Connecting the Community

SAMLARC

Rancho Santa Margarita Landscape and Recreation Corporation

Dear SAMLARC Member,

As your Board of Directors and fellow neighbors, we appreciate your decision to call SAMLARC home. For 40 years, SAMLARC has cultivated an exceptional lifestyle that encompasses amenities, events, and community stewardship. With more than 13,000 families, hundreds of acres of landscape, the Lago Santa Margarita and Beach Club, and scores of parks, pools, and lifestyle programs, SAMLARC plays an important role in maintaining a strong community.

To appropriately care for a community of this scale, the volunteer SAMLARC Board of Directors manages the Corporation's assets carefully. Under the guidance of the SAMLARC Budget and Cash Flow Committee, the annual budget and assessment rate are built to address the costs associated with managing our community, anticipated expenses, long-term savings, insurance requirements, and high-quality services. *As approved at the October 13, 2026, Budget Workshop, the 2027 assessment rate will be $95.00 per month, effective January 1, 2027.*

Proactive community management positively shapes SAMLARC's future. Aligned with the Board's strategic planning, SAMLARC continues to partner with its vendors to address industry challenges such as labor shortages, utility and insurance rate hikes, supply chain disruptions, aging amenities, defensible space, and drought mitigation. One of the Board's many goals is to ensure SAMLARC remains attractive, valuable, and relevant for its Members. This remains our vision for today, tomorrow, and beyond.

Per Civil Code §5300, information on SAMLARC's annual budget, as well as the proposed 2027 Architectural Standards and Policies & Guidelines, is available on-line at SAMLARC.org/homeowners. Paper copies are available at the Business and Beach Club Offices, and complimentary, mailed copies may be requested by emailing info@samlarc.org.

Whether through inter-agency partnerships, community engagement, or future projects, we are dedicated to safeguarding SAMLARC's assets and services so that your family may continue enjoying the unique character and charm of our community.

With kind regards,

SAMLARC Board of Directors
Rancho Santa Margarita Landscape and Recreation Corporation

2027 Budget – Effective January 1, 2027

Date: November 2026
To: The Membership - SAMLARC
From: The Board of Directors

Each year, the Association's volunteer Board of Directors carefully reviews the prior year's income and expenses to determine the upcoming fiscal year's budget. This includes evaluating recurring contract costs, inflation, utility rates and usage, insurance, landscape and amenity operations, and monthly reserve contributions for future repairs and replacements.

Following this review, the Board has approved a **4.4% increase** in assessments to meet projected financial needs. **Effective January 1, 2027, your new monthly assessment will be $95.00.**

What Is Included in This Budget Packet?

State law and the Association's governing documents require the Board of Directors to distribute the following documents to each member:

- 2027 *Pro Forma* Budget Summary
- Assessment and Reserve Funding Disclosure Summary
- Executive Summary – 2027 Reserve Study
- Delinquency Policy and Disclosures as follows:
    - Delinquent Assessment Collection Policy
        - Notice of Assessments and Foreclosure
        - Assessments and Foreclosure
        - Payments
        - Meetings and Payment Plans
        - Assignment of Rents
        - Alternative Dispute Resolution (ADR) procedure
        - Internal Dispute Resolution (IDR) procedure
- Insurance Notification
- Annual Policy Statement
- Architectural Review Process and Submittal Requirements
- Discipline Policy with Relation to Enforcement Process

The full 2027 Pro Forma Operating Budget is available at samlarc.org/homeowners. Complimentary hard copies may be requested via email at **info@samlarc.org** or reviewed in person at the SAMLARC Business Office:
22342A Avenida Empresa, Suite 102A, Rancho Santa Margarita, CA 92688

About the Reserve Study

California law requires the Association's Board of Directors to "cause to be conducted" a Reserve Study with an onsite inspection at least once every three years. To ensure that the Association's major components were appropriately identified, the Board hired a professional Reserve Analyst for these services. *California law also requires the Board of Directors to make the following disclosures regarding the Association's reserve funds:

1) In the upcoming year, the Association will fund Reserves using the following sources:

	Type of Funding
X	Regular Assessments
	Special Assessments
	Borrowing
	Use of Other Assets
X	Deferral of Repairs
	Alternate Mechanisms

2) **The Association had a total of $10,014,106 in actual accumulated Reserve funds as of September 30, 2026. The Board anticipates that the amount will increase to $10,502,655 by the end of the current fiscal year. According to the Reserve Analyst, the total replacement cost for all major components is $19,085,071. The Reserve fund amount beginning January 1, 2027, represents approximately 55% of the projected total replacement cost.** Although this number usually appears low, the Legislature requires the Board to disclose (in boldface type) how much it would cost the Association to rebuild all its major common area components if they were replaced all at once.

3) **According to the Reserve Analyst, at the start of the upcoming fiscal year, the Association is anticipated to be 90% funded to the "ideal funding level."** That number represents the amount the Association is expected to have available for the repair or replacement of major components when they are scheduled for repair or replacement. Some reserve components scheduled for 2027 repair and replacement were deemed to have additional remaining life. The Board of Directors, therefore, determined to defer or not undertake the repairs or replacement of the following components with a remaining life of 30 years or less (as identified in the Reserve Study as having zero estimated remaining life).

Item #	***Item Description***	***Reason for Deferral or Decision to Not Undertake Repairs/Replacement***
1.	Fitness Station - Replace (LP)	Defer to 2028/Extended Use of Life
2.	Fitness Stations - Replace (LA)	Defer to 2028/Extended Use of Life
3.	Fitness Stations - Replace (LS)	Defer to 2028/Extended Use of Life
4.	Mastic (BC)	Defer to 2029/Extended Use of Life
5.	Safety Net Fields 1-3 (TCP)	Defer to 2029/Extended Use of Life
6.	Sunscreen Field #3 (TCP)	Defer to 2029/Extended Use of Life

Insurance Information

The Association carries General Liability insurance in the amount of $1 million per occurrence and $2 million annual aggregate, which exceeds the minimum amount specified in California law to ensure that owners are only individually liable for their proportionate share of special or regular assessments levied to pay any judgments against the Association that exceed the limits of the Association's insurance. Additional disclosures about the Association's insurance policies are included in this packet, including the name(s) of the insurer(s), the types of insurance, the policy limits, and the number of deductibles (if any).

Other Disclosures

The Board of Directors does not anticipate that any special assessment will be required during the 2027 fiscal year to repair, replace, and/or restore any major components or to provide adequate reserves.

Copies of Executive and Open Session agendas and approved Board meeting minutes are available on samlarc.org/board-meetings and upon request throughout the year. Approved minutes are typically available 30 days after the meeting date, and any copying and postage charges for those minutes are the responsibility of the requesting owner. If the minutes are not approved by the Board within the thirty days of the request, draft minutes will be provided.

