



DESERT SHADOWS
RV Resort

69801 Ramon Road, #500
Cathedral City, CA 92234
Toll Free: (800) 235-2488
Office: (760) 321-7676
Fax: (760) 324-8338

www.desertshadowsrv.org

office@desertshadowsrv.org

November 19, 2021

The monthly assessment for 2022 will increase to \$340 per unit per month or 4.5%

Enclosed are the following:

2021 Budget with comparisons to the 2022 Actual+ 3-month Budget

Reserve study

Letter outlining Resort Policies and Disclosures

Collection Policy

Assessment and Foreclosure Notice

Insurance Disclosure

Alternative Dispute Resolution

Internal Dispute Resolution Procedure

In accordance with the California Civil Code Section 1365, (a) (3a), the Board of Directors does not anticipate the need to levy any special assessment for 2022.

In accordance with California Civil Code 1363 (1), the minutes of the Board of Directors may be obtained from the Association Office.

All homeowners who presently have Automatic Transfer (ACH) payment of assessments do not need to fill out new forms for the New Year. *If you have payments electronically paid and do not go through ACH, you need to contact your financial institution and change the assessment amount to \$340 starting with the January 2022 payment. The Association Office is not responsible for contacting your bank.* We encourage homeowners to have their payments deducted directly from their bank accounts. This reduces the possibility of late payment fees and controls costs for the Association. *Remember that if you pay your Association Dues with Canadian checks, even with U.S. funds, the payment must be sent directly to the Association Office. We have to deposit Canadian U.S. funds directly into our local branch of Pacific Western Bank. 2022 payment books will be distributed in December.*

Please feel free to contact the Association Office if you have any questions about the Association's budget or any of the material included in this packet.

Sincerely,

The Board of Directors, Desert Shadows RV Resort Association, Inc.



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To all the owners of property at Desert Shadows RV Resort.

The address for sending overnight HOA Dues payments is: 69801 Ramon Road # 500, Cathedral City, CA. 92234

There are no maintenance deferral issues in the resort. Our reserve study accountant assures us that we are on target with all respects of maintenance, notwithstanding unforeseen circumstances or natural disasters.

The resort has no plans for any kind of special assessments for the lot owners. This would only be necessary in destruction resulting in unforeseen circumstances or natural disaster.

The reserves will be funded by a monthly contribution of \$16,508 which is enough to cover our expenses unless we are faced with unforeseen circumstances or a natural disaster.

Desert Shadows RV Resort has no outstanding loans and does not anticipate any.

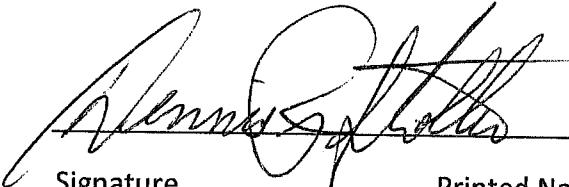
The person designated to receive official communications is resort manager David Smith. The address for communication with him is 69801 Ramon Road # 500, Cathedral City, CA. 92234 and his email address is resortmanager@desertshadowsrv.org.

An owner at Desert Shadows may submit a request to have general notices sent to up to 2 different addresses.

The location on the property at Desert Shadows RV Resort for posting official business (board meetings, etc.) is in the post office and on the bulletin board at the San Jacinto building. An owner has the right to receive general notices by individual delivery.

An owner has the right to receive copies of the meeting minutes.

This disclosure is submitted by the President of the Board of Directors

 Dennis R. Stoller 11/19/21
Signature Printed Name Date

DESERT SHADOWS RV RESORT
BUDGET COMPARISON FOR THE YEARS 2021 AND 2022
FOR THE PERIOD JANUARY 1 THROUGH DECEMBER 31, 2021
FOR THE PERIOD JANUARY 1 THROUGH DECEMBER 31, 2022

