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DATE : May 23, 2025
TO : Heritage Ranch Owners Association Membership
FROM : Board of Directors
RE : 2025-2026 Annual Budget Report & Annual Policy Statement

Each year, the Heritage Ranch Owners Association Finance Committee and Board of Directors perform a careful review of the revenue and expenses of the past two years to best project the amount to collect from each Member in the upcoming fiscal year. When reviewing the budget, they consider factors such as recurring contract revenues and costs, inflation, utility usage and rates, insurance premiums, and appropriate Reserve contributions to pay for repair, restoration, and/or replacement of common area components as needed. As a result of this review, the Board has determined that an assessment increase is required to meet the Heritage Ranch Owners Association (HROA) financial needs and obligations for the upcoming fiscal year.

Commencing July 1, 2025, the annual assessment is \$2,160.00 per lot, billed quarterly at \$540.00 per quarter. Assessments are due on July 1 and October 1, 2025, and January 1 and April 1, 2026. In addition, there will be a one-time special assessment of \$110 due October 1, 2025, to defray the anticipated cost of the Equestrian Land Bridge Project. Owners also have the option of paying assessments monthly with payments of \$180.00 per month.

All current payment options are still available to Members, including debit card, credit card (Visa, Mastercard, or Discover). However, they are **subject to a processing fee and must be paid through the Member Portal** found on the association's website. For those HROA Members on Auto Pay by checking, your assessments will continue to be automatically paid from your checking account (you do not need to take any action), and there is no charge for this service.

Included in this Budget Packet are the following:

- *Pro Forma* Heritage Ranch Operating Budget for the 2025-2026 Fiscal Year
- Schedule of Fees for the 2025-26 Fiscal Year
- Master Insurance Policies Summary and Notification
- 2024 Reserve Study Executive Summary and 30-Year Funding Plan
- Annual Policy Statement & Additional Supporting Documentation
 - Annual Statement of Collection Policy (verbiage as required by **Civil Code § 5730**)
 - Delinquent Assessment Collection Policy and Procedure
 - Delinquent Fine Collection Policy and Procedure
 - Architectural Review Process and Submittal Requirements
 - Fine and Enforcement Policy (includes Schedule of Sanctions)
 - Payment Arrangement Policy
- Heritage Ranch Email Distribution List Opt-in/Opt-out Form

The Pro Forma Heritage Ranch Operating Budget is a summary of the Annual Budget and is a good-faith estimate of projected revenue and expenses of HROA for 2025-2026 based on historical data and known costs. Members may receive a copy of the full Annual Budget at no charge, and/or set up a secondary address for delivery of notices for an additional notice copy by submitting a written request to office@hroa.us.

REQUIRED STATEMENTS AND DISCLOSURES

Anticipated Special Assessment(s)

The Assessment and Reserve Funding Disclosure Summary includes a statement that additional contributions or loans would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years. Heritage Ranch Owners Association (HROA) does anticipate that a special assessment will be required during the 2025-2026 fiscal year. Should this change, a notice would be provided to all members detailing any considerations, including the purpose, the amount, and the timeline.

Reserve Funding Mechanisms

HROA will fund Reserves using regular assessments, interest revenue, new home construction fees, road maintenance contributions, Equestrian Center lease fees, and Boat Slip lease and rental fees. HROA will be investigating additional funding options, including grants and loans.

Outstanding Loans

HROA does not have any outstanding loans.

Excess Revenue

HROA is a non-profit corporation established in accordance with the General Nonprofit Corporation Law of the State of California. Our financial practices prioritize budgeting revenue and expenses to achieve a balanced budget with no surplus. However, in the event of excess revenue, HROA is committed to cautiously managing funds pursuant to IRS Revenue Ruling 70-604 by carrying them over to the next fiscal year as operating working capital or making a Reserve contribution as may be determined by the Board of Directors.