Please email info@samlarc.org should you have any questions.

* The Association's Board of Directors has relied on information, opinions, reports, and statements presented to it by vendors, contractors, Reserve Study specialists, CPA's and/or other professionals and is relying upon this information, financial data and reports pursuant to the California Corporations Code in providing the Association membership the information contained in the Assessment Reserve Funding Disclosure Summary. The information contained within the Reserve Study includes assumptions regarding future events based on information supplied to the Association's Board of Directors from said professionals. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur after the date of this Disclosure Summary. Therefore, the actual replacement cost and remaining life may differ from those in the Reserve Study. Additionally, inflation and other economic factors may impact the Reserve Study, particularly over a 30-year period, potentially affecting its accuracy and the funds available to meet the Association's obligation to repair and/or replace major components over the next 30 years. Furthermore, severe weather conditions, earthquakes, floods, or other acts of nature, as well as vandalism and other events that are difficult to anticipate, cannot be accounted for and are excluded when assessing the life expectancy of the components. The Reserve Study only includes items that the Association has a clear and express responsibility to maintain pursuant to the Association's CC&Rs.

Connecting the Community

SAMLARC

Rancho Santa Margarita Landscape and Recreation Corporation

2027 PRO FORMA OPERATING BUDGET SUMMARY

Revenue	**Budget**	**Unit/Month**
Assessment Revenue	$15,556,440	$95.01
Ancillary Sources	$714,805	$4.37
Total Revenue	**$15,553,018**	**$99.37**
Reserves		
Reserve Contribution	**$2,334,242**	**$14.26**
Operating Expenses		
Lake/Lakeshore	$527,368	$3.22
Beach Club/Lagoon	$647,203	$3.95
SAMLARC Business Office	$141,695	$0.87
Community Parks	$3,395,035	$20.73
Community Pools	$391,793	$2.39
Streetscapes/Trails & Open Space	$4,188,197	$25.58
Community Programs	$446,561	$2.73
Administration - Insurance, Legal, Mgmt, etc...	$1,899,687	$11.56
Staff Expense w/ taxes and benefits	$2,449,963	$14.96
Total Operating Expenses:	**$14,080,316**	**$85.99**
Total Reserves and Operating Expenses:	**$16,414,558**	**$100.25**
Net Gain/(Loss): Before Discretionary Expenses	**($143,313)**	**($0.88)**
Discretionary Expenses		
Projects – Capital	$0	$0
Total Discretionary Expenses:	**$0**	**$0**
Total Reserve, Operating and Discretionary Expenses:	**$16,414,558**	**$100.25**
Projected Net Gain/(Loss):	**($143,313)**	**($0.88)**
Projected Cash Balance at Year End:	**$2,904,246**	

A copy of the full 2027 Pro Forma Operating budget is available upon request as well as complimentary hard copies. Please email all requests to: info@samlarc.org.



ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

The reserve funding program reflects assumptions about future events based on manufacturer's specifications, information from subcontractors, construction pricing, scheduling manuals, and the experience of the reserve company. The amounts quoted in the Reserve Study prepared in 2025, for year 2026, were used to calculate and establish the ongoing reserve amounts needed to defray future repairs, replacement, or additions to the components that the corporation is obligated to maintain.

SAMLARC currently has a total of **$10,014,106** accumulated reserve funds as of September 30, 2026, and anticipates that the total will increase to **$10,502,655** by fiscal year end. This amount represents approximately 55% of the total current cost of replacement for all those components being funded, and 90% of the ideal reserves. SAMLARC's 90% Target Funding Model is projected to maintain the accumulated reserve funds at 90% of the ideal reserves at 2027 fiscal year end. The Board of Directors reviews funding models annually and does not anticipate that a special assessment will be required to repair, replace, or restore any major components or to provide adequate reserves.

2027 Reserves for Repair and Replacement

California Civil Code §5565 and §5570 call for required disclosures to make to the association membership to detail SAMLARC's reservation for the future periodic repair and replacement of major components of real property owned and maintained by the Corporation. These disclosures are below. disclosures are below.

(a) Assessment and Reserve Funding Disclosure Summary for the Fiscal Year Ending 12/31/2027

1. The current average regular Assessment per ownership interest is: **$95.00 per month.**

   Note: If Assessments vary by the size or type of unit, the assessment applicable to this unit may be found on attached pages, to be provided by Board or Management.

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

Date Assessment is Due	Average Amount Per Unit	Purpose Of Assessment
-	-	-

   Note: If Assessments vary by the size or type of unit, the assessment applicable to this unit may be found on attached pages, to be provided by Board or Management.

3. Based on the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances 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?

X	Yes		No

4. If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Approximate date assessment will be due	Amount of Assessment	Amount Per Unit
-	-	-

   Note: Indicates the first year of a deficit based on the Adopted Funding Plan. The additional assessment amount indicates what will be required in that year to assure the reserve balance for the remaining years of the report will be above zero. Actual assessments may vary from year to year.

5. All major components are included in the reserve study and are included in its calculations (Note below the status of components with a 30+ yr. remaining life).

Component Name	Status
-	-

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 $10,734,507, based in whole or in part on the last reserve study or update prepared by Devin Swanson as of 2026-10-19. The projected reserve fund cash Balance at the beginning of the current fiscal year is $9,925,000, resulting in reserves being 92% at this date.

7. Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next 5 budget years found in column E, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, found in column D, leaving the reserve at percent funding found in column F. Please see the projected five-year funding plan below that has been implemented and approved by the association.

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
	A	B	C	D	E	F
2027	$2,036,600	$12.44	$2,043,813	$10,215,429	$11,349,908	90%
2028	$2,450,434	$14.96	$2,592,964	$10,377,224	$11,513,659	90%
2029	$2,548,451	$15.56	$2,707,633	$10,526,971	$11,663,467	90%
2030	$2,650,389	$16.19	$3,206,349	$10,278,480	$11,403,442	90%
2031	$2,756,405	$16.83	$2,081,401	$11,271,964	$12,410,048	91%

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 interest rate earned on reserve funds was 3.00% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 4.00% per year.

(b) 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 a 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 thereof 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.

The preparer of this form will be indemnified and held harmless against all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been relied upon by others, or which may result from any improper use or reliance on the disclosure by you or a third party.

The reserve study report completed and reviewed for the purposes of completing the enclosed summary was finalized based on approval from the Board of Directors. Therefore, the final decisions for implementation, updating or revising the information obtained in this report, for any changes in assumptions, is the sole right and responsibility of the Board of Directors. This report and the numbers generated herein are for use only for the year it was developed. The preparer of this form is not responsible for the use of the Assessment and Reserve Disclosure Summary in any subsequent year, or in updating the summary in any subsequent year, or in updating the summary for events and circumstances occurring after the date of this report.