REVENUE	2021	2022	
HOA Assessments	\$ 1,794,000	\$1,876,800	\$82,800
HOA Other income	23,415	24,200	785
Website Income	1,400	1,400	0
Lot Sales Commissions	10,000	10,000	0
Total Revenue	<u>\$ 1,828,815</u>	<u>\$1,912,400</u>	<u>\$83,585</u>
Operating Expenses			
Administrative Personnel	\$177,765	\$161,574	-\$16,191
Wages	\$431,569	\$457,986	\$26,417
Payroll taxes/Health Ins	126,609	132,521	5,912
Total Personnel Expense	<u>\$558,178</u>	<u>\$590,507</u>	<u>\$32,329</u>
Utilities			
Electricity	\$92,600	\$95,440	\$2,840
Gas	60,150	66,750	6,600
Water/Sewer	144,130	137,000	-7,130
Telephone	8,255	8,255	0
Cell Phones	3,440	3,440	0
Cable TV	102,000	132,083	30,083
Refuse Disposal	49,800	47,400	-2,400
WIFI	11,400	5,700	-5,700
Total Utility Expense	<u>\$471,775</u>	<u>\$496,068</u>	<u>\$24,293</u>
Landscape	\$320,775	\$355,554	\$34,779
Pools, Spas, Ponds	\$44,300	\$46,100	\$1,800
Common Area Repair, Main	\$56,780	\$57,930	\$1,150
Total Operating Expenses	<u>\$1,629,573</u>	<u>\$1,707,733</u>	<u>\$78,160</u>
Reserve Fund Allocation	<u>\$198,096</u>	<u>\$198,000</u>	<u>-\$96</u>
Net Income	<u>\$ 1,146</u>	<u>\$ 6,667</u>	<u>\$ 5,521</u>

DESERT SHADOWS RV RESORT
STATEMENT OF REVENUE AND EXPENSES
For the PERIOD JANUARY 1 THROUGH October 31, 2021

<u>Revenue</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
HOA Assessments	\$ 1,495,000	\$ 1,495,000	\$ -
HOA Other Revenue	7,532	16,910	(9,378)
Website income	-	1,000	(1,000)
Activities Income	-	-	-
Lot Sales Commission Revenue	3,371	10,000	(6,629)
Total Revenue	1,505,903	1,522,910	(17,007)
<u>Operating Expenses</u>			
Administrative Expenses:	137,871	140,340	2,469
Personnel Expenses:			
Wages	340,403	354,835	14,432
Payroll Taxes/Heath Ins.	92,196	103,128	10,932
Total Personnel Expenses	432,599	457,963	25,364
Utilities:			
Electricity	76,768	74,350	(2,418)
Gas	47,331	44,250	(3,081)
Water / Sewer	95,513	108,430	12,917
Telephone	6,274	6,905	631
Cell Phones	3,702	2,890	(812)
Cable TV	79,990	85,000	5,010
Refuse Disposal	27,333	39,800	12,467
WiFi	10,905	9,500	(1,405)
Total Utilities	347,816	371,125	23,309
Landscape Maintenance:	274,765	259,000	(15,765)
Pools, Spas and Ponds Maintenance:	37,575	37,200	(375)
Activities Expense	15,260	15,260	-
Common Area Repairs & Maintenance:	64,333	47,905	(16,428)
Total Operating Expenses	1,310,219	1,328,793	18,574
Reserve Fund Allocations	165,080	165,080	-
Excess Revenue (Expenses)	\$ 30,604	\$ 29,037	\$ 1,567

DESERT SHADOWS RV RESORT
BALANCE SHEET
October 31, 2021

ASSETS

Operating Assets (current assets)	\$	215,694
Cash in Bank and Petty cash Activities	-	12,972
Replacement Reserve		
Pacific Western Checking	597,437	
Pacific Western C/D's	460,914	
Due From Operating	(254)	
Total Replacement Reserve Assets		1,058,097
Fixed Assets Activities Net of Depr.		1,607
Property & Equipment (Net of Depr.)		11,079
Total Assets		<u>\$ 1,299,449</u>

LIABILITIES & FUND BALANCES

Current Liabilities	\$	106,377
Replacement Reserve Fund Balance		1,058,097
Accounts payable activities		\$0
Fund Balances		
Accumlated RE-Activities	29,840	
Retained Earnings-Current year Act	(15,261)	
Total Activities Fund Balances		14,579
Accumlated RE - Operating	74,532	
Retained Earnings - Current Year	45,864	
Total Operating Fund Balances		120,396
Total Liabilities and Fund Balances		<u>\$ 1,299,449</u>

DESERT SHADOWS RV RESORT
REPLACEMENT RESERVE
October 31, 2021

Beginning Balance January 1, 2021		\$ 1,002,959
Plus: Allocations Year-to-Date	\$	165,080
Interest		<u>2,608</u>
Total Increase Year-to-Date		\$ 167,688
Less Spending For:		
Landscaping	18,426	
Security Gate	17,760	
Common Area	10,771	
Postal Office	3,350	
Painting	-	
Maintenance Garage	-	
Our Gang Clubhouse	4227	
Pools & Spas	16322	
Satellite A Heating & Air	0	
Satellite B	669	
Satelite C	2496	
Streets	26026	
Tennis Courts	4286	
San Jacinto Building	6302	
Fitness Equipment	109	
Roofing	0	
Reserve-Contingency	1,806	
Total Spent Year-to-Date	112,550	\$112,550
Balance October 31, 2021		<u>\$ 1,058,097</u>

Desert Shadows RV Resort Owners Association, Inc.
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending December 31, 2022
 ("Disclosure Summary")

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

(1) The regular assessment for the 2022 fiscal year per ownership interest is **\$340.00** per month.

