



Lien Policy

The following excerpts are taken from the CC&Rs and constitute La Costa Hills HOA's Lien Policy.

ARTICLE 5

COVENANT FOR MAINTENANCE ASSESSMENTS TO ASSOCIATION

Section 5.1. Assessments Generally.

(A) Purpose of Assessment. The Assessments for common expenses provided for herein shall be used for the general purpose of the preservation and proper operation of the Project and for promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and/or occupants of Condominiums in the Project as may be more specifically authorized from time to time by the Board.

(B) No Avoidance of Assessment Obligations. No Owner may exempt himself or herself from personal liability for Assessments duly levied by the Association, nor release the Condominium or other property owned by him or her from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or Common Facilities thereon or by abandonment or non-use of his or her Condominium or any other portion of the Project or due to the Association's failure to perform services.

Section 5.2. Creation of Lien and Personal Obligation for Assessments. Each Owner of any Condominium, by acceptance of a deed, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay the Association: (1) Regular Assessments; (2) Special Assessments, to be established and collected as hereinafter provided; and (3) Reimbursement Assessments against any particular Condominium which are established pursuant to the terms of the Association's Governing Documents.

(A) All such Assessments, together with late charges, interest, costs, and all attorney's fees reasonably incurred, as provided in this Declaration and in the maximum amount permitted by the laws of the State of California, whichever is greater, shall be a charge on the Condominium and shall be a continuing lien upon the Condominium against which each Assessment is made. Such amounts shall also be the personal obligation of the person who was the Owner of such Condominium at the time when the Assessment fell due or was levied. Each Owner of a Condominium shall be jointly and severally liable for the entire Assessment coming due while he or she is the Owner of a Condominium. Unless otherwise stated in the Association's policy with respect to collection of Assessments, Assessments shall be considered delinquent if not received by the fifteenth (15th) day of the month in which they are due.

(B) Assessments shall be paid in such manner and on such dates as may be fixed by the Board; unless otherwise provided, the Regular Assessments shall be paid in monthly installments due on the first day of each calendar month.

(C) The personal obligation shall not pass to an Owner's bona fide and for value successors in title unless expressly assumed by them.

(D) Any Assessment not paid within thirty (30) days after the date due shall bear interest from the date due at the rate of twelve percent (12%) per annum or any other amount provided for under California law, whichever is greater.

Section 5.3. Regular Assessments.

(A) Establishment of Regular Assessment by Board or Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall be a guide to establishing the aggregate Regular Assessment for the next succeeding fiscal year, provided that, except as provided in subparagraph (C) below, the Board of Directors may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Association's immediately preceding fiscal year without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association. For purposes of this Section, "quorum" means more than fifty-percent (50%) of the Owners of the Association.

(B) Mailing Notice of Assessment. The Board of Directors shall mail to each Owner at the street address of the Owner's Unit, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year no less than thirty (30) days nor more than sixty (60) days prior to the beginning of the next fiscal year.

(C) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Article 5, Section 5.4 for that year, shall be assessed against each Owner and his or her Condominium on account of the then current fiscal year and the Assessments shall be payable on the regular payment dates established by the Association.

(D) Ability to Change Assessments. The Board of Directors may change the amount of Assessments at any time upon not less than thirty (30) nor more than sixty (60) days prior written notice to the Membership.

Section 5.4. Special Assessments. In addition to the Regular Assessments, authorized above, the Board may levy Special Assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Common Area or such other purpose as may be determined by the Board; provided, however, that no Special Assessment shall exceed, in the aggregate during any fiscal year of the Association, an amount equal to five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, without the vote or written assent of Members constituting a quorum, casting a majority of the votes at a meeting or election of the Association. For purposes of this Section, "quorum" means more than fifty-percent (50%) of the Owners of the Association. All such Special Assessments shall be levied upon each Condominium in the same proportion as Regular Assessments are levied.