Property Description

Property Name:	SAMLARC
Location:	Rancho Santa Margarita, CA
Project Type:	Master Association
Number of Units:	13646
Age of Project:	40 Year(s)

Financial Summary

Starting Reserve Balance:	$9,925,000
Fully Funded Reserve Balance:	$10,734,507
Percent Funded:	92%
Current Replacement Cost:	$19,084,071
Deficit/Surplus vs. Fully Funded Reserve:	($809,507) or ($59.32) Per Unit Avg

Funding Note: Board policy to maintain 90-100% funding for the duration of the report (30 years).

Adopted Funding Plan

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
2027	$2,036,600	$12.44	$2,043,813	$10,215,429	$11,349,908	90%
2028	$2,450,434	$14.96	$2,592,964	$10,377,224	$11,513,659	90%
2029	$2,548,451	$15.56	$2,707,633	$10,526,971	$11,663,467	90%
2030	$2,650,389	$16.19	$3,206,349	$10,278,480	$11,403,442	90%
2031	$2,756,405	$16.83	$2,081,401	$11,271,964	$12,410,048	91%
2032	$2,866,661	$17.51	$2,205,229	$12,281,476	$13,439,643	91%
2033	$2,981,327	$18.21	$2,174,676	$13,468,671	$14,658,308	92%
2034	$3,100,580	$18.93	$3,254,003	$13,717,008	$14,924,128	92%
2035	$3,224,604	$19.69	$3,117,934	$14,236,787	$15,467,997	92%
2036	$3,353,588	$20.48	$3,907,506	$14,101,664	$15,343,575	92%
2037	$3,487,731	$21.30	$2,946,691	$15,073,870	$16,349,954	92%
2038	$3,627,241	$22.15	$3,991,978	$15,155,878	$16,451,665	92%
2039	$3,772,330	$23.04	$2,891,275	$16,504,826	$17,850,233	92%
2040	$3,923,223	$23.96	$3,684,027	$17,242,755	$18,634,466	93%
2041	$4,080,152	$24.92	$3,937,807	$17,904,518	$19,346,701	93%
2042	$4,243,358	$25.91	$3,989,671	$18,699,147	$20,200,701	93%
2043	$4,413,093	$26.95	$3,386,558	$20,302,055	$21,890,235	93%
2044	$4,589,617	$28.03	$4,265,162	$21,240,438	$22,914,954	93%
2045	$4,773,201	$29.15	$3,800,524	$22,864,918	$24,652,751	93%
2046	$4,964,129	$30.31	$5,790,046	$22,712,559	$24,587,651	92%
2047	$5,162,694	$31.53	$5,780,556	$22,766,807	$24,734,667	92%
2048	$5,369,202	$32.79	$5,924,748	$22,885,932	$24,950,948	92%
2049	$5,583,970	$34.10	$5,883,523	$23,268,464	$25,440,949	91%
2050	$5,807,329	$35.46	$6,376,194	$23,389,121	$25,669,588	91%
2051	$6,039,622	$36.88	$5,513,262	$24,625,050	$27,045,843	91%
2052	$6,281,207	$38.36	$5,097,040	$26,565,731	$29,161,047	91%
2053	$6,532,455	$39.89	$6,923,244	$26,966,052	$29,723,062	91%
2054	$6,793,754	$41.49	$7,611,471	$26,945,050	$29,864,118	90%
2055	$7,065,504	$43.15	$6,779,053	$28,044,149	$31,160,166	90%
2056	$7,348,124	$44.87	$5,256,360	$31,008,614	$34,387,081	90%

Component Summary by Category

	UL	RUL	Current Replacement Cost	Accumulated Reserve Balance	Annual Fully Funded Requirement	Fully Funded Reserve Balance	Annual Reserve Contribution
Altisima Park	3-30	1-20	$2,002,836	$921,216	$162,471	$996,352	$149,016
Ama Daisy Trail	25-28	16-18	$17,730	$6,754	$642	$7,304	$589
Arroyo Vista Park	3-36	0-26	$1,503,825	$813,545	$132,613	$879,900	$121,630
Beach Club	3-36	0-30	$1,720,845	$692,232	$133,354	$748,692	$122,310
Bluff Top Trail	15-25	2-25	$161,726	$116,560	$10,200	$126,067	$9,355
Business Office	4-10	1-6	$72,216	$25,955	$10,094	$28,072	$9,258
Canada Vista Park	3-35	1-22	$780,349	$225,491	$47,285	$243,882	$43,369
Central Park	3-30	2-27	$767,694	$393,885	$39,677	$426,012	$36,391
Cielo Vista Park	3-30	2-20	$279,477	$145,648	$20,683	$157,527	$18,970
Estrella Vista Park	10-25	3-20	$271,442	$180,743	$15,606	$195,485	$14,313
Florecita Trail	25-28	18-19	$14,490	$4,268	$522	$4,616	$479
Lagoon	3-30	0-20	$859,918	$643,953	$82,029	$696,475	$75,236
Lake	1-25	0-13	$312,571	$104,956	$97,970	$113,517	$89,856
Lake Shore	3-28	0-23	$485,559	$269,783	$33,441	$291,787	$30,672
Landscaping	1-15	0-9	$917,341	$520,024	$367,692	$562,438	$337,241
Los Abanicos	8-28	1-20	$193,156	$64,075	$12,629	$69,301	$11,583
Los Paseos	8-25	1-18	$134,855	$72,656	$8,645	$78,582	$7,929
Mesa Linda Park	3-30	0-26	$492,967	$260,124	$49,641	$281,341	$45,530
Miscellaneous	1-25	0-25	$2,601,165	$1,434,194	$529,335	$1,551,170	$485,498
Monte Vista Park	3-36	0-25	$1,229,660	$760,250	$127,018	$822,258	$116,499
Security & Fire Systems	5-10	3-5	$214,570	$79,902	$42,323	$86,419	$38,818
Solana Park	3-36	0-23	$1,698,324	$828,715	$138,498	$896,307	$127,028
Streetscape	20-25	10-18	$96,110	$34,564	$4,320	$37,383	$3,963
Tijeras Creek Park	3-30	0-21	$602,382	$370,273	$37,789	$400,473	$34,659
Trabuco Mesa Park	3-30	0-25	$1,192,057	$743,258	$88,153	$803,880	$80,853
Urban Trail East	8-28	2-19	$137,170	$74,331	$7,542	$80,393	$6,917
Urban Trail West	8-28	4-19	$10,193	$3,195	$503	$3,455	$461
Vereda Laguna Trail	20-28	19-20	$17,875	$5,015	$653	$5,424	$599
Vista Verde Park	3-26	2-23	$295,569	$129,437	$19,166	$139,994	$17,579
		Totals	**$19,084,071**	**$9,925,000**	**$2,220,493**	**$10,734,507**	**$2,036,600**