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

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

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, see note immediately below):	Purpose of the assessment:
N.A.		

Total: _____

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

(3) Based upon the most recent reserve study, dated **09/30/21**, 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?

Yes X* No _____

*If the Association adopts the Reserve Study recommended Funding plan.

(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 that have not been approved by the Board or the members?

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

Total: _____

Desert Shadows RV Resort Owners Association, Inc.
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending December 31, 2022
 ("Disclosure Summary")

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

Major asset:	Reason this major asset was not included:
N.A.	

(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 **\$1,228,753**, based in whole or in part on the last reserve study or update prepared by Advanced Reserve Solutions, Inc. as of 01/01/22. The projected reserve fund cash balance at the end of the 2021 fiscal year is **\$1,073,231**, resulting in reserves being **87.34%** funded at this date. The current deficiency in the reserve fund represents **\$338** per ownership interest.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, a reserve funding plan has been developed – see the attached projections. The assumed long-term before-tax interest rate earned on reserve funds is **1.00%** per year and the assumed long-term inflation rate applied to major component repair and replacement costs is **2.50%** per year. The full reserve study is available upon request.

NOTES:

(A) The financial representations set forth in this summary are based on the best estimates of the preparer and the Board at that time. The estimates are subject to change. (B) For the purposes of understanding this Disclosure Summary: (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 55530. Components with an estimated remaining useful life of more than 30 years may be included in the study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary. (3) The form set out in subdivision (a) shall accompany each annual budget report or summary 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. (5) Based on reserve studies or the occurrence of one or more unanticipated events, the Board could increase regular assessments and/or levy special assessments, consistent with the provisions of the CC&Rs and applicable law, to fund additional reserves as it deems necessary. For example, the information contained in this Disclosure Summary includes (i) estimates of replacement value and life expectancies of the components and (ii) assumptions regarding future events. Estimates are projections of a future event based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this Disclosure Summary. Therefore, the actual replacement cost and remaining life may vary from this report and summary and the variation may be significant. Additionally, inflation and other economic events may impact this report and summary, particularly over an extended period of time (such as thirty (30) years) and those events could have a significant and negative impact on the accuracy of this Disclosure Summary and, further, the funds available to meet the association's obligation for repair and/or replacement of major components during their estimated useful life.

Desert Shadows RV Resort Owners Association, Inc

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	100018
Version Number	1
Analysis Date	09/30/2021
Fiscal Year	1/1/2022 to 12/31/2022
Number of Units	460
Phasing	1 of 1

Global Parameters:

Inflation Rate	2.50 %
Annual Contribution Increase	2.50 %
Investment Rate	1.00 %
Taxes on Investments	30.00 %
Contingency	3.00 %

Community Profile:

This is a private Active Adult (55+) RV resort community built in 1984 with 460 sites. The community has gated access, private streets, recreational centers, tennis and pickle ball courts, a fitness center, lakes, pools and spas and extensive landscaping.

This is a Level 3 Reserve Study Update without a site visit.

The last site visit ARS conducted was on June 18, 2019 for the 2020 Reserve Study.

Adequacy of Reserves as of January 1, 2022:

Anticipated Reserve Balance	\$1,073,231.00
Fully Funded Reserve Balance	\$1,228,753.36
Percent Funded	87.34%

Recommended Funding for the 2022 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	\$203,048	\$16,508.33	\$35.89
Interest Contribution	\$6,476	\$1073.80	\$2.33
Total Contribution	\$209,525	\$17,582.1339	\$38.22