Reserve Study Preparation

To ensure HROA's major reserve components are appropriately identified and funded, a professional Reserve Analyst was retained to calculate appropriate reserve funding based on the useful life and replacement value of components. The Heritage Ranch Owners Association Board of Directors has relied on information, opinions, reports, and statements presented by vendors, contractors, reserve study specialists, CPAs and/or other professionals and is relying upon the information, financial data and reports pursuant to California Corporations Code in preparing and providing the association membership the information contained in this Annual Budget Report, including the required Reserve Study and funding disclosures. The information contained within the Reserve Study includes assumptions regarding future events. Some assumptions may not materialize, and unanticipated events and circumstances may occur after the date of this disclosure. The actual replacement cost and remaining life may vary from the Reserve Study, and the variation may be significant. Inflation and other economic events may impact the Reserve Study over the 30-year projected period, which could impact the accuracy of the Reserve Study and available funds for HROA to meet major component repair and/or replacement obligations. Severe weather conditions, earthquakes, floods, or other acts of God, vandalism, and other events difficult to predict cannot be accounted for and are excluded when assessing the life expectancy of components. The Reserve Study only includes items that the Association has a clear and express responsibility to maintain pursuant to the HROA Governing Documents.

HERITAGE RANCH OWNERS ASSOCIATION

2025-2026 Fiscal Year Pro Forma Budget

Assessment Information

2025-2026 Fiscal Year

Quarterly Assessment		Prior Year Assessment - Quarterly	
\$540.00		\$450.00	
Payable Monthly at		Prior Year Assessment - Monthly	
\$180.00		\$150.00	
Tract 447 Waste Removal			
Additional Quarterly Assessment		Prior Year Assessment - Quarterly	
\$63.00		\$63.00	
Payable Monthly at		Prior Year Assessment - Monthly	
\$21.00		\$21.00	

Operating Budget Summary (By Department)

2025-2026 Fiscal Year

	ANNUAL BUDGET PROPOSED	PRIOR YEAR BUDGET
REVENUE		
Total Operating Income	\$ 4,986,178	\$ 3,942,395
Total Equestrian Income	\$ 84,000	\$ 75,095
Total Marina/Campground Income	\$ 228,374	\$ 247,562
TOTAL REVENUE	\$ 5,298,552	\$ 4,265,052
EXPENSES		
Total Ranch Compliance Expenses	\$ 235,465.39	\$ 414,586.00
Total Gate Expenses	\$ 569,081.38	\$ 140,770.00
Total Maintenance Expenses	\$ 683,378.76	\$ 685,207.00
Total Mussel Expenses	\$ 99,311.30	\$ 91,964.00
Total IT/Communications Expenses	\$ 103,934.00	\$ 101,054.00
Total Campground/Marina Expenses	\$ 85,684.00	\$ 78,102.00
Total Equestrian Center Expenses	\$ 88,683.95	\$ 63,110.00
Total Recreation Centers Expenses	\$ 117,872.28	\$ 100,836.00
Total RV Area - Tract 447 Expenses	\$ 56,656.00	\$ 55,552.00
Total Boat Slips Expenses	\$ 26,200.00	\$ 18,700.00
Total Utilities Expenses	\$ 211,188.00	\$ 190,897.00
Total Insurance Expenses	\$ 168,354.00	\$ 164,694.00
Total Professional Services	\$ 192,820.00	\$ 229,492.00
Total Administration Expenses	\$ 699,905.97	\$ 903,478.00
Depreciation & Fund Contributions (See below)	\$ 1,960,010.00	\$ 1,026,610.00
TOTAL OPERATING EXPENSES	\$ 5,298,545	\$ 4,265,052
OPERATING EXCESS/(LOSS)	\$ 6	\$ -

Capital Maintenance & Repair Reserve Budget Summary

2025-2026 Fiscal Year

Projected Contributions \$ 1,730,010

New Capital Project Budget Summary

2025-2026 Fiscal Year

Projected Contributions \$ 200,000

This is a summary of the Annual Budget and is a good faith estimate of projected revenue and expenses of the Association for the based on historical data and known costs. Members may receive a copy of the full Annual Budget at no charge by submitting a written request to office@hroa.us.

