delivered to the following address:

SILVER LAKES ASSOCIATION
Assessment Department
P.O. Box 179
15273 Orchard Hill Lane
Helendale, CA 92342

3. **APPLICATION:** Payments received on delinquent assessments shall be applied to the Owner's account as follows: payment shall be applied to the principal owed first. Payments on principal shall be applied to the Owner's account by the "balance forward payment" method, *i.e.,* in reverse order so that the oldest arrearages of the principal are retired first. Only after the principal owed is paid in full shall such payments be applied to interest, late charges, collection expenses, administration fees, attorneys' fees, or any other amount due to the Association which result in continued delinquencies.

4. **LATE CHARGE:** All assessments shall be delinquent if not paid within 15 days after they become due and will result in the imposition of a late charge often percent (10%) of the delinquent assessment or ten dollars ($10.00), whichever is greater. Furthermore, the Association shall be entitled to recover any reasonable collections costs, including attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

5. **INTEREST:** If an assessment payment is not paid within **thirty (30) days** of its original due date, interest may be imposed on all sums due, including the delinquent assessment, collection costs, and late charges, at an annual percentage rate of nine percent (9%).

6. **SECONDARY ADDRESS:** Upon receipt of a written request by an Owner identifying a secondary address for the purposes of assessment collection notices, the Association shall send additional copies of any collection notices required by this Collection Policy to the secondary address provided. The Owner's notice of a secondary address must be in writing and mailed to the Association in a manner that shall indicate that the Association has received it. The Association shall only send notices to the indicated secondary address at the point in time the Association receives the written request.

7. **PAY OR LIEN LETTER:** If an assessment payment from the Owner is not paid within **forty-five (45) days** after its original due date (for example, if an Owner fails to pay an assessment which was due on June 1 and the failure to pay continues through July 15, then the June assessment would not have been paid within 45 days after its original due date), a notice of delinquency (Pay or Lien Letter) shall be sent to the Owner by regular first-class mail and certified mail, return receipt requested. The Pay or Lien Letter shall provide at least 30 days' written notice to a delinquent Owner prior to recording an Assessment Lien and further provide an itemized statement of the charges owed, including a breakdown of: (a) the principal amount owed; (b) any late charges with the method of calculation used to determine such charges; (c) any attorneys' fees incurred; and (d) a description of collection practices, including the right of the association to the reasonable costs of collection. A copy of the Association's collection policy shall be attached to the Pay or Lien Letter.

8. **INTERNAL DISPUTE RESOLUTION PROCESS**[*]: The Association shall offer to meet and confer with a delinquent owner to resolve any dispute related to the total amount due from the delinquent Owner to the Association and/or the Association's Collection Policy ("Meet and Confer Offer"). The Association's Meet and Confer *Offer* shall either be placed within the Association's Pay or Lien Letter or in a separate written communication to the delinquent Owner. An Owner who wishes to accept the Meet and Confer *Offer* must do so by submitting his/her/its written request to facilitate the meet and confer with the Association, which written request must be received by the Association within twenty (20) days of the date of the Meet and Confer Offer. The Association shall designate a prompt date and time for the meet and confer, at a location that shall either be the Association's principal office or another convenient location as designated by the Association. The Association shall designate a Board officer, along with it's CID Manager to participate in the meet and confer with the delinquent Owner. Prior to recording a lien for delinquent assessments, the Association shall participate in any meet and confer so accepted by the delinquent Owner, provided, however, that the Owner's acceptance of the Association's Meet and Confer Offer is made within twenty (20) days of the date of the Meet and Confer Offer.

9. **SHOW CAUSE HEARING:** Additionally, a delinquent Owner may be given a written notice (either in the Pay or Lien Letter or in a separate written document, as determined by the Board of Directors) of a hearing before the Board of Directors, wherein the Owner shall be invited to show good cause why the Owner's privileges for use of the common area/recreational facilities (hereinafter collectively "Membership Privileges") should not be suspended for non-payment of the delinquent assessment(s) ("Show cause Hearing").

The notice and hearing procedures shall be in accordance with the following:

a. Written notice shall be mailed to the Owner not less than ten (10) days prior to the date of such hearing by first class or certified mail at Owner's last known address as shown on the Association's records. The notice shall set forth the amount of delinquency owed by the Owner and the time, date and place on which the hearing shall be held;

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[*] Pursuant to a 1994 California decision, *Park Place Estates Homeowners Association, Inc. v. Naber* (1994) 29 Cal.App. 4th 427, the appellate court held that homeowners have an independent obligation to pay monthly assessments and do not have a right to set off or withhold payments of assessments.

b. The Board of Directors shall provide an opportunity for the Owner to be heard, orally or in writing, at the Show Cause Hearing prior to making any determination on the suspension of any Membership Privileges;

c. In the event good cause is not shown and the Owner's account has not been brought current, then the Board may suspend any of the Owner's Membership Privileges. The Board shall hold the hearing in Executive Session; provided, however, if the Board is requested by a Member to have his/her matter be heard in an open Board meeting, then the matter must be heard in an open Board meeting, and not in Executive Session.

d. After the Show Cause Hearing, the Board of Directors shall provide within fifteen (15) days written notice to the Owner of the suspension of any Membership Privileges.