Desert Shadows RV Resort Owners Association, Inc
Projections
Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2022	\$1,073,231	\$203,048	\$6,476	\$243,953	\$1,038,803	\$1,189,409	87%
2023	\$1,038,803	\$208,125	\$6,756	\$172,063	\$1,081,621	\$1,227,673	88%
2024	\$1,081,621	\$213,328	\$6,887	\$198,592	\$1,103,243	\$1,241,443	89%
2025	\$1,103,243	\$218,661	\$7,148	\$185,526	\$1,143,526	\$1,274,767	90%
2026	\$1,143,526	\$224,127	\$5,861	\$411,547	\$961,966	\$1,075,773	89%
2027	\$961,966	\$229,731	\$2,988	\$641,677	\$553,008	\$635,440	87%
2028	\$553,008	\$235,474	\$3,794	\$120,530	\$671,745	\$739,448	91%
2029	\$671,745	\$241,361	\$4,174	\$187,885	\$729,395	\$780,251	93%
2030	\$729,395	\$247,395	\$4,507	\$200,859	\$780,438	\$813,821	96%
2031	\$780,438	\$253,580	\$4,786	\$214,947	\$823,856	\$838,578	98%
2032	\$823,856	\$259,919	\$4,406	\$315,412	\$772,770	\$775,479	100%
2033	\$772,770	\$266,417	\$5,627	\$93,486	\$951,328	\$951,323	100%
2034	\$951,328	\$273,078	\$6,339	\$173,615	\$1,057,129	\$1,053,346	100%
2035	\$1,057,129	\$279,904	\$6,958	\$194,513	\$1,149,478	\$1,142,343	101%
2036	\$1,149,478	\$286,902	\$7,978	\$144,689	\$1,299,670	\$1,292,866	101%
2037	\$1,299,670	\$294,075	\$7,736	\$332,723	\$1,268,758	\$1,255,504	101%
2038	\$1,268,758	\$301,426	\$8,549	\$189,433	\$1,389,299	\$1,375,525	101%
2039	\$1,389,299	\$308,962	\$9,050	\$241,997	\$1,465,314	\$1,450,268	101%
2040	\$1,465,314	\$316,686	\$8,988	\$330,388	\$1,460,601	\$1,440,957	101%
2041	\$1,460,601	\$324,603	\$10,445	\$121,845	\$1,673,804	\$1,659,164	101%
2042	\$1,673,804	\$332,718	\$8,708	\$586,153	\$1,429,077	\$1,400,403	102%
2043	\$1,429,077	\$341,036	\$9,762	\$195,127	\$1,584,748	\$1,555,964	102%
2044	\$1,584,748	\$349,562	\$10,852	\$199,390	\$1,745,773	\$1,719,077	102%
2045	\$1,745,773	\$358,301	\$12,393	\$145,066	\$1,971,402	\$1,951,988	101%
2046	\$1,971,402	\$367,259	\$13,731	\$184,199	\$2,168,193	\$2,157,985	100%
2047	\$2,168,193	\$376,440	\$13,456	\$424,356	\$2,133,733	\$2,124,377	100%
2048	\$2,133,733	\$385,851	\$14,964	\$179,450	\$2,355,099	\$2,357,500	100%
2049	\$2,355,099	\$395,498	\$15,744	\$294,186	\$2,472,154	\$2,484,555	100%
2050	\$2,472,154	\$405,385	\$16,230	\$346,605	\$2,547,165	\$2,568,913	99%
2051	\$2,547,165	\$415,520	\$13,532	\$810,386	\$2,165,831	\$2,175,448	100%

NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

DESERT SHADOWS R. V. RESORT
Homeowners Association
Insurance Disclosure

Effective January 1, 1996, California Civil Code 1365 required that the Association send an insurance disclosure statement to each of its members. Accordingly, we are providing you with the following information in compliance with the Civil Code.

A. Property Insurance

1. The Association's master building and property insurance carrier is Northfield Insurance.
2. The Association has the following building and property coverage for the period 4/20/2021 to 4/20/2022:
 - a) Building \$5,292,900
 - b) Business Personal Property \$200,000
 - c) Deductible \$5,000

B. General Liability Insurance

1. The Association's general liability insurance carrier is Northfield Insurance Company.
2. The association has the following building and property coverage for the period 4/20/2021 to 4/20/2022:
 - a) \$1,000,000 Each Occurrence Limit
 - b) \$2,000,000 Aggregate Limit
3. An insurance agent has assisted the Association in the development of the general policy limits and the Association has followed the recommendations of the insurance agent.
4. There is a \$5,000 per claim deductible under the general liability coverage for Bodily Injury.
5. The Association's insurance coverage does not extend to the real property improvements to the separate interests.