RANCHO SANTA MARGARITA LANDSCAPE AND RECREATION CORPORATION

DELINQUENT ASSESSMENT COLLECTION POLICY
Effective: JANUARY 2027

Prompt payment of assessments by all owners is critical to the financial wellness of the Association and to the enhancement of the property values of our Association. Your Board of Directors takes very seriously its obligation under the CC&R's and the California Civil Code to enforce the members' obligation to pay assessments. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent, and effective manner. Therefore, pursuant to the CC&R's and Civil Code, the following are the Association's assessment collection practices and policies:

- Regular monthly assessments are due and payable on the 1st day of each month. A courtesy billing statement is sent each month to the billing or email address on record with the Association. However, it is the owner of record's responsibility to pay each assessment in full each month regardless of whether a statement is received.
- All other assessments, including, but not limited to, Special Assessments, Reimbursement Assessments, Reconstruction Assessments, and Capital Improvement Assessments are due and payable on the date specified by the Board in the notice of assessment.
- Regular monthly assessments and all other assessments (as defined in Paragraph 2) are collectively referred to herein as "Assessments".
- Assessments, late charges, interest and collection costs, including any attorneys' fees, are the personal obligation of the owner of the property at the time the Assessment or other sums are levied. If an Assessment to be paid by an Apartment Owner becomes delinquent, SAMLARC will recover costs, late charges and interest to the maximum amount allowed under applicable law, separately for each Apartment Unit ("Residence").
- Unpaid Assessments are delinquent 16 days after they are due.
- A late charge of $10.00 or 10%, whichever is greater, will be charged for any Assessment that is not received on or before the 16th day of the month, prior to the close of business. As applied to Apartment Owners, a separate late fee will be charged for each Apartment Unit ("Residence").
- The Association will charge a $35.00 processing fee to the owner for a returned payment.
- Interest on the balance due will accrue at a rate not to exceed 12% per annum; commencing thirty (30) days after the Assessment becomes due.
- When an Assessment becomes more than sixty (60) days past due, the Association will send a validation notice to the billing address on record with the association. The owner will be charged a fee of $125.00 for the notice. If an owner writes to dispute the amount owed or to request "original creditor" information within the validation period set forth in the notice, then the Association will cease collection of the debt, or any disputed portion of the debt, until the Association responds appropriately as required by law (see applicable consumer protection laws).
- After sixty (60) days past due, the association may invite owner(s) to a hearing for the purpose of revoking membership privileges. Those privileges can include access to common areas or facilities, services paid for by the association, and/or the member's right to vote in association elections.

- When an Assessment becomes more than ninety-five (95) days past due, the Association will send a pre-lien letter to each owner, as required by the Civil Code, by certified mail to the owner's address of record. The owner will be charged $300.00 for the pre-lien letter, as well as title check fees and all costs to complete the transmittal of the letters.
- If the owner fails to pay the amounts set forth in the pre-lien letter within 30 days of receipt of that letter, a lien for the amount of any delinquent Assessments, late charges, interest and/or costs of collection, including attorneys' fees, may be recorded against the owner's property. The owner will be charged $365.00 for the lien as well as any processing fees and costs. A copy of the lien will be sent to each owner at his/her address of record via certified mail within ten (10) days of recordation thereof. After the expiration of thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law.
    - Prior to the recording of a Board authorized lien for delinquent Assessments, a owner that is delinquent has the right to participate in internal dispute resolution ("IDR") pursuant to the "meet and confer" program in accordance with California Civil Code. Prior to recording a lien, the Board of Directors will approve such action by a majority vote of the Board of Directors.
    - Upon receipt of payment in full, that includes any late fees, interest, collection costs and/or attorneys' fees, a Release of Lien will be recorded. Copies of the Release of Lien will be sent to all owners of record. A charge of $195.00 for this release will be levied against the owner's account. A $165.00 recording service will be charged for the recording of the Release of Lien with the County Recorder Office. All county recording fees are charged as applicable and as counties may charge from time to time. Such fees will be charged to the delinquent owner's account.
- If an owner is delinquent for thirty (30) additional days after the Notice of Delinquent Assessment (Lien) has been recorded, the Assessment collection matter will be referred to the Association's attorney or collection agent, and the lien may be enforced by judicial or non-judicial foreclosure sale, or by money judgment at the Association's option. An actual foreclosure sale of an owner's property will not be conducted unless or until either; (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars ($1,800) or more, excluding accelerated assessments and specified late charges and/or fees; or (b) the assessments are delinquent for more than twelve (12) months. [You could lose ownership of your property if a foreclosure action is completed. You will be responsible for significant additional fees and costs, including attorneys' fees, if a foreclosure action is commenced against your property.] The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the Minutes of the next open session Meeting of the Board. The Board must maintain the confidentiality of the delinquent owner(s) by identifying the matter in the Minutes by only the parcel number of the owner's property. Prior to initiating any foreclosure sale on a recorded lien, the Association shall offer delinquent owners the option of participating in IDR or Alternative Dispute Resolution ("ADR").
- Nothing herein limits or otherwise affects the Association's right to proceed in any other lawful manner to collect any delinquent sums owed to the Association.

- A $50 recording service will be charged for the recording of the Notice of Delinquent Assessment (Lien) with the County Recorder Office. All county recording fees are charged as applicable and as counties may charge from time to time. Such fees will be charged to the delinquent owner's account.

- Any owner who is unable to pay Assessments will be entitled to submit a written request for a payment plan to be considered by the Board of Directors. The Board of Directors is not required to approve a payment plan. If a payment plan is approved, the Board of Directors may establish the terms of the payment plan. A payment plan request or approved payment plan will not impede the Board's ability to vote for and record a lien.

The mailing address for overnight payment of assessments is:

FirstService Residential California, LLC
15241 Laguna Canyon Rd
Irvine, CA 92618

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 16 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 nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial 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 nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

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

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

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of

its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

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

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

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

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

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

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

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code).

ASSIGNMENT OF RENTS

In the event that the Association files any action against an Owner for unpaid Assessments on Owner's Unit, and said Unit is or becomes rented or leased at any time during the pendency of the action, the Association shall have the right, upon ex parte notice and application, to request that the Court order Owner to assign all rents due from the renter/lessor of said Unit to the Association until such time as all Assessment delinquencies are cured.

ALTERNATIVE DISPUTE RESOLUTION

5925. As used in this article: (a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other non-judicial procedure that involves a neutral party in the decision making process. The form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.
(b) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:
(1) Enforcement of this title.
(2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).
(3) Enforcement of the governing documents of a common interest development.

5930. (a) An association or an owner or a member of a common interest development may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.
(b) This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in the Code of Civil.
( ) This section does not apply to a small claims action.
(c) Except as otherwise provided by law, this section does not apply to an assessment dispute.