10. ASSESSMENT LIEN:

a. If the delinquent Owner does not bring his/her account current within the deadline set forth in the Pay or Lien Letter, the Board of Directors shall approve the recordation of an assessment lien against the delinquent Owner's property. The Board's decision to record the assessment lien shall be by a majority vote of a quorum of the Board members at an open Board meeting. The Board's action should refer to the Lot/parcel number of the property that is delinquent, rather than the name of the owner. The Assessment Lien shall be recorded in the County Recorder's Office itemizing all sums that are then delinquent, including the delinquent assessment(s), then current monthly assessment amount which will also accrue and be a part of the lien, interest, late charges, collection costs and reasonable attorneys' fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent Owner's property.

b. **At the same time, the Association shall advise the Association's collection agent/bank that it should accept no further monies from this delinquent Owner until the assessment lien has been paid in full.** Owners shall not send any assessment payments to the Association once the matter has been turned over to the Attorney for collection; such payments shall only be accepted by the law firm. Any payments delivered to the collection agent shall be forwarded to the attorney's office; the attorney shall then release the lien if payment in full was made by the delinquent Owner. Additional attorneys' fees and costs shall be incurred by the Owner at this stage (pursuant to *Civil Code* §5650(a).

11. PRE-FORECLOSURE ACTIONS:

a. No earlier than thirty (30) days after the Notice of Assessment lien has been recorded, the Association shall make a written pre-foreclosure offer to meet and confer with the delinquent Owner, consistent with the process identified in paragraph 8 herein (except that thetimeline for the delinquent Owner to accept a meet and confer would be thirty-five (35) days from the date of the Owner's receipt of this pre-foreclosure *offer)* or alternative dispute resolution consistent with *Civil* Code§5925, *et seq.* ("IDR/ADR Offer"). Owner shall have thirty-five (35) daysfrom the date of the IDR/ADR Offer to decide whether or not Owner wishes to pursue dispute resolution or a particular type of alternative dispute resolution (except that binding arbitration isnot available to any delinquent Owner if the Association intends to initiate a judicial foreclosure).

b. Prior to initiating foreclosure, the Board of Directors must, in executive session,

approve the decision to proceed with foreclosure by a majority vote of a quorum of the Board of Directors The Board shall record the Board's executive session decision in the minutes of the next meeting of the Board open to the members by referencing the lot/parcel number of the property that is delinquent.

c. The Board of Directors shall not proceed with any form of foreclosure unless and until the amount of delinquent assessments (exclusive of any accelerated assessments, late charges, fees, costs of collection, attorney's fees or interest) equals or exceeds One Thousand Eight Hundred Dollars {$1,800.00) or the assessments have been delinquent for more than twelve (12) months ("Threshold"). Once the Threshold has been met and all other requirements identified above have been completed, the Board may proceed with foreclosure of the assessment lien pursuant to the Association's governing documents and *CivilCode§5700.* The procedure used shall be a private foreclosure, pursuant to *Civil Code§* 2924, et seq. and *Civil Code* §5700. The foreclosure action shall include:

i. **A Notice of Default and Election to Sell shall be recorded** at theCounty Recorder's Office and a ninety-day reinstatement period shall begin.

ii. **A Title Report** shall be obtained from a title company and that cost shallalso be charged to the delinquent Owner.

iii. Furthermore, additional attorneys' fees and costs shall be charged at this stage.

12. If the Association determines that the property is over-encumbered, or otherwise makes adetermination that a lawsuit is appropriate, the Association shall file a personal lawsuit against the delinquent Owner to recover all delinquent assessments owing to the Association. If a lawsuit is necessary to collect the delinquent assessments from the Owner, all expenses, costs, and attorneys' fees in connection with said lawsuit, including but not limited to pre- and post- judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees shall be recovered from the Owner defendant.

13. If the delinquency is still not cured ninety (90) days after the Notice of Default and Election to Sell was recorded, the attorney shall proceed to record and publish the **Notice of Trustee's Sale.** This Notice must also be published three (3) times during a three-week period and posted in a public place. At this final stage, there shall be additional publication costs, as well as attorneys' fees. If a non-judicial foreclosure sale is completed by the Association against the delinquent Owner's property, the Owner shall have the right to redeem the property for a period of time up to and including ninety (90) days after the date of the Trustee's Sale.