C. Commercial Umbrella Liability Insurance

1. The Association's Commercial Umbrella liability coverage is through StarStone National Insurance Company.
2. The Association has the following Commercial Umbrella liability coverage for the period 4/20/2021 to 4/20/2022:
 - a) \$1,000,000 Per Occurrence
 - b) \$1,000,000 Aggregate

D. Earthquake Coverage

1. The Association has earthquake coverage.
2. The Association's earthquake coverage carrier is Underwriters at Lloyd's
3. The association has the following earthquake insurance for the period
 - a) \$6,239,900 Total Property Values (Per SOV)
4. The deductible under the earthquake insurance is 15% by bldg., per line of coverage, per occurrence.

E. Flood Insurance

There is no flood insurance

Directors and Officers Insurance

The Association's Director and Officers liability coverage is through Continental Casualty Company.

1. The Association has the following Directors and Officers coverage for the period 4/20/2021 to 4/20/2022:

- a) \$3,000,000 Maximum Aggregate for All Claims first made in Policy Period

We recommend and strongly suggest that you purchase insurance to cover your own personal property and improvements (whether done by you or a prior owner) and liability within your unit and to seek the advice of a knowledgeable insurance agent as to coverage that may be available to offer you additional protection, as needed, for accidents in your unit, the common area, exclusive use common area (driveways, patios, walkways, etc) and to protect you from any liability or insurance gaps in coverage between the Association's coverage and your own. It is also recommended that you inquire about "loss assessment" coverage which insures the owners for certain special assessments which might be imposed against them for loss above and beyond the applicable insurance limits. You should also inquire about your own earthquake insurance coverage requirements.

DESERT SHADOWS RV RESORT OWNERS ASSOCIATION, INC.
ASSESSMENT COLLECTION POLICY AND STANDARDS FOR PAYMENT PLANS

Effective 2009

Prompt payment of Assessments by all owners is critical to the financial health of the Association, and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation 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. The following are the Association's assessment collection practices and policies, pursuant to Civil Code CCC" SI 365(d), and payment plan standards consistent with CC SI 367.1 (c)(3):

1. Due Dates: Regular assessments are due and payable on the first day of each month. It is the owner's responsibility to timely pay each assessment regardless of whether a statement is received. All other assessments, including special assessments, are due and payable on the date specified in the notice of assessment.
2. Obligation to Pay: Assessments, late charges, interest, reasonable collection costs, and reasonable attorneys' fees, if any, are the personal obligation of the owner of the subject property (the "Property") at the time the assessment or other sums are levied. (CC SI 367.1 (a)) Owners shall be responsible for all such amounts unless it is determined that all assessments were paid on time to the Association. (CC SI 366(e); 367.1(a))
3. Late Charges: Unpaid assessments are delinquent 15 days after they are due. (CC&R's, Art. V, S 8); CC S1366(e)) A late charge of will be charged for any assessment which is not paid in full within 15 days of the due date. (CC&R's, Art. V, S 8; CC 51 366(e)(2))
4. Interest: Interest on the balance due will accrue at the rate of 12% per annum commencing thirty (30) days after the assessment becomes due. (CC&R's, Art. V, S 8); CC S1366(
5. Application of Payments: Any payments received will be applied first to assessments owed, and, only after the assessments owed are paid in full will the payments be applied to fees and costs of collection, late charges and/or interest. Payments will be applied to assessments so that the oldest assessment arrearages are retired first, unless the payment indicates that it shall be otherwise applied. A late charge may accrue if payment is not sufficient to satisfy all delinquent assessments, and the current month's assessment.
6. Delinquency Notice: If any assessment becomes delinquent, the Association will send a notice regarding the delinquency, and demanding payment thereof, to the owner at his/her address or addresses on file with the Association. The owner will be charged a fee for such delinquency notice. If the amount set forth in the delinquency notice is not received before the due date set forth therein, the matter may be turned over to a collection agent or an attorney for further action; including legal action, or the Association may take such other collection action as it deems appropriate.
7. Right to Submit Secondary Address: Owners may submit a written request to the Association to use a secondary address. Any such request must be mailed to the Association (at the address indicated below) in a manner that shall indicate that the Association has received it (e.g., via certified mail). CC 51367.1 (k)) The Association will send notices to the indicated secondary address only from and after the point that the Association receives any such request. Nothing herein shall require the Association to re-send or duplicate any notice sent to the owner prior to the date that a request for a secondary address is received.
8. Suspension of Privileges: Without prejudice to its right to continue with and/or take other collection action, in the event an assessment is not paid within 15 days of its due date, an owner's membership rights, including, but not limited to voting rights, or rights of use and enjoyment of the recreational common areas and common facilities may be suspended after notice and a hearing pursuant to CC S1363(h) and Corporations Code 57341. The Association will not deny an owner or occupant physical access to his or her separate interest by way of any such suspension of privileges. (CC 51361.5)
9. Pre-Lien Notice: Prior to recording a lien for delinquent assessments, the Association, its collection agent or attorney will send a prelien letter to the record owner as required by CC S 1367M (a), by certified and first class mail to the owner's address of record with the Association. The owner will be charged a fee for such pre-lien letter. The Association may obtain a vesting report from a title company in connection with preparation of a pre-lien letter. If a vesting report is obtained, the owner will be charged a fee for the report.
10. Opportunity to Meet and Confer: An owner may dispute the debt noticed in the pre-lien letter by submitting to the board a written request to meet and confer with a designated director of the Association pursuant to the Association's Internal Dispute Resolution Policy adopted pursuant to CC 1363.810. (CC 51367.1(a)(5))
11. Right to Request a Payment Plan: Owners may submit a written request to meet with the board to discuss a payment plan. If such request is mailed within 15 days of the postmark of the pre-lien notice, the board will meet with the owner, in