5935. (a) Any party to a dispute may initiate the process required by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:
(1) A brief description of the dispute between the parties.
(2) A request for alternative dispute resolution.
(3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
(4) If the party on whom the request is served is the owner of a separate interest, a copy of this article.
(b) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.
(a) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

5940. (a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.
(b) The costs of the alternative dispute resolution shall be borne by the parties.

5945. If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:
(a) The period provided in Section 5935 for response to a Request for Resolution.
(b) If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 5940.

5950. (a) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:
(1) Alternative dispute resolution has been completed in compliance with this article.
(2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.
(3) Preliminary or temporary injunctive relief is necessary.
(b) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

5955. (a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.
(b) The costs of the alternative dispute resolution shall be borne by the parties.

5960. In an enforcement action in which fees and costs may be awarded pursuant to subdivision (c) of the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

5965. (a) An association shall annually provide its members a summary of the provisions of this article that specifically references this article. The summary shall include the following language:

"Failure of a member of the association to comply with the alternative dispute resolution requirements 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."

(b) The summary shall be provided either at the time the pro forma budget is distributed or in the manner prescribed in Section 5016 of the Corporations Code. The summary shall include a description of the association's internal dispute resolution process.

INTERNAL DISPUTE RESOLUTION

5915. Statutory Dispute Resolution Procedure
(a) This section applies in an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article.
(b) Either party to a dispute within the scope of this article may invoke the following procedure:
(1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
(2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
(3) The association's board of directors shall designate a member of the board to meet and confer.
(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.
(5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.
(c) A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:
(1) The agreement is not in conflict with law or the governing documents of the common interest development or association.
(2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.
(d) A member of the association may not be charged a fee to participate in the process.

INSURANCE INFORMATION FOR COMMUNITY RESIDENTS 2026-2027

This letter contains important information regarding the coverage of the Corporation's Master Insurance Policy and the individual coverage needs of each community resident.

I. Corporation Master Policy includes:

a. Common Area Buildings and Structures
b. Landscaping
c. Liability for Common Areas
d. Earthquake Coverage
e. Flood Coverage

Covered Perils Include: Fire, theft, vandalism, windstorm, hail, & explosion ("All Risk" coverage form subject to exclusions)

II. Resident Responsibility:

SAMLARC's master policies do not provide any coverage for residential units. Please consult with your sub-association for your individual insurance requirements and any coverages they may provide.

III. Lenders/ Mortgage Companies

If your Lender needs verification of insurance for the Corporation, please have them fax or email their request to Brown & Brown:

Fax: 503-914-5430 Email: coi@bbrown.com

IV. Claim Reporting

We ask that all claims be reported to FirstService Residential. They will forward it to our agency for reporting as needed.

Brown & Brown

Insurance Disclosure Statement

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

Policy Term: April 1, 2026 – April 1, 2027

LINE OF COVERAGE	***NAME OF INSURER***	***LIMITS OF LIABILITY***		***DEDUCTIBLE***
Property	*Fireman's Fund Ins Co of Hawaii Inc*	*Blanket Building* *Blanket Contents* *Business Interruption*	*$17,374,702* *$798,054* *$400,000*	*$25,000*
General Liability	*Fireman's Fund Ins Co of Hawaii Inc*	*Each Occurrence* *Aggregate*	*$1,000,000* *$2,000,000*	*None*
Automobile Liability	*Fireman's Fund Ins Co of Hawaii Inc*	*Hired & Non-owned Auto*	*$1,000,000*	*None*
Primary Excess Liability	*Palms Insurance Company*	*Aggregate*	*$5,000,000*	*None*
Excess Liability – 2nd Layer	*Obsidian Specialty Insurance Company*	*Aggregate*	*$5,000,000*	*None*
Difference in Condition	*Mt. Hawley Insurance Company*	*Loss Limit*	*$10,000,000*	*Quake: 5% of TIV per unit / $25k min Flood: $100,000 per*
Directors & Officers Liability	*Continental Casualty Company*	*Aggregate*	*$2,000,000*	*$25,000*
D&O Excess Liability	*RSUI Indemnity Company*	*Aggregate*	*$2,000,000*	*None*
Crime	*Hiscox Insurance Company Inc*	*Employee Theft*	*$5,000,000*	*$25,000*
Crime Excess Liability	*The Hanover Insurance Company*	*Employee Theft*	*$10,000,000*	*None*
Cyber Liability	*Fortegra Specialty Insurance Company*	*Aggregate*	*$2,000,000*	*$10,000*
Workers Compensation	*Pennsylvania Manufacturers' Association Insurance Company*	*Employer's Liability*	*$1,000,000*	*None*

Annual Policy Statement (Civ. Code §5310)

Effective January 1, 2014, the board is required to distribute an annual policy statement that provides the association members with information about its policies.

1. Statement of Name and Address of Person Designated to Receive Official Communications to Association (Civ. Code §4035)

The name and address of the person designated to receive official communications to the association is the Community Executive Officer on behalf of SAMLARC c/o FirstService Residential Management, 22342A Avenida Empresa, Suite 102-A, Rancho Santa Margarita, CA 92688.

2. Statement of Member's Ability to Have Notices Sent to Up to Two Different Addresses (Civ. Code §4040)

Members may submit a request to the address noted above to have notices sent to up to two different specified addresses.

3. Statement of the Posting Location for General Notices (Civ. Code §4045)

Civil Code permits the association to provide General Notices to the membership via newsletter, billing statement messages, or posting in a prominent location. If the association chooses to post notices, they will be located at the SAMLARC Beach Club at 21472 Avenida De Los Fundadores, Rancho Santa Margarita, CA 92688, and the SAMLARC Business Office located at 22342A – Avenida Empresa, Suite 102A, Rancho Santa Margarita, CA 92688.

4. Notice of Member's Right to Receive General Notices by Individual Delivery (Civ. Code §5730)

If you would like all notices, including general notices, to be sent to you by individual delivery, please notify the association's Manager in writing.

5. Notice of Member's Right to Minutes (Civ. Code §4950)

Copies of board meeting minutes for meetings that are open to the membership are available on SAMLARC.org and upon written request throughout the year. Minutes are available thirty days following the meeting date, and any charges involved for copying and postage for those minutes are the responsibility of the requesting owner. If the minutes are not approved by the Board within the 30-day period of the request, draft minutes will be provided to you.