14. When a delinquent Owner has paid in full all delinquent assessments and charges, the attorney shall prepare a Release of Lien which shall be recorded in the County Recorder's Office of San Bernardino County, California within 21 days of receipt of the sums necessary to satisfy the delinquent amount and mail a copy of the lien release to the Owner of the residential Lot.

15. **PAYMENT PLAN STANDARDS:** The Association hereby establishes the following payment plan standards:

a. **Payment Within 60 Days:** If an Owner can bring himself/herself/itself current within sixty (60) days, inclusive of assessments which accrue within the sixty (60) days of the payment plan, the Association will forbear filing an Assessment Lien and the Owner will not incur the Assessment Lien costs if the payment plan is strictly followed. The payment plan shall include an administrative cost of $75.00. By agreeing to the 60 day payment plan, the Owner further agrees that if he/she/it fails to make any of the payments identified in the payment plan, the Association shall have the right to file an Assessment Lien without recommencing the pre-lien or Pay or Lien Notice process.

b. **Payment Exceeding 60 Days:** In light of the length of time of this payment plan, payment plans exceeding sixty (60) days shall require that the Association record its Assessment Lien to establish itself as a secured creditor. The payment plan shall also include an administrative cost of $100.00 or $25.00 per month of each month of the plan, whichever is greater. All costs related to the recordation of the Assessment Lien shall be part of this payment plan. The paymentplan would require payment of all delinquent assessments amortized over the length of the payment plan, along with all assessments which will accrue during the payment plan. The Association shall further require that the Owner sign a Forbearance Agreement which identifies his/her/its obligations of repayment consistent with the payment plan and further provides that if there is a default under the payment plan, the Association can proceed with the collection process as particularly identified within the Forbearance Agreement. Payment plans under this paragraph 15.b should normally not exceed six (6) months.

16. **REQUEST FOR PAYMENT PLAN:** An Owner may submit a written request to the Association for a payment plan consistent with either paragraph 15.a or 15.b above. An Owner can also submit a written request to meet with the Board to identify which payment plan the Owner chooses, as identified in paragraph 15. above. The Board is required to meet with the Owner in executive session within 45 days of the postmark of the request for the meeting, if the request is mailed within fifteen days of the date of the postmark of the Pay or Lien Notice. If there is no regularly scheduled board meeting within the 45 day timeline, the Board has designated the Assessment Dispute Resolution Committee to meet with the Owner.

17. **PARTIAL PAYMENTS:** Owners may make partial payments without a written payment plan; provided, however, that any such partial payment shall:

a. not stop any collection action;
b. not invalidate any assessment lien already filed;
c. not stop an already existing non-judicial foreclosure action;
d. not obviate the obligation to pay all collection fees and costs inclusive of late charges, interest, management fees/bookkeeping fees, title charges, lien fees and costs, trustee's fees and / or attorney's fees; and
e. further require (due to the additional bookkeeping and other administrative expensesincurred with a partial payment) that any Owner who submits a partial payment (without an approved payment plan) will incur an administrative expense for each partial payment tendered and received by, or on behalf of, the Association.

Requirements for Association Approval of Physical Changes to a Property (Civil Code §4765)

ECC Committee Duties and Responsibilities

1. Review
a. The Committee reviews plans of any proposed construction, addition, modification, and other activities requiring approval. Construction and activities requiring permit application must be approved by the Committee prior to the commencement of the proposed acts.

2. Approve
a. The Committee can only grant approvals which ensure conformance to the C&R's, ECC Architectural Guidelines, or render decisions based on the findings of a variance hearing.
b. The Committee adopts rules to establish Architectural Guidelines and Property Maintenance Standards.

3. Perform such other duties as delegated by the C&R's, Board of Directors and Silver Lakes Association Governing Documents.

ARCHITECTURAL GUIDELINES

A. Building Plans and Other Proposals

All proposed construction and/or activities requiring ECC approval must comply with the provisions set forth in this manual. Therefore, it is required that all planned activity under the jurisdictional control of this section of the ECC Architectural Guidelines be submitted as a permit application to the ECC for consideration and approval before any such activity may commence.

B. Submittal Guidelines for the Construction of New Dwellings

1. New Dwelling Plans/Specifications
a. Submit two (2) sets of construction plans, complete with plot and landscape plan and all pertinent specifications as required by C&R 7(b) to: Silver Lakes Association, POB 179, 27925 Helendale Rd., Helendale, CA 92342.

b. Detail requirements for plan-set completeness are available at the Compliance Office (New Dwelling Submittal Checklist) or the Association Website.

c. Minimum square footage for single family homes in Silver Lakes is 1800 square feet on typical lots. Exceptions are considered on a case-by-case basis. Properties approved before the close out of the submittal phase of the soils program are exempt from this provision provided the previously approved footprint of the home is not altered.

d. Plans are approved primarily for their location and aesthetics.
e. Property owners who wish to have their plans considered for approval by the ECC must submit the plans no later than 12:00 noon the Tuesday preceding the regularly scheduled Committee meeting.