executive session, within 45 days of the postmark of such request, unless there is no regularly-scheduled meeting of the board within that period of time, in which case the board may designate a committee of one or more directors to meet with the owner. (CC S 1367.1 (c)(3)) In addition to the foregoing procedure for requesting a payment plan, an owner may negotiate a payment plan with the Association's managing agent, attorney or authorized collection agent. Any payment plan must comply with the Standards for Payment Plans set forth herein below.

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- 12. Standards for Payment Plans: Payment plans will be considered on a case-by-case basis. Generally, no payment plan may exceed six (6) months in duration. Fees and/or costs may be charged for the administration of any payment plan, and may vary based upon the duration of the payment plan. Any request for a payment plan which exceeds six months in duration must be accompanied by a written explanation of the reason for the request, which includes documentation of the owner's special circumstances, financial hardship, and ability to make the payments requested. If a lien has not been recorded prior to the time that any payment plan is entered into, one may be recorded during the repayment period to secure the debt while the payment plan is pending. Payment plans must provide for full payment of the delinquent amounts, in addition to the amounts which will accrue during the repayment period, including any regular and/or special assessments, and any fees and/or costs related to the administration of the payment plan and/or for the recording and/or release of any lien. Once a payment plan is entered into, additional late charges will not accrue for so long as the owner complies with the terms of the payment plan. In the event of a default in any payment agreement, the Association will resume collection efforts from the time prior to entering into the payment plan. (CC 51367.1 (c)(3))
- 13. Lien: If an owner to whom a pre-lien letter is sent fails to pay the amounts demanded therein within thirty (30) days from the date such pre-lien letter is mailed, 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. (CC S 1367.1 (d)) The owner will be charged a fee for such lien. No lien will be recorded unless a majority of the members of the board of directors approves the decision to record the lien at an open board meeting. (CC§1367.4
- 14. Notice of Recordation of Lien: A copy of the lien will be sent to every person whose name is shown as an owner of the Property in the Association's records, via certified mail, within ten (10) calendar days of recordation of the lien. (CC SI 367.1 (d)) Any lien recorded by the Association will remain as an encumbrance against the Property until the debt secured thereby is satisfied.
- 15. Dispute Resolution: Prior to initiating foreclosure of any lien the association shall offer to the owner of the Property, and if so requested by the owner, shall participate in dispute resolution in accordance with the Association's Internal Dispute Resolution Policy, or in alternative dispute resolution with a neutral third party pursuant to CC 51369.510 et seq. The decision to pursue internal dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the Association intends to pursue judicial foreclosure.
- 16. Foreclosure of Lien: The Association will not seek to foreclose any lien through judicial or non-judicial foreclosure unless and until the amount of delinquent assessments secured thereby reaches \$1,800.00, or until the assessments are at least twelve (12) months delinquent. The decision to initiate foreclosure of any lien shall be made by a majority vote of the board members, in executive session.
- 17. Notice to Owner of Decision to Foreclose: If the board of directors decides to initiate foreclosure of a lien, it shall provide notice of such decision to the owner pursuant to CC S1367.4(c)(3). Such notice will be by personal service to an owner who occupies the property or to the owner's legal representative. The board shall provide written notice to an owner of Property who does not occupy the property by first-class mail, to the most current address shown on the books of the Association. In the absence of written notification by the owner to the Association, the address of the owner's Property shall be treated as the owner's mailing address. (CC SI 367.4(c)(3))
- 18. Release of Lien Upon Satisfaction of Debt: Within 21 days of receipt of full payment to satisfy a lien, the Association will record a release of lien, and provide a copy thereof to the owner. (CC 51367.1 (d))
- 19. Right to Inspect Records: Owners have the right to inspect certain Association records pursuant to Corporations Code 58333 to verify the debt.
- 20. Association's Addresses: The mailing address for overnight payment of assessments is:

69-801 Ramon Road
Cathedral City, CA 92234

21. Association's Right to Collect by Any Lawful Means: 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. The Association reserves the right to change the amount of any collection fee or charge, without notice) and reserves the right to modify or amend this collection policy at any time.