Assessment and Reserve Funding Disclosure Summary

Heritage Ranch OA, Paso Robles

For Fiscal Year Beginning: 7/1/2025

of units: 2091

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Transfers:	\$144,167.50	\$68.95
Total Assessment Income:	\$376,380.00	\$180.00

per: Month

- 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:

Year	Total Amount Per Unit*	Purpose
2025	\$110.00	Funding Equestrian Land Bridge Project

Total: \$110.00

- 3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will 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? **No**
- 4) If the answer to #3 is no, what additional assessments or other transfers/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*
2025	\$3,921.57

Total: \$3,921.57

- 5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

6) All computations/disclosures are based on the fiscal year start date of:	7/1/2025
Fully Funded Balance (based on formula defined in 5570(b)4):	\$18,890,232
Projected Reserve Fund Balance:	\$2,466,642
Percent Funded:	13.1 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$7,854

From the 1/30/2025 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- 7) See attached 30-yr Summary Table, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

Prepared by: Johannes Koerm

Date: 5/21/2025

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

30-Year Reserve Plan Starting with Board of Directors 2025 Rate

37328-5

Fiscal Year Start: 7/1/2025

Net After Tax Interest: 3.25 %

Avg 30-Yr Inflation: 6.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase In Annual Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2025	\$2,466,642	\$18,890,232	13.1 %	High	78.72 %	\$1,730,010	\$8,200,000	\$42,859	\$12,264,850
2026	\$174,661	\$8,237,267	2.1 %	High	10.00 %	\$1,903,011	\$0	\$5,212	\$1,936,355
2027	\$146,529	\$7,966,189	1.8 %	High	10.00 %	\$2,093,312	\$0	\$22,370	\$1,030,116
2028	\$1,232,095	\$8,716,694	14.1 %	High	10.00 %	\$2,302,643	\$0	\$55,800	\$1,383,841
2029	\$2,206,697	\$9,219,147	23.9 %	High	10.00 %	\$2,532,908	\$0	\$98,436	\$978,420
2030	\$3,859,621	\$10,268,275	37.6 %	Medium	10.00 %	\$2,786,198	\$0	\$118,332	\$3,331,312
2031	\$3,432,839	\$8,978,270	38.2 %	Medium	10.00 %	\$3,064,818	\$0	\$157,870	\$359,311
2032	\$6,296,216	\$10,858,692	58.0 %	Medium	10.00 %	\$3,371,300	\$0	\$247,152	\$979,615
2033	\$8,935,053	\$12,297,772	72.7 %	Low	10.00 %	\$3,708,430	\$0	\$346,007	\$601,120
2034	\$12,388,370	\$14,333,959	86.4 %	Low	10.00 %	\$4,079,273	\$0	\$465,380	\$641,326
2035	\$16,291,697	\$16,565,828	98.3 %	Low	10.00 %	\$4,487,200	\$0	\$582,786	\$1,737,928
2036	\$19,623,756	\$17,892,311	109.7 %	Low	10.00 %	\$4,935,920	\$0	\$707,879	\$1,266,735
2037	\$24,000,820	\$19,928,331	120.4 %	Low	10.00 %	\$5,429,512	\$0	\$873,207	\$491,077
2038	\$29,812,464	\$23,047,024	129.4 %	Low	10.00 %	\$5,972,464	\$0	\$1,038,130	\$2,658,482
2039	\$34,164,576	\$24,202,000	141.2 %	Low	10.00 %	\$6,569,710	\$0	\$1,175,971	\$3,603,090
2040	\$38,307,167	\$24,580,400	155.8 %	Low	3.00 %	\$6,766,801	\$0	\$1,275,041	\$6,078,990
2041	\$40,270,020	\$22,521,783	178.8 %	Low	3.00 %	\$6,969,805	\$0	\$1,438,262	\$312,082
2042	\$48,366,006	\$26,627,188	181.6 %	Low	3.00 %	\$7,178,900	\$0	\$1,698,408	\$941,259
2043	\$56,302,054	\$30,497,084	184.6 %	Low	3.00 %	\$7,394,267	\$0	\$1,957,401	\$1,326,697
2044	\$64,327,025	\$34,386,810	187.1 %	Low	3.00 %	\$7,616,095	\$0	\$2,241,723	\$360,803
2045	\$73,824,040	\$39,741,739	185.8 %	Low	3.00 %	\$7,844,577	\$0	\$2,293,733	\$16,430,155
2046	\$67,532,195	\$28,604,900	236.1 %	Low	3.00 %	\$8,079,915	\$0	\$2,251,929	\$6,616,231
2047	\$71,247,808	\$27,436,289	259.7 %	Low	3.00 %	\$8,322,312	\$0	\$2,429,410	\$3,529,665
2048	\$78,469,866	\$29,717,018	264.1 %	Low	3.00 %	\$8,571,982	\$0	\$2,659,737	\$4,259,403
2049	\$85,442,182	\$31,623,629	270.2 %	Low	3.00 %	\$8,829,141	\$0	\$2,906,175	\$3,520,346
2050	\$93,657,151	\$34,706,350	269.9 %	Low	3.00 %	\$9,094,015	\$0	\$3,045,556	\$11,764,876
2051	\$94,031,847	\$29,529,844	318.4 %	Low	3.00 %	\$9,366,836	\$0	\$3,237,361	\$1,158,500
2052	\$105,477,543	\$35,598,220	296.3 %	Low	3.00 %	\$9,647,841	\$0	\$3,632,083	\$400,014
2053	\$118,357,454	\$43,166,169	274.2 %	Low	3.00 %	\$9,937,276	\$0	\$4,011,062	\$3,472,880
2054	\$128,832,911	\$48,282,322	266.8 %	Low	3.00 %	\$10,235,394	\$0	\$4,370,718	\$2,916,989