(A) Assessments to Address Emergency Situations. The requirement of a membership vote to approve Regular Assessment increases in excess of twenty percent (20%) of the previous

year's Regular Assessment and Special Assessments in an amount exceeding five percent (5%) of the budgeted gross expenses of the Association for that fiscal year shall not apply to Assessment increases necessary to address emergency situations. For purposes of this subparagraph (A), an emergency situation is any of the following:

- (1) An extraordinary expense required by an order of a court;
- (2) An extraordinary expense necessary to repair or maintain the Common Area, Common Facilities or any portion of the Units which the Association is obligated to maintain where a threat to personal safety is discovered; or
- (3) An extraordinary expense necessary to repair or maintain the Common Area, Common Facilities or any portion of the Units which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to Section 5.3(A) above, provided that, prior to the imposition or collection of an Assessment under this paragraph, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of Assessment.

Section 5.5. Reimbursement Assessments.

(A) Circumstances Giving Rise to Reimbursement Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4, above, the Board of Directors may impose Reimbursement Assessments against an Owner in any of the circumstances described, without limitation, in Subparagraphs (1) through (3) below, provided that no Reimbursement Assessment may be imposed against an Owner pursuant to this Section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to *Civil Code* Section 1363(h) and *Corporations Code* Section 7341, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Reimbursement Assessments include the following:

(1) Damage to Common Area or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities, including any portion of the Unit which the Association is obligated to repair and maintain is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Reimbursement Assessment.

(2) Expenses Incurred in Gaining Membership Compliance. In the event that the Association incurs any costs or expenses, to accomplish (a) the payment of delinquent Assessments, (b) any repair, maintenance or replacement to any portion of the Project that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely

fashion as determined by the Board, or (c) to otherwise bring the Owner and/or his or her Condominium into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable costs imposed hereunder, title company fees, accounting fees, court costs and reasonable attorney's fees) shall be assessed and charged solely to and against such Owner as a Reimbursement Assessment.

(3) Required Maintenance on Units. As more particularly provided in Article 6, if any Unit is maintained so as to become a nuisance, fire or safety hazard for any reason, including without limitation, the accumulation of trash or hazardous material therein, the Association shall have the right to enter said Unit, correct the offensive or hazardous condition and recover the cost of such action through imposition of a Reimbursement Assessment against the offending Owner.

(B) Levy of Reimbursement Assessment and Payment. Once a Reimbursement Assessment has been levied against an Owner for any reason described herein, and subject to the conditions imposed herein, notice thereof shall be mailed to the affected Owner and the Reimbursement Assessment shall thereafter be due and payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment. The Reimbursement Assessment may be collected in the same manner as Regular and Special Assessments as allowed by California law.

Section 5.6. Notice. Annual written notice of an Assessment shall be given to every Owner subject thereto. Assessments may be collected on a monthly basis or otherwise as determined by the Board. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an Officer or other agent of the Association setting forth whether the Assessments of a specified Condominium have been paid.

Section 5.7. Exemption of Certain Properties From Assessments. The following real property subject to this Declaration shall, unless devoted to use as a residential dwelling, be exempted from the Assessments and the lien thereof provided herein:

- (A) Any portion of the Project dedicated and accepted by a local public authority;
- (B) The Common Area and Common Facilities; and
- (C) Any Condominium owned by the Association.

Section 5.8. Remedies of the Association for Non-Payment of Assessments. The Association shall have the power to impose Assessments as provided in these Governing Documents. Such Assessments are the personal obligation of the Owner against whom they are assessed and are a lien against that Condominium. The Association shall have the authority to create and enforce a lien with the power of sale on each separate Condominium to secure payment of the amount of any Assessment, to the full extent permitted by applicable law. The obligation and the lien for Assessments may also include: a late or delinquency charge in the amount of ten dollars (\$10.00) or ten percent (10%) of the amount of each Assessment or installment not paid when due, whichever is greater, or such higher amount as may be authorized by the laws of the State of California; interest on each Assessment or installment not paid when due and on any delinquency fee or late charge pertaining thereto commencing thirty (30) days after the date the charge was first due and payable

at the rate of twelve percent (12%) per annum, or such higher rate as may be authorized by the laws of the State of California; the costs of collection, including court costs, the expenses of sale, any expense required for the protection and preservation of the Condominium, and reasonable attorney's fees actually incurred; and the fair rental value of the Condominium from the time of institution of suit until the sale at foreclosure or other satisfaction of any judgment.

Section 5.9. Effect of Non-Payment of Assessments.