<u>Association Disciplinary Policies – Fine Schedules (Per Civil Code §5860)</u>

Any violation of the Environmental Control Committee Architectural Guidelines (ECC) or the Association Rules and Regulations is subject to a fine as provided below or up to a maximum of two thousand dollars ($2,000.00) and/or suspension of privileges per *Bylaws – VI, Section 5 "The Board shall have the right to suspend the use and enjoyment of any Common Area and Community Facility for the failure of a person to comply with such rules and regulations and the said Covenants and Restrictions; provided, however, that such suspension shall only be imposed after such person has been notified in writing and has been offered a reasonable opportunity to be heard."*

The Association has delegated the authority to conduct initial hearings on alleged violations to the appointed ECC and / or Fines Review Committee (FRC). Members may appeal a decision of the ECC or Fines Review Committee by submitting a written statement to the Association asking the Board of Directors' Executive Committee to review the matter. Any such appeal must be submitted to the Association, in writing, not later than fifteen (15) days after the written notice of the decision of the Environmental Control Committee or Fines Review Committee.

In determining what range of penalties to impose following a determination of a rules violation, both the Environmental Control Committee or the Fines Review Committee, in the first instance, and the Executive Committee of the Board of Directors, on appeal, will consider a variety of factors relative to any violation, including:

• The severity of the violation;

• Prior/subsequent incidents (or lack of same);

• Prior fines for the same violation(s);

• Prior warnings;

• Any personal injury resulting from the misconduct or the risk of personal injury;

• Any property damage resulting from the misconduct or risk of property damage;

• Interference with the quiet enjoyment of other residents and/or members;

• Evidence of any mitigating circumstances presented.

The penalties set forth in Rules and Regulations are not exclusive, and the Board of Directors may, in its sole discretion, determine that it is appropriate to take other actions to protect the Association and/or enforce its governing documents, including, but not limited to, proceeding with the initiation of legal action to compel compliance.

Disciplinary Sanctions for Violations of ECC Policies

The ECC employs two (2) methods to encourage property owners to meet their obligations and comply with ECC Architectural Guidelines. Members will be afforded notice and an opportunity for a hearing before a monetary penalty.

Forfeiture: A monitory forfeiture may occur during the construction phase when a portion or all of a refundable contractor's performance deposit is deducted by the ECC due to a violation of ECC Architectural Guidelines.

Fine: A fine may be imposed by the ECC when a violation of ECC policy remains unabated.

Fine Schedule (Maximum Base Fines)

a. Construction, Installation or alteration of miscellaneous improvements and exterior finishes without ECC approval ………………………………………………………….$2,000

b. Non-conformance with approved plans $2,000

c. Failure to stop construction or other activities pursuant to the Issuance of a "Cease and Desist" notification $2,000

d. Failure to complete construction (excluding landscaping) after six (6) months and without ECC approval for time extension $2,000

e. Failure to complete landscaping within ninety (90) days after completion of home construction without ECC approval for a time extension $1,000

f. Uncontrolled trash on construction site and surrounding areas……………………$1,000

g. Depositing or placing construction material on private properties without prior approval of ECC and Property Owner $1,000

h. Failure to maintain docks and lakefront appurtenances $1,000

i. Placement of travel trailer, motor home or construction shack for storage of construction materials without prior ECC approval ………………………………………………...$1,000

j. Violation of sign requirements $1,000

k. Failure to maintain structures, outbuildings, yards, appurtenances ..………..…$1,000

l. Failure to remove volunteer trees, weeds etc. from properties ………………....$1,000

m. Operating a business without ECC approval (including model homes) ………$1,000

n. Unapproved parking on property $1,000

o. Failure to abate unusable – non functional vehicles …………………………....$1,000

p. Unapproved RV, camper shell or boat storage or occupancy ………….......$1,000

q. Other violations which do not conform to Bylaws, C&Rs, ECC Architectural Guidelines, policies which govern the Association $1,000

All the above may be assessed Per Occurrence and / per day, week, month

Payment of forfeiture/assessment does not constitute ECC approval. In some instances the Association may propose imposition of a fine upon a continuing, periodic basis pending compliance. For example, "…failure to complete construction will incur a fine at $2000 per month until complete".

The foregoing penalty / fine schedule are not the Association's exclusive remedy. The Association reserves the right to take any and all enforcement action authorized by the governing documents and California law, including legal action, if the Association determines alternative enforcement action to be appropriate.