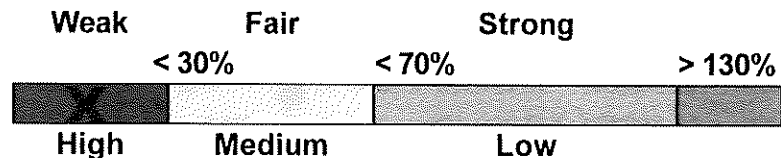
Heritage Ranch OA
Paso Robles, CA
Level of Service: Update "No-Site-Visit"

Report #: 37328-5
of Units: 2,091
July 1, 2025 through June 30, 2026

Findings & Recommendations

as of July 1, 2025

Projected Starting Reserve Balance	\$2,466,642
Fully Funded Reserve Balance	\$18,890,232
Percent Funded	13.1 %
Recommended 2025/2026 Monthly Reserve Transfer	\$91,300
Recommended 2025/2026 Special Assessment for Reserves	\$12,546,000
Budgeted Monthly Reserve Transfer Rate	\$144,167.50

Reserve Fund Strength: 13.1%**Risk of Special Assessment:****Economic Assumptions:**

Net Annual "After Tax" Interest Earnings Accruing to Reserves	3.25 %
Annual Inflation Rate	6.00 %

This is a No-Site Visit update based on a prior Reserve Study prepared by Association Reserves for your 2024/2025 Fiscal Year. No site inspection was performed as part of this Reserve Study.

This Reserve Study was prepared by a credentialed Reserve Specialist (RS). Your Reserve Fund is currently at 13.1 %. Being below 30% Funded, this represents a weak Reserve position. Associations in this range have a High risk of Reserve cash-flow problems (such as special assessments and/or deferred maintenance) in the near future.

Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your budgeted Reserve transfers and to implement a one-time special assessment of \$12,546,000. The contributions seen here should be increased by 10% in each of the next 14 fiscal years, followed by nominal annual increases thereafter.