(A) At any time after any Assessments levied by the Association affecting any Condominium have become delinquent, and the Association has complied with the pre-lien requirements set forth in California *Civil Code* Section 1367.1, 1367.4, the Association, upon a vote of a majority of the Board made at an open Board meeting, may file for recording in the Office of the San Diego County Recorder a lien upon the Condominium described therein, which lien shall also secure all other payments and/or Assessments which shall become due and payable with respect to said Condominium following such recording, and all costs (including attorney's fees), penalties and interest accruing thereon. Said lien shall continue until all amounts secured thereby are fully paid or otherwise satisfied.

(B) In the event the delinquent Assessments and all other Assessments which have become due and payable with respect to the same Condominium, together with all costs (including attorney's fees) and interest which have accrued on such amounts, are fully paid or otherwise satisfied prior to the completion of any sale held to foreclose the lien provided for in this Article, the Board shall record a further notice, similarly signed, stating the satisfaction and releasing of such lien.

Section 5.10. Assignment of Rents. Each Owner does hereby presently assign to the Association, absolutely and regardless of possession of the property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupation of any or all parts of any Unit owned by the Owner, now existing or hereafter made for the purpose of collecting all Assessments due the Association pursuant to this Declaration which are in default. The Association hereby confers on each Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable, provided that the Association at its sole discretion, may revoke such authority at any time, upon written notice to the Owner of a default in the payment of any Assessment due hereunder. Upon revocation of such authority the Association may collect and retain such rental monies, whether past due and unpaid or current. The Association's rights under this Section shall be subordinate to the rights of any First Mortgagee. Any attempt to collect rents under this Section shall be done after the Owner of the Condominium has been given written notice and an opportunity to be heard by the Board in accordance with the Governing Documents and current California law.

Section 5.11. Foreclosure of Assessment Lien. Each Assessment lien may be foreclosed upon as and in the same manner as the foreclosure of a mortgage upon real property under the laws of the State of California, or may be enforced by sale pursuant to California *Civil Code* Section 2924 et seq., and Section 1367.4 of the California *Civil Code*, and to that end a power of sale is hereby conferred and upon the Association. Suit to recover a money judgment for unpaid Assessments, late

fees, interest, attorney's fees and rent shall be maintainable without foreclosing or waiving the lien securing the same.

Section 5.12. Subordination of Lien. The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage encumbering any Condominium and given for value. Sale or transfer of any Condominium shall not affect the Assessment lien. However, the sale or transfer of any Condominium pursuant to judicial or non-judicial foreclosure of a first Mortgage shall extinguish the lien of such delinquent Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Condominium from lien rights for any Assessments thereafter becoming due. Where the first Mortgagee or other purchaser of a Condominium, obtains title to the same as a result of foreclosure, such acquirer of title, its successors and assigns, shall not be liable for the share of the Common Expenses or Assessments by the Board of Directors chargeable to such Condominium which became due prior to the acquisition of title to such Condominium by such acquirer. Except as otherwise provided in Section 15.3(A) of this Declaration, such unpaid shared of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Condominiums including such acquirer, its successors and assigns.

Section 5.13. Waiver of Exemptions. Each Owner does hereby waive, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment, or installment thereof, becomes delinquent or any lien is imposed pursuant to the terms hereof.

Section 5.14. Uniform Rate of Assessments. Except as otherwise specifically provided herein, Regular and Special Assessments, other than Reimbursement Assessments, must be fixed at a uniform rate for all Condominiums. Notwithstanding the foregoing, a Special Assessment against Owners to raise funds for the rebuilding or major repair of any structural portion of the Common Area shall be levied upon the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of the aggregate floor area of the Units in all Condominiums to be assessed.

ARTICLE 6

USE RESTRICTIONS

Section 6.1. Occupancy.

(A) **Single Family Occupancy.** The Units within the Project are restricted exclusively to Residential Use, and no Unit shall be occupied by more than a single-family. The term "single-family" shall be defined in accordance with applicable Federal and California laws, City codes and ordinances.

"Occupancy," for purposes of this Declaration, shall be defined as staying over night in a Unit for a total of more than sixty (60) days, either consecutive or non-consecutive days, in any one year.