DUE PROCESS PROCEDURES

A. Rules Enforcement
When violations of the C&Rs and/or ECC policies occur, the Association generally uses the following procedures:

1. Courtesy Notification

a. When a violation of C&Rs or ECC Architectural Guidelines is observed and noted, the owner(s) of record of the property on which the violation exists are served with a first notice that such condition is present on their property. This notice will inform the owner of the nature of the violation, the section of the particular policy in violation, and a request to respond.

b. In the event the property is brought into compliance prior to the respond date indicated on the notification, the matter will be dropped.

c. Under all other circumstances, the owner of record must respond, in writing, and request a reasonable time frame in which to abate the condition noted.

d. Requests for additional time to comply must be acknowledged and verified by the ECC, or the Association staff.

2. Notice of Hearing

a. In the event that an owner of record fails to abate a condition on their property, pursuant to notification(s) and/or fails to abate a condition as agreed upon in a time frame extension, a "Due Process Notice of Pending Hearing" will be issued to that owner. The due process letter will notify the owner that the case is being forwarded to the Environmental Control Committee for further possible action.

b. The due process notice will state the nature of the violation, the possible maximum fine that may be imposed for a particular violation, the date and time of the meeting, and a request to the individual to respond in person at the meeting, or in writing, so as to "show cause".

c. The "show cause" provision of due process provides an individual the opportunity to explain circumstances regarding the matter in question.

d. All property owners who receive any notifications from the Association are strongly encouraged to show cause upon receipt of said letter(s).

FINE SCHEDULE TABLE (BASE FINES FOR RULES VIOLATIONS): (Section Reference, Base Penalty, and Page Numbers from the Current Rules and Regulations are included) **Rev. 03-15-2018**

I. ASSOCIATION IDENTIFICATION CARDS
A. General Rules Violations ……………………………………………….$50.00

2. a. …………………………………………………………$100.00
3.a. / 3.b. ……………………………………………………$50.00
4. a. …………………………………………………………$50.00
4. b. …………………………………………………………$50.00
10.e. ……………………………………………………...….$100.00
10.f. ……………………………………………….....……..$100.00

II. ASSOCIATION COMMUNITY RULES
D. H. M. N. Q. R. AA. ……………………………………..…$50.00
A. B. C. I. J. K. L. O. P. S. ………………………………....…$100.00

F. G. ……………………………………………………...……$200.00

III. CLUBHOUSE COMPLEX
B.2. B.4. B.5. B.7. B.9. ………………………………….………$50.00
B.3. B.6. B.8. ………………………………………………...….$100.00

IV. CONTROL OF DOGS
A.2. A.4. A.5.A.8. ……...………………………….……………$50.00
A.3. …………………………………………………….......…$100.00

V. EQUESTRIAN CENTER
B.1. B.3 B.4 C.1.C.2 C.C.4.C.5.C.6.D.3.D.4 D.6. thru D..…..….$50.00
B.2. D.2. D.3. D.8. D.9. D.10. …………………………….…..$100.00

VI. EXERCISE ROOM AND SAUNA
B.2. …………………………………………………….………$50.00
B.1. ……………………………………………………….....….$100.00

VII. FISHING
A.1. A.2. A.11. ………….……………………………..……...….$50.00
A.3. A.4. A.5. A.6. A.7. A.8. A.9. ………………………........….$100.00
A.10. ……………………………………..……………..….$200.00

VIII. GOLF COURSE

A.1.a thru A.1.g, A.3. ……………………………………….....…$50.00
B.1.a. 1 thru 4, B.1.b. 1 thru 4, B.2.a. B.2.b. B.2.c. B.2.d…..……$50.00
B.3. B.4. B.6. B.7. B.8. B.9. B.12. B.16. B.20. B.21. ……………$50.00
B.20.a. thru B.20.e., B.27. B.28. B.31. …………………….……..…$50.00
A.2. A.11. B.5. B.18. B.21 thru B.26. B.30. B.32. ………….........$100.00

IX. LAKES, BEACHES AND PARKS

A.3.B.2.B.7.B.8………………………………………………..$50.00
B.1. B.3. thru B.6 B.8 thru B11. … ..…………………………….$100.00

X. MARINAS AND BOATING

A.1. A.2. A.3. B.7. B.10. ……………………...………..………..$50.00
A.6. A.7. B.1. thru B.5. B.8. B.9. B.11. B.13. B.16 thru B.18…......$100.00
B.5 B.14. ….……………………………………………………......$500.00