Your multi-year Funding Plan is designed to provide for timely execution of Reserve projects and gradually bring your association closer to the "Fully Funded" (100%) level.

Executive Summary Table

Report # 37328-5
No-Site-Visit

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Common Areas				
303	Gate HVAC Units - Replace	20	0	\$13,300
304	Radar Speed Detection - Replace	10	0	\$18,400
305	IT Ancillary Equipment - Upgrade	3	2	\$26,500
305	IT Security System - Upgrade	3	2	\$37,000
305	IT Server System - Upgrade	10	9	\$45,000
321	Pole Lights - Replace	25	15	\$41,500
413	Flag Poles - Replace	30	7	\$7,700
700	Vehicle Gates - Replace	25	6	\$70,000
704	Intercoms - Replace	12	7	\$16,550
705	Barrier Arms - Replace (new)	10	7	\$5,250
705	Barrier Arms - Replace (old)	10	0	\$3,150
705	Barrier Gate Operators - Replace	10	0	\$24,500
705	Slide Operators - Partial Replace	3	1	\$7,000
705	Swing Operators - Partial Replace	3	2	\$17,500
709	Key Pads - Replace	10	1	\$3,900
710	RFID Readers - Replace	10	9	\$5,500
810	Pig Traps - Replace	10	7	\$8,300
912	HOA Office - Refurbish	5	1	\$16,500
920	Main Gt Hs - Refurbish (interiors)	10	0	\$16,500
920	North Gt Hs - Refurbish (interiors)	10	0	\$5,500
950	Pavilion - Replace	30	0	\$31,500
1003	Irrigation Systems - Repair	10	5	\$33,000
1120	Main Gt Hs - Refurbish (exteriors)	10	3	\$13,800
1120	North Gt Hs - Refurbish (exteriors)	10	3	\$6,700
1308	Gatehouse Metal Roofs - Replace	30	10	\$14,650
1401	Road Signs - Refurbish	6	3	\$18,400
1402	Entry Monuments - Repair	15	0	\$82,500
1600	Slopes - Refurbish	15	0	\$606,500
1601	Culverts/Spillways - Repair	15	0	\$496,000
1602	Slopes/Drainage - Major Project	0	0	\$2,600,000
1808	Trees - Trim	1	0	\$33,000
1910	Portable Stage - Replace	20	0	\$13,150
1940	Emergency Trailer - Replace	15	14	\$5,000
Heritage Pool				
404	Pool Furniture - Replace	7	0	\$16,500
503	Metal Fence - Replace	25	1	\$19,450
802	Solar Heater Panels - Replace	20	0	\$131,500

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
803	Water Heater - Replace	15	14	\$3,150
909	Bathrooms - Refurbish	20	5	\$33,000
915	Shower - Replace	15	0	\$3,200
920	ADA Lift - Replace	15	0	\$4,550
1115	Building Exteriors - Refurbish	10	0	\$5,150
1201	Pool Decks - Repair	6	5	\$142,000
1202	Heritage Pool - Resurface	12	6	\$63,000
1204	Pool Ancillary - Allowance	30	0	\$89,500
1207	Pool Filter - Replace	12	11	\$84,000
1210	Pool Pumps - Replace	2	1	\$4,150
1302	Metal Roofs - Replace	25	3	\$13,800
Equestrian Pool				
404	Pool Furniture - Replace	7	0	\$16,500
503	Metal Fence - Replace	25	1	\$11,000
802	Solar Heater Panels - Replace	20	3	\$24,500
803	Water Heater - Replace	15	1	\$5,500
909	Equestrian Bathrooms - Refurbish	20	0	\$16,500
1115	Building Exteriors - Repaint	10	0	\$5,150
1201	Pool Decks - Repair	6	0	\$8,050
1202	Equestrian Pool - Resurface	12	6	\$12,050
1207	Pool Filter - Replace	12	3	\$5,800
1210	Pool Pump - Replace	2	0	\$1,450
1303	Shingle Roofs - Replace	25	24	\$11,250
Marina/Campground				
404	Small Ext. Furnishings - Replace	15	3	\$16,500
503	Metal Rail - Replace	25	3	\$6,700
507	Vehicle Barriers - Replace	25	3	\$8,900
706	Barrier Arms/Operators - Replace	15	0	\$15,450
719	RV Hookup Sites - Rep./Upgrade	15	0	\$6,700
803	Water Heater - Replace	5	1	\$2,200
815	Washers/Dryers - Replace	8	0	\$5,200
909	Bathrooms/Laundry - Refurbish	20	0	\$44,000
910	Fish Station - Refurbish	10	0	\$6,700
911	Marina Kiosks - Replace	10	3	\$11,000
912	Office Trailer - Demo/Replace	25	0	\$375,000
1636	Barge - Repair	1	0	\$3,900
1636	Docks - Refurbish	5	0	\$54,500
1636	Docks - Replace (20 slips)	40	13	\$331,000
1636	Docks - Replace (40 slips)	40	13	\$552,000
1636	Docks - Replace (courtesy)	40	13	\$96,500
1636	Docks - Replace (party)	40	13	\$8,300
Recreation Areas				