6. Statement of Assessment Collection Policies (Civ. Code §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 16 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 nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial 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 nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

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

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

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

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

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

7. Statement of Association's Policies and Practices in Enforcing Lien Rights, etc. (Civ Code §5730)

For the Association's Collection Policy, see Payments and Meetings and Payment Plans

8. Statement of Association's Discipline Policy and Schedule of Penalties (Civ. Code §5850) Discipline Policy

Section VI of Adopted 2025 SAMLARC Policies & Guidelines

A. Standard Enforcement Process

1. In the event that the SAMLARC Covenant Committee observes that an apparent violation of the Governing Documents and/or rules of SAMLARC has taken place, or receives a Rules and Violation Report, which has been signed by two or more Residents, the Committee may act as follows:
   a) Place a Courtesy Tag on garage door of residence in Level 1 Violations e.g. trash can left out, weeds in front yard, basketball hoop left on street or sidewalk, etc.
   b) Send a violation letter stating the violation and the date by which such violation is to be cured to avoid further enforcement efforts.
   c) The Owner shall have the right to cure the violation. If the violation continues, send a second letter with a notice to the Member advising of the Member's right to appear and discuss the violation with the Covenant Committee. The hearing date will normally be set not less than fourteen (14) or more than sixty (60) days from date of written notice of the hearing. The Owner shall have the right to Internal Dispute Resolution as provided in the Davis Stirling Act.
   d) A Member is present either in person, or by written response to the alleged violation, at a hearing before the Committee. The Committee has seven (7) business days after hearing to deliver written decision to the Member.
   e) If the decision is to impose a fine, the Fine Schedule will apply.
2. At any point the Committee may determine to continue fines, use the legal system or cause correction of the violation by SAMLARC to resolve the matter. The Member is responsible for legal fees and/or reimbursement of costs incurred by SAMLARC in enforcement activity.
3. Properties in Violation - When a property is in violation of the Governing Documents due to lack of repair/maintenance and the Owner chooses a remedy that requires prior Architectural Review Committee approval, Owners will have thirty (30) days from the Architectural Review Committee approval date to commence construction or the execution of the remedy, then an additional thirty (30) days (60 days from Architectural Review Committee approval date) to complete the remedy. The Covenant Committee may, on its own, extend the date of completion as the Committee deems warranted by the extent and nature of the remedy or, a reasonable extension may be issued by the Covenant Committee subject to an Owner's request in writing. Dates of commencement and completion will NOT be suspended or extended while the Covenant Committee considers a request to extend any date.
4. Statute of Limitations - If the violation is discovered, or in the exercise of reasonable diligence should have been discovered by SAMLARC, more than five (5) years before legal action can be commenced by SAMLARC against the violator for breach of a restriction, then SAMLARC, generally, and the absence of fraud, shall not

commence legal action against the violating owner for violation of a restriction. The burden of proof is on the violating owner to prove that the statute of limitations has run. This directive is based upon California Code of Civil Procedure § 336 which states the statute of limitations for actions for violation of a restriction is five (5) years.

5. All Level 1 Violations may be initiated by a courtesy notification tag which will be issued prior to first violation letters.
6. A courtesy letter may be sent first on special circumstances.
7. When there is a Level 3 Violation, the next violation letter is to be sent Certified Mail.
8. The exterior of all SAMLARC violation letter envelopes will be stamped in red ink with the phrase "Compliance Required."
9. Rescission of fines will be considered by the Covenant Committee and/or the Board of Directors on a case-by-case basis.
10. In the event a homeowner repeats the same infraction within six (6) months for a Level 1 violation previously resolved, the violation will be reopened at the status and fine schedule in which it was previously closed. In the event a homeowner repeats the same infraction within twelve (12) months for all Level 2 and 3 violations previously resolved, the violation will be reopened at the status and the schedule in which it was previously closed.

Note: Refer to Article XIX, Section 19.01 of the CC&Rs for specific language regarding SAMLARC's Right of Enforcement.

B. SAMLARC Right of Entry to Take Corrective Action

Entry may be made upon any Residence in connection with any exterior maintenance, repair or construction in the exercise of the powers and duties of SAMLARC after approval by two-thirds (2/3) vote of the Board. [Bylaws, Section 6.02 (j)(iii)]. Prior to entry by SAMLARC upon a Residence to correct or repair, the Board shall specify a date for completion of the work to be performed by the Owner. [Bylaws, Section 10.03(d)]. If the corrective work is not completed within the specified time, the Board or its Covenant Committee may cause such corrective work to be accomplished. In causing the corrective work to be accomplished, the Board or its Covenant Committee shall:

1. Provide the Owner with no more than ten (10) days following receipt thereby of said written notice of election in which to select a day or days upon which such corrective work shall be accomplished.
2. The date which said Owner selects shall be not less than ten (10) days nor more than thirty (30) days following the last day of the ten (10) day period specified in such notice of election;
3. If said Owner does not select such day or days within the ten (10) day period specified in such notice of election, or, if the work is not completed by the date selected by the Owner, SAMLARC will not need Owner approval or agreement to perform corrective work and the Board or such committee may elect a day or days upon which such corrective work may be accomplished which shall be not less than twenty-five (25) nor more than fifty-five (55) days from the last day of the ten (10 day period specified in such notice of election; [Bylaws, Section 10.03 (d)]; and

4. Such entry may be made only after not less than three (3) days' notice has been given to the Owner. [Bylaws, Section 6.01(j)(iii)]
5. Unless the Owner and the Board otherwise agree, such corrective work shall take place only during daylight hours on any day, Monday through Friday, excluding holidays. [Bylaws Section 10.03 (d)]

   The following shall apply to all "self-help" with entry upon any Residence:

   a) All work must be completed in one day.
   b) Photographs shall be taken before and after.
   c) A member of SAMLARC staff shall verify the violation exists at the beginning of work.
   d) An unarmed bonded security guard will be present at all times at the place of work, regardless of whether the Owner is cooperative or not;
   e) A member of SAMLARC staff shall verify the following at the conclusion of work:
      1. No tools, equipment, debris of parts remain at the Residence.
      2. No trenches, holes, or depressions remain.
      3. Damage check.
      4. Photos taken (Letter b above)
   f) If there is any form of confrontation, or actual or threatened harm to persons or property, all work shall cease immediately and all workers, security guard and SAMLARC representatives shall remove themselves from the Residence.
   g) Owner shall be responsible for all costs and expenses incurred by SAMLARC for any work performed by SAMLARC to correct a violation.

C. Dumping or Discharge of Any Debris or Detritus Material on SAMLARC Community Property

1. SAMLARC staff shall investigate all reports of dumping or discharge of detritus material on SAMLARC Community Property.
2. Staff shall verify that dumping or discharge has occurred.
3. Staff shall take steps to verify that the dumping or discharge was not by vendors of SAMLARC.
4. If Staff receives a report of dumping or discharge, the person making the report shall be advised to call the Sheriff's Department. Staff shall then also contact the Sheriff's Department and provide a report of the information received.
5. Staff shall make every effort to determine who dumped or discharged the debris. If it is an Owner, then SAMLARC staff shall send a notice of violation to the offending Resident/Owner and process the violation in the same manner as all other violations are processed.
6. Staff shall make arrangements for cleaning the dumped or discharged detritus material and asses the cost to Owner identified in #5 above by charging the Owner with a Special "Reimbursement" Assessment (as provided in the CC&Rs, Article VI), in addition to any other remedies, fines, or disciplinary measures imposed.
7. If the Special "Reimbursement" Assessment is not paid within the time required, then a lien for the unpaid amount shall be processed in the same manner as a lien is processed for non-payment of regular assessments.