XI. PROPERTY MAINTENANCE STANDARDS AND RULES
(FINES ARE DEFINED IN THE ENVIRONMENTAL CONTROL GUIDELINES)

XII. RECREATIONAL VEHICLE STORAGE FACILITY

15. ………………………………………………………………$50.00

XIII. RECREATIONAL VEHICLE PARK

E.1. thru E.5. ………………………………………………...$50.00

XIV. SWIMMING POOL, WADING POOL AND SPA

B.6. B.7. B.7a. B.7b. B.10. ……………………………...……..$50.00
A.4. A.5. B.1. thru B.5. B.8. B.9. ……………………………..…$100.00
A.3. ………………………………...…………………...…$200.00

XV. SILVER LAKES RESTAURANT AND LOUNGE

B.3. B.5. …………………………………………………....$50.00
B.2. B.4. B.6. B.7. B.8. …………………………………….....$100.00

XVI. TENNIS COMPLEX

A.1. B.1. B.2. B.5. B.14. ……………………………………..…$50.00
B.3. B.4. B.6. B.7. B.9. B.10. B.11. …………………………....$100.00

XVII. YOUTH ROOM

B.3. B.5. …………………………………………………………$50.00
A.3. A.4. A.6. A.7. B.1. B.2. B.4. ………………..…………..…$100.00

SILVER LAKES ASSOCIATION
<u>2024-2025 FEES</u>

Effective Update: 5-1-2022 –
Subject to pending changes to be voted on 6/25/25

IDENTIFICATION CARDS	
Lost Card Replacement regular/chipped	$5.00/$25.00
Immediate Family Card	$25.00
Fee for Tenant/Timeshare	$50.00
Transfer of ownership (included in escrow)	$100.00
Non registration of tenant, Late Fee	$100.00
With a Crime Free Housing	
Lease Addendum	
Second Offense	$250.00
Third Offense	$1000.00+
Thereafter	$100.00/per day
INITIAL REGISTRATION FEES	$50.00
Each Additional Item	$40.00
ANNUAL REGISTRATION RENEWAL FEES	
Golf Cart Annually	$50.00
Horse	$50.00
Watercraft	$50.00
Boat & RV Storage, EQ Center(Horse Trailer) per space	$50.00
Late Registration fee (additional)	$25.00
KENNEL FEE	$20.00/per day
RV PARK SPACE RENTAL FEES	
Members after 60 days	$10.00/per day
Guests of members	$20.00/per day
PRO SHOP FEES (Effective 07-01-14)	
Golf Cart Rental 9 Holes / 18 Holes	$10.00/$20.00
Guest Weekday 9 / 18 Hole Walking	$15.00/$30.00
Guest Weekend 9 / 18 Hole Walking	$20.00/$40.00
Guest PM 18 Hole Weekday / Weekend	$20.00/$25.00

CHARGES FOR DOCUMENTS PROVIDED
AS REQUIRED BY SECTION 4525*

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

A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Property Address: ____

Owner of Property: ____

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

____

Provider of the Section 4525 Items:

Print Name ______________________ Position or Title ______________________ Association or Agent _________

Date Form Completed: _________________________

Check or Complete Applicable Column or Columns Below

Document	Civil Code Section Included	Fee for Document	Not Available (N/A), Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	$0	
CC&Rs	Section 4525(a)(1)	$0	
Bylaws	Section 4525(a)(1)	$0	
Operating Rules (Rules & Regulations)	Section 4525(a)(1)	$0	
Age restrictions, if any	Section 4525(a)(2)	$0	
Rental restrictions, if any	Section 4525(a)(9)	$0	
Annual budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)	$0	
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	$0	
Financial statement review	Sections 5305 and 4525(a)(3)	$0	

Assessment enforcement policy	Sections 5310 and 4525(a)(4)	$0	
Document	**Civil Code Section Included**	**Fee for Document**	**Not Available (N/A), Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)**
Insurance summary	Sections 5300 and 4525(a)(3)	$0	
Regular assessment	Section 4525(a)(4)	$0	
Special assessment	Section 4525(a)(4)	$0	N/App
Emergency assessment	Section 4525(a)(4)	$0	N/App
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)	$0	
Approved changes to assessments	Sections 5300 and 4525(a)(4), (8)	$0	
Settlement notice regarding common area defects	Sections 4525(a)(6), (7), and 6100	$0	N/App
Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100	$0	N/App
Notice(s) of violation	Sections 5855 and 4525(a)(5)	$0	N/App
Required statement of fees	Section 4525	$0	
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section 4525(a)(10)	$0	
Total fees for these documents:		$0	

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

FRC DUE PROCESS PROCEDURES

1. Notice of Warning

a. When a violation of C&Rs or Rules and Regulations policies is observed and noted, the owner(s) of record and tenant(s) of the property where the accused is identified to be a resident or guest are notified. This notice will inform the owner and tenant of the nature of the violation, the section of the particular policy in violation, and a request to respond.

b. A Warning Letter may request the owner(s) of record or tenant(s) to take corrective action within a certain time. Requests for additional time to comply must be acknowledged and verified by the Compliance Department.