DESERT SHADOWS RV RESORT OWNERS ASSOCIATION INC

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

1. Regular and Special Assessments. Regular assessments are due and payable in advance, on the first day of each month. If imposed, special assessments shall be due and payable on the due date specified by the Board.
2. Late Charges. Regular and special assessments are delinquent 15 days after they become due. A late charge of ten percent (10%) or ten dollars (\$10.00) whichever is greater, per month will be applied if payment in full is not received 15 days after the payment is due.
3. Interest. Interest at the annual rate of 12% may be charged on all sums due that are thirty (30) or more days delinquent.
4. Additional Charges, Costs and Attorneys Fees. Pursuant to Civil Code Section 1366(1), the Association is entitled to recover reasonable collection costs, including reasonable attorneys' fees, incurred in connection with collection. Costs may include, but are not limited to publication, recording, posting, service and mailing.
5. Application of Payments on Delinquent Assessments. Payment received on delinquent assessments will be applied first to the regular or special assessments owed and then applied to interest, late charges, collection expenses, administration fees, attorneys' fees, reimbursement assessments and any other amount due to the Association in connection with collection of delinquencies.
6. Pay or Lien Letter. Any Owner who is more than thirty (30) days delinquent in the payment of his or her assessments will be referred to the Associations' attorney for collection and will receive a pay or lien letter via certified mail. The letter will be sent at least thirty (30) days prior to a lien being recorded against the Owner's property, and will notify the Owner of record in writing of the following, pursuant to Civil Code Section 1367.1:
 - a. A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount;
 - b. An itemized statement of the amounts owed, including delinquent assessments, fees and reasonable costs of collection, reasonable attorneys' fees, any late charges and interest if any;
 - c. The owner's right to inspect the Associations records to verify the debt;
 - d. The owner's right to request a meeting with the Board, as set forth below;
 - e. That the owner will not be liable for late charges, interest and costs of collection if it is determined that the assessment was paid on time to the association;
 - f. The owner's right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to its Meet and Confer program (known as IDR-Internal/Informal Dispute Resolution) pursuant to Civil Code Sections 1363.810, et seq;

- g. The owner's right to request alternative dispute resolution (AADR@) with neutral third party pursuant to Civil Code Sections 1369.510 et seq. Before the association may initiate foreclosure against the owner.
7. Owner's Dispute of Debt/ Request for Meeting with Board Prior to Lien. Pursuant to Civil Code Section 1367.1, the owner has the following rights:
- a. Meet and Confer. Prior to recording a lien, the Association shall offer and, if so, requested by the owner, to participate in dispute resolution pursuant to the Association's Meet and Confer program (known as IDR-Internal/Informal Dispute Resolution) commencing with Civil Code Section 1363.810
 - b. Request to Meet with Board to Discuss Payment Plan. The Owner may submit a written request to meet with the Board to discuss a payment plan for the debt owed. The Association will provide any standards it has adopted regarding payment plans to Owners. The Board will meet with the Owner in executive session in conjunction with a regularly scheduled Board meeting, within 45 days of the postmark of the request, if such was mailed no later than 15 days after the postmark of the pay or lien letter. If there is no regularly scheduled Board meeting within that period, the Board may designate a committee of one or more to meet with the Owner.
8. Lien/Notice of Delinquent Assessment. If the delinquent Owner does not bring the account current within thirty (30) days of the Pay or Lien Letter and unless a dispute over such debt has been resolved or payment plan has been entered as set forth above, a lien (also referred to as Notice of Delinquent Assessment) will be recorded against the property, upon a majority of the Board determining at an open meeting to record such lien. The Board shall record the vote in the minutes of that meeting. The President or other person designated by the Association shall sign the lien. Such lien will set forth the amount of delinquent assessments and all other sum owed, such as late charges, costs and reasonable attorney's fees, a legal description of the property, name of the record owner, and the name and address of the trustee authorized to enforce the lien by sale. A copy of the itemized statement of charges owed by the owner shall be recorded together with the Notice of Delinquent Assessment
- A copy of such lien will be mailed to every person whose name is shown as an owner of the separate interest in the Association's records, within 10 days after recording of the lien. Upon receipt of a written request by an owner (mailed in a manner indicating the association has received it, such as by certified mail) identifying a secondary address for purposes of collection notices, the association shall also send additional copies of any required collection notices to such secondary address. The lien is subject to non-judicial foreclosure, and the property may ultimately be foreclosed upon and sold without court action to satisfy the debt owed. Reasonable attorney's fees and costs may be collected in connection with preparing and recording the lien.
9. Dispute of Charges After Lien. Prior to initiating foreclosure for delinquent assessments, the Association shall offer the owner and, if so, requested by the owner, shall participate in dispute resolution pursuant to the Association's Meet and Confer program (known as IDR-Internal/Informal Dispute Resolutions pursuant to Civil Code Sections 1363.810 et. Seq., or Alternative Dispute Resolution with a neutral third party pursuant to Civil Code Sections 1369.510 et. Seq. The decision to pursue dispute resolution or a particular type of alternative