D. Rules And Violation Report

There must be two (2) Members representing two different Residences of the Master Association to pursue violations that cannot be viewed during an inspection of the community (i.e., barking dog, noise nuisance, garage storage, etc.) Please be as specific as possible to allow the Covenant Committee to expedite the process in a timely manner. Include specific times and locations. All alleged violations will be evaluated to ensure they are considered an infraction as defined by the Master Association's legal documents.

E. Fine Schedule

1. Letter inviting Member to first hearing. Follow-up letter with first fine plus legal fees, as applicable, following the scheduled hearing.
2. Letter inviting Member to second hearing. Follow-up letter with second fine, plus legal fees, as applicable, following the scheduled hearing.
3. Letter inviting Owner to third hearing. Follow-up letter with third fine, plus legal fees, as applicable, following the scheduled hearing.
4. The Covenant Committee may take action including but not limited to: change the ongoing rate of fines; use the legal system; or, correct the violation to resolve the matter. The Member is responsible for legal fees and/or reimbursement of costs incurred by SAMLARC in enforcement activity.

   If the violation continues following the third notice of hearing and fine, continuing enforcement may proceed, which may include a combination of the following options:

   a. Seek remedy by use of Internal Dispute Resolution (IDR) to provide a fair, reasonable and expeditious procedure for resolving a dispute between SAMLARC (the Association) and a Member involving the parties' rights, duties, or liabilities under the Davis-Sterling Common Interest Development Act. The IDR process may be begun by either the Association or the Member (the "requesting party") requesting the same, in writing, and serving the other party (the "responding party") with a copy of the written request ("the Request") by certified mail. If the process is invoked by a Member, the Association shall participate. If the process is invoked by the Association, the Member may elect not to participate in the procedure. Should the Member elect not to participate in the procedure, however, the Member shall thereby waive any right to appeal or ask the Board of Directors to reconsider any decision it may make regarding the dispute.
   b. Suspend or condition the Owner's right to use any recreation facilities that SAMLARC owns, after Notice of Hearing and suspend the Owner's voting privileges as a Member.
   c. Forward to legal counsel for further enforcement.
   d. Seek remedy by use of Alternative Dispute Resolution (ADR) such as mediation or arbitration.
   e. Enter upon Owner's Lot to remove the violation, make the necessary repairs, or perform maintenance, which is the responsibility of the Owner.
5. Fine amounts are categorized into levels according to the severity of the violation, based on a number of factors including, but not limited to, the violations impact on the neighborhood, cooperation of the Owner in resolving current and prior violations, multiple violations, repeated offenses, etc.

	1st Fine
Level 1:	$100
Level 2:	$100
Level 3:	$100

Violation	Standard Fine Level*
Holiday Lighting	Level 1
Garage Usage	Level 1
Nuisance	Level 1
Portable Basketball Backboards	Level 1
Commercial and Inoperable Vehicles	Level 2
Trash Cans	Level 1
Unsightly Items	Level 1
Home Maintenance	Level 2
Landscape Maintenance	Level 2
Signs	Level 2
Vehicle Repairs	Level 2
Window Coverings	Level 2
Non-Submittal of Plans	Level 3
Business conducted from Residence	Level 3
Parking: Recreational / Vehicles	Level 3
Temporary Structures	Level 3

Any fines not paid may result in legal action per SAMLARC's legal documents. The Board of Directors may determine the time frame for curing the offenses for each violator consistent with previously reported similar violations, as applicable.

SPECIAL NOTE: Should a violation occur which imposes financial obligation upon SAMLARC, then the party responsible for said violation may be required to reimburse SAMLARC, by way of Special Assessment, for this financial obligation. Example: If an Owner, or an Owner's tenant, guest, family Member or other invitee causes damage to a fence, tree, or any other Community Property, the repair and replacement costs together with the cost of administrative time involved in securing the repair, locating the violator, etc. may be charged to the responsible party.

9. Summary of Association's Dispute Resolution Procedures (ADR and IDR) (Civ. Code §5920 and §5965)

Alternative Dispute Resolution

5925 - As used in this article:

(a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other non-judicial procedure that involves a neutral party in the decision-making process. The form

of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.

(b) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:
   (1) Enforcement of this title.
   (2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code). (3) Enforcement of the governing documents of a common interest development.

5930

(a) An association or an owner or a member of a common interest development may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.
(b) This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in the Code of Civil.
(c) This section does not apply to a small claims action.
(d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

5935

(a) Any party to a dispute may initiate the process required by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:
   (1) A brief description of the dispute between the parties.
   (2) A request for alternative dispute resolution.
   (3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
   (4) If the party on whom the request is served is the owner of a separate interest, a copy of this article.
(b) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.
(c) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

5940

(a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.
(c) The costs of the alternative dispute resolution shall be borne by the parties.

5945

If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:

(a) The period provided in Section 5935 for response to a Request for Resolution.
(b) If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 5940.

5950

(a) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:
    (1) Alternative dispute resolution has been completed in compliance with this article.
    (2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.
    (3) Preliminary or temporary injunctive relief is necessary.
(b) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

5955

(a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.
(b) The costs of the alternative dispute resolution shall be borne by the parties.

5960

In an enforcement action in which fees and costs may be awarded pursuant to subdivision (c) of the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

5965

(a) An association shall annually provide its members a summary of the provisions of this article that specifically references this article. The summary shall include the following language:

"Failure of a member of the association to comply with the alternative dispute resolution requirements 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."

(b) The summary shall be provided either at the time the pro forma budget is distributed or in the manner prescribed in Section 5016 of the Corporations Code. The summary shall include a description of the association's internal dispute resolution process.

Internal Dispute Resolution

5915 - Statutory Dispute Resolution Procedure

(a) This section applies in an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article.

(b) Either party to a dispute within the scope of this article may invoke the following procedure:

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

(2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.

(3) The association's board of directors shall designate a member of the board to meet and confer.

(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.

(5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

(c) A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the common interest development or association.

(2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

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

10. Summary of Procedures for Architectural Review (Civ. Code §4765)

Architectural Review Process and Submittal Requirements

Before work may begin, owners must present a complete architectural modification request to the Architectural Review Committee (ARC) for any proposed improvement(s),

modification(s) or alteration(s) to the Lot, (excluding rear and side yard landscape and hardscape that is below the fence height), before work may begin. General maintenance, repairs and/or touch-ups do not need to go through the SAMLARC architectural review process. Color changes, finish changes and/or material changes are required to go through the SAMLARC architectural review process.