2. Notice of Citation

a. In the event that an owner of record fails to correct a violation, fails to abate a condition as agreed upon in a time frame extension, and/or there is a repeated offense of a similar nature a Citation will be issued to that owner. The "Notice of Citation" letter will notify the owner that the case is being forwarded to the Fines Review Committee for review and possible further action.

b. The "Notice of Citation" will state the nature of the violation, the possible maximum fine that may be imposed for a particular violation, the date and time of the meeting, and a request to the individual to respond in person at the meeting, or in writing, so as to "show cause".

c. The "show cause" provision of due process provides an individual the opportunity to explain circumstances regarding the matter in question.

d. All property owners who receive any notifications from the Association are strongly encouraged to show cause upon receipt of said letter(s).

CODE ENFORCEMENT DISCLAIMER. We hope that our code enforcement provide some deterrence to crime. However, no matter what steps we take, the association can never be completely safe and secure. For example, it is possible for someone to enter the property under false pretenses to commit crimes, for residents to commit crimes against their own neighbors, for guests of residents to commit crimes, and for employees to commit crimes. As a result, the association is not and can never be free of crime and we cannot guarantee your safety or security. Accordingly, you should NOT rely on the association to protect you from loss or harm. Instead, you should provide for your own security by taking common sense precautions such as carrying insurance against loss; keeping your doors locked; refusing to open your door to strangers; asking workmen for identification; installing a security system; locking your car; etc. Additionally, the duties of the contracted community patrol personnel are ONLY to patrol and secure the various Association properties and amenities and to observe and report on service calls, suspicious activities or violations of the Association's Rules and Regulations, where applicable.

Insurance Disclosure
2024-2025

Liability **Policy # PHPK2574104010** **Premium $239,444**

Philadelphia Indemnity Insurance Company	Policy Period 7/1/2024 to 7/1/2025	
	Property	Deductible
Building-Blanket	$15,639,609	$5,000
Business Personal Property-Blanket	$ 879,000	$5,000
Bus Income/EE-Blanket	$1,025,000	24 hours waiting period
Inland Marine/Golf Carts	$ 214,752	$1,000
General Aggregate	$2,000,000	
Products-Completed Operations Aggregate	$2,000,000	
Personal Injury & Advertising Injury	$1,000,000	
Each Occurrence	$1,000,000	
Damage to Premises Rented to You	$100,000 Any One Premises	
Medical Expenses	$5,000 Any One Person	

Commercial Auto **Policy # PHPK2574104010** **Premium $27,703.68**

Philadelphia Indemnity Insurance Company	Policy Period 7/1/2024 to 7/1/2025
Liability	$1,000,000
Auto Medical Payments	$5,000
Uninsured Motorists	$1,000,000
Underinsured Motorists	$1,000,000
Physical Damage to owned vehicles	Up to Actual Cash Value
Deductibles – Comprehensive	$1,000
Collision	$1,000
Garage Keepers Limit	$300,000
Deductibles – Comprehensive	$500 maximum deductible per loss $2,500
Collision	$500

Directors and Officers Liability **Policy # NPP710918** **Premium $40,470.00**
& Employment Practices Liability

RSUI Indemnity Company	Policy Period 7/1/2024 to 7/1/2025
Claims-Made Shared Limit	$3,000,000
Prior and/or Pending Litigation Date	03/01/2008
Retention (deductible)	
Insuring Agreement B	$75,000
Insuring Agreement C	$75,000
Employment Practices Retention	$75,000

Accident & Health **Policy# SRG0009110904-B Premium $1,514.00**

National Union Fire Ins. Co. of Pittsburgh	Policy Period 7/1/2024 to 7/1/2025
Accidental Death	$20,000
Accidental Dismemberment	$20,000
Accident Dismemberment Aggregate	$250,000
Accident Medical Expense	
Primary	$50,000
Deductible	$1,000
Dental Max.	$250 per tooth per accident

Crime **Policy # BDFH301871-04** **Premium $6,497.00**

Hanover Insurance Company — Policy Period 7/1/2024 to 7/1/2025

A) Employee Theft	Limit $5,000,000 Retention $25,000
ERISA Fidelity	Limit $5,000,000 Retention $0
B) Forgery or Altercation	Limit $1,000,000 Retention $10,000
C) Premises Coverage	Limit $1,000,000 Retention $10,000
D) Transit Coverage	Limit $1,000,000 Retention $10,000
E) Computer Fraud	Limit $5,000,000 Retention $25,000
Restoration Expense	Limit $50,000 Retention $1,000
F) Funds Transfer Fraud	Limit $5,000,000 Retention $25,000
G) Credit, Debit or Charge Card Fraud	Limit $1,000,000 Retention $10,000
H) Money Order and Counterfeit Money	Limit $1,000,000 Retention $10,000
I) Investigative Expense	Limit $50,000 Retention $0