dispute resolution shall be the choice of the owner (binding arbitration not available if the Association pursues judicial foreclosure)

10. Foreclosure. If the delinquent Owner does not bring the account current after such lien has been recorded, and after the above dispute resolution requirements have been met, the majority of the Board may decide, in executive session, to approve foreclosure of such lien, only for those regular or special assessments which are of an amount equal to or exceeding one thousand eight hundred dollars (\$1800) exclusive of late charges, fees, costs of collection, attorney's fees and interest, or which are more than twelve (12) months delinquent. The Board shall record the vote in the minutes of the next meeting of the board, open to all members. Confidentiality shall be maintained by identifying the property by parcel number. Such Board vote shall occur at least thirty (30) days prior to any public sale. The Board shall deliver notice by personal service to owner-occupants or to the owner's legal representative upon the Board voting to foreclose upon the owner's separate interest, and by first class mail, postage pre-paid to non-occupant owners at the most current address shown on the association's books. These limits do not apply to timeshares or assessments owned by developers.
NonJudicial foreclosure will then commence by the Association's law firm, pursuant to the CC&Rs and Civil Code Sections 1367.1 and 2924, et. Seq. as follows:
 - a. Notice of Default and Election to Sell ((NOD). A Notice of Default and Election to Sell (NOD) will be recorded at the County Recorder's Office. A ninety (90) day time period starts by which the Owner is required to pay all charges owed. Attorney's fees up to \$240.00 may be imposed at this stage. A title/lot book report would be obtained at a cost of approximately \$200.00.
 - b. Notice of Sale (NOS). If the delinquency is not cured within ninety (90) days after the NOD is recorded (and a lawsuit has been filed) upon receipt of the Board's vote to foreclose, the attorney will proceed with the recording and publishing of a NOS. Attorneys fees up to \$110.00 in addition to publication, recording, posting, service, and mailing costs are charged to the owner.
11. Payments After Lien. Once an account has been turned over to the law firm, PLEASE DO NOT SEND ANY ASSESSMENT PAYMENTS TO THE ASSOCIATION. ASSESSMENT PAYMENTS MAY ONLY BE ACCEPTED BY THE LAW FIRM. Any payments delivered to the Association will be sent to the attorney's office for proper crediting.
12. Redemption. An owner may redeem the property foreclosed upon within ninety (90) days after the sale, by paying all charges owed.
13. Lawsuit. The Association may, at any time, determine to file a personal lawsuit against the delinquent Owner to recover all delinquent charges pursuant to relevant law. All costs and attorney's fees in connection with the lawsuit, in addition to the delinquent charges and other collection costs, will be sought from the delinquent owner.
14. Release of Liens Upon Payment. Within twenty-one (21) days of payment in full of all delinquent assessments and charges, or if it is determined that a lien previously recorded was in error, the attorney will prepare a Release of Lien, which will be recorded in the County Recorder's Office, and will provide Owner with a copy of such release or notice that the delinquent assessment has been satisfied.

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

16. Overnight Payments. Payments may be made by overnight mail to the following address:
If the account is being handled by the Association:

Desert Shadows RV Resort
Attention Collection Department
69801 Ramon Road, #500
Cathedral City, CA 92234
(760) 321-4881

If account is being handled by Attorney's Office

Fiore, Racobs & Powers 74-130
Country Club Drive, Suite 102
Palm Desert, CA 92260
(760) 776-6511