All drawings shall be prepared in accordance with the requirements of the City of Rancho Santa Margarita Building Department. Approval by the City of Rancho Santa Margarita in no way constitutes SAMLARC architectural approval.

Once an Owner receives written approval from the ARC and all required governmental agencies, construction may commence. Upon completion of the approved Improvement(s), a SAMLARC Notice of Completion must be forwarded to the SAMLARC Architectural Review Committee.

If proposed improvements require access over the Community Property or Covered Property for the purposes of transporting labor or materials, written permission for such access shall be required from SAMLARC. Any such requests must be filed with the ARC prior to the commencement of construction. No Owner shall alter any landscaping, and/or otherwise change any Community Property, owned and maintained by SAMLARC.

All work must be performed in a manner consistent with the construction standards of the Dwelling, and with the design and appearance of the community. All work considered to be of an unsightly finished nature, or of lesser quality than the prevailing community standards, shall be reworked to an acceptable appearance at the Owner's expense.

Member Review Process

1. Plans – will be reviewed by the ARC no less than once per month. The date and time of the meetings shall be set by the Members of the Committee.
2. Architectural Review Committee – shall review and approve or disapprove all plans and specifications submitted to it for any proposed Improvement solely on the basis of compliance with the Architectural Standards, aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Development generally. The Architectural Review Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, Color Schemes, exterior finishes, materials, and similar features.
3. Architectural Review Committee – shall approve plans and specifications submitted for its approval only if it deems that the proposed Improvement will not be detrimental to the appearance of the Development as a whole; that the Improvement complies with the Architectural Standards; that the appearance of any Improvements will be in harmony with the surrounding structures; and that the construction of any Improvement will not detract from the beauty and attractiveness of the Development.
4. Guidelines – It is important that these Guidelines be carefully read before submitting plans. Architectural modification requests along with the documentation pertinent to the request must be submitted through the SAMLARC Resident Portal. Submittal

forms are available upon request at the SAMLARC Business Office. Members of a Subordinate Maintenance Corporation must receive written unconditional approval from the Subordinate Maintenance Corporation prior to any requests to SAMLARC. An architectural modification request received without proper approval from a Subordinate Maintenance Corporation will be deemed incomplete. Plan Submittal Requirement Check List may include:

a. Subordinate Maintenance Corporation Unconditional Approval signed by the appropriate entity (if applicable).
b. SAMLARC Neighbor Notification Statement Form signed by impacted homeowners.
c. SAMLARC Painting Submittal Requirements Form (if applicable) complete with color names and paint codes.
d. Color photographs of the front elevation of home and all areas applicable for submittal.
e. One (1) set of plans should include a site plan, detailed specifications; dimensions; materials; elevation drawings; plant list; color brochure, color photos.
f. $50.00 or $250 Application fee (make checks payable to: SAMLARC or paid electronically through the SAMLARC Resident Portal).
g. Completion notice and color photos must be submitted 30 days after completion.

5. Architectural Review Committee – shall give final written approval or disapproval of the request within thirty (30) days from receipt of a complete architectural modification request (including all the required supporting information and documentation). In the event the ARC fails to respond within thirty (30) days from receipt of the complete, request, the request shall be deemed to be approved.
6. Improvements – No Improvement shall be constructed, installed, expanded, made, planted, commenced or erected except in compliance with plans and specifications therefore which have been first submitted to, and approved by, the ARC. If written approval from the ARC is not obtained, construction shall constitute a violation of the CC&R's, and the unauthorized Improvement may have to be modified or removed at the Owner's expense.
7. Application Fee – (payable to SAMLARC)
   Payment of a $50 fee to SAMLARC will be required to cover the cost of review on all Improvements, with the exception of Room Additions and Second Story Balconies which require a $250 application fee.
8. Proposed Construction Schedule – Indicate start date and estimated completion date. From the date a plan request is approved, Owners whose property is not in any type of violation will have six (6) months to begin construction. Once a project has begun, Owners will have one hundred twenty (120) days to complete the project or what the Building Permit allows.
9. Properties in Violation – When a property is in violation of the CC&R's due to lack of repair/maintenance and the Owner chooses a remedy that requires prior ARC approval, Owners will have thirty (30) days from the ARC approval date to commence construction or the execution of the remedy, then an additional thirty (30) days (60 days from ARC approval date) to complete the remedy. The Covenant Committee may, on its own, set to extend the date of completion as the Committee deems

warranted by the extent and nature of the remedy or, a reasonable extension may be issued by the Covenant Committee subject to an Owner's request in writing. Dates of commencement and completion will NOT be suspended or extended while the Covenant Committee's considers a request to extend any date.

10. Allowed Construction Hours – (as per the City of Rancho Santa Margarita's Municipal Code) The following hours must be adhered to:
    a. 7 a.m. - 8 p.m. Monday through Saturday.
    b. No construction access on Sundays or Federal Holidays.
11. Architectural modification requests are submitted through the SAMLARC Resident Portal or to the SAMLARC Business Office by request. The SAMLARC Resident Portal can be accessed by visiting SAMLARC.org.

Architectural Submittals Delivery

Architectural Submittals may be filed online through SAMLARC Resident Portal https://samlarc.connectresident.com/ for convenience and reduction of paper waste. Members who wish to file a paper application may submit the application to:

SAMLARC Architectural Review Committee
22342A Avenida Empresa, Suite 102A
Rancho Santa Margarita, CA 92688

Architectural Appeals Process

In the event plans and specifications submitted to the ARC are disapproved, the Owner filing such application may appeal in writing to the ARC. The Homeowner in their written appeal may request to speak before the ARC. If the matter cannot be resolved at that level, the homeowner may appeal to the Board of Directors. The appeal must be received by the Board of Directors not more than fifteen (15) days following the final decision of the ARC.

Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. The Board may agree with the ARC and uphold the disapproval, or the Board may disagree with the ARC and approve the plans. The failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the Owner.

Any request for reconsideration/appeal to the Board must be accompanied by a copy of the plans you submitted and the disapproval worksheet, and must be submitted in writing to the Board of Directors, addressed as follows:

SAMLARC Board of Directors
Rancho Santa Margarita Landscape and Recreation Corporation (SAMLARC)
22342A Avenida Empresa, Suite 102-A
Rancho Santa Margarita, CA 92688

11. Statement of Address for Overnight Payment of Assessments (Civ. Code §5655)

The mailing address for overnight payment of assessments is:

Rancho Santa Margarita Landscape and Recreation Corporation
c/o: FirstService Residential California, LLC
15241 Laguna Canyon Rd
Irvine, CA 92618