Cyber Liability **Policy # LM931CYLA240** **Premium $8,083.12**

Lloyds of London — Policy Period 7/1/2024 to 7/1/2025

Incident Response Costs	Limit $2,000,000 Deductible $0
Legal and Regulatory Costs	Limit $2,000,000 Deductible $5,000
IT Security and Forensic Costs	Limit $2,000,000 Deductible $5,000
Crisis Communication Costs	Limit $2,000,000 Deductible $5,000
Privacy Breach Management Costs	Limit $2,000,000 Deductible $5,000
Third Party Breach Management Costs	Limit $2,000,000 Deductible $5,000

Fiduciary Liability **Policy # 82609546** **Premium $963.00**

Federal Insurance Company — Policy Period 7/1/2024 to 7/1/2025

Maximum Aggregate Limit	Limit $1,000,000 Retention $0
Sublimit for Settlement Fees & Def. Cost	Limit $100,000 Retention $0

Prior & Pending Litigation Dates: 07/01/2020

Excess Liability **Policy# EXL0001321** **Premium $149,001.74**

Merchants National Insurance — Policy Period 7/1/2024 to 7/1/2025

Limit of Insurance	$5,000,000
Aggregate	$5,000,000
Retention (deductible)	$0

Over Underlying Insurance:

General Liability	$1,000,000 each occurrence $2,000,000 General Aggregate
Auto	$1,000,000 each accident
Workers Compensation	$1,000,000 Bodily Injury by Accident Each Accident $1,000,000 Bodily Injury by Disease Each Employee $1,000,000 Bodily Injury by Disease Policy Limit
Liquor Liability	$1,000,000 Each Occurrence $1,000,000 Aggregate

Workers' Compensation Policy #WVE508001000 Estimated Premium $170,540.00 (including taxes & fees)

Insurance Company of the West	Policy Period 9/21/2024 to 9/21/2025
Workers Compensation	Statutory Limits
Employers Liability	
Bodily Injury by Accident	$1,000,000 each accident
Bodily Injury by Disease	$1,000,000 policy limit
Bodily Injury by Disease	$1,000,000 each employee

This summary of the association's policies of insurance provides only certain information, as required by subdivision (f) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

SILVER LAKES ASSOCIATION, INC.

DISCLOSURE STATEMENT REGARDING PENDING

AND CONCLUDED LITIGATION

May 2025

This disclosure statement is made concerning Silver Lakes Association, Inc. litigation matters that are pending as of the above date.

> A former employee filed a wage and hour lawsuit against the Association, which evolved into a class-action settlement. Guided carefully by Association legal counsel, a pending settlement has been negotiated and submitted to the court, with a total anticipated cost to the Association of $600,000. To ease the financial impact, this settlement cost will be spread across two fiscal years. No special assessment is planned at this time, because of prudent financial planning.

Because of the fees and costs that have been or may be incurred in defending or prosecuting the above matter, there may be an impact to the Association's budget that may result in an increase in regular assessments or a special assessment. No such impact is known at this time and no increase in regular assessments or a special assessment is currently planned for this purpose.

This statement is not a warranty as to the outcome of the above-described pending claims or the impact of the claims upon the Association and its members, and is not a substitute for independent investigation. If you have any questions about the pending lawsuit, please contact Association legal counsel Matt D. Ober of Richardson | Ober at (877) 446-2529, or the Board of Directors.

"If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 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."

SILVER LAKES ASSOCIATION, INC.

DISCLOSURE STATEMENT REGARDING PENDING AND CONCLUDED LITIGATION

May 2025

This disclosure statement is made concerning Silver Lakes Association, Inc. litigation matters that are pending as of the above date.

> "Stewart v. Silver Lakes Association, (CIVSB2414194)
>
> An individual filed a personal injury claim against the Association. To ease the financial impact, the Association has tendered the claim to insurance, and is working with insurance and counsel to defend SLA. At this time, insurance and counsel have identified other parties as responsible for work related to those claims. Currently, all claims are determined to be within coverage limits and no special assessment is planned at this time."

Because of the fees and costs that have been or may be incurred in defending or prosecuting the above matter, there may be an impact to the Association's budget that may result in an increase in regular assessments or a special assessment. No such impact is known at this time and no increase in regular assessments or a special assessment is currently planned for this purpose.

This statement is not a warranty as to the outcome of the above-described pending claims or the impact of the claims upon the Association and its members, and is not a substitute for independent investigation. If you have any questions about the pending lawsuit, please contact Association legal counsel Matt D. Ober of Richardson | Ober at (877) 446-2529, or the Board of Directors.

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