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
102	Brick Walk/The Gardens - Partial Replace	10	0	\$12,600
303	Rec HVAC Units - Replace	15	2	\$54,000
322	Bollard Lights - Replace	15	0	\$2,750
323	Tennis Court Lights - Replace	30	1	\$46,500
404	Exterior Furnishings - Replace	15	3	\$7,700
405	Play Equipment - Replace	20	15	\$336,500
447	Laundry Machines - Replace	8	0	\$4,950
448	Bathrooms - Refurbish	20	0	\$42,000
502	Chain Link Fence - Replace	25	20	\$54,000
504	Iron Fence - Replace	25	5	\$8,150
505	Metal Fence/Rails - Partial Replace	10	0	\$39,000
509	Wood/Metal Pergolas - Replace	10	0	\$6,550
908	Kitchen - Refurbish	20	0	\$45,500
909	Gateway Park Bathroom - Refurbish	20	0	\$5,500
909	Rec Bathrooms - Refurbish	20	0	\$33,000
910	Recreation Building - Refurbish	20	0	\$94,000
920	Stables - Refurbish	15	0	\$83,000
925	Livestock Center - Refurbish	5	0	\$33,000
1120	Vinyl Siding - Replace	30	1	\$74,500
1303	Rec Shingle Roofs - Replace	25	1	\$43,000
1308	Rec Metal Roof - Replace	30	1	\$49,000
1308	Stables Metal Roofs - Replace	30	0	\$104,500
1604	Pickeball/Bball Cts - Repair	45	9	\$193,500
1604	Pickeball/Bball Cts - Resurface	15	9	\$44,000
1604	Tennis Courts - Repair	45	39	\$193,500
1604	Tennis Courts - Resurface	15	9	\$28,000
1700	Community Parks - Refurbish	10	3	\$11,000
Roads				
201	Asphalt - Overlay (Ph 1)	20	0	\$532,000
201	Asphalt - Overlay (Ph 2)	20	0	\$532,000
201	Asphalt - Overlay (Ph 3)	20	0	\$532,000
201	Asphalt - Overlay (Ph 4)	20	1	\$532,000
201	Asphalt - Overlay (Ph 5)	20	2	\$532,000
201	Asphalt - Overlay (Ph 6)	20	3	\$532,000
201	Asphalt - Overlay (Ph 7)	20	4	\$532,000
201	Asphalt - Overlay (Ph 8)	20	5	\$532,000
201	Asphalt - Overlay (Ph 9)	20	5	\$532,000
201	Asphalt - Overlay (Ph10)	20	5	\$532,000
202	Asphalt - Seal/Repair (Ph 1)	10	0	\$154,500
202	Asphalt - Seal/Repair (Ph 2)	10	0	\$154,500
202	Asphalt - Seal/Repair (Ph 3)	10	0	\$154,500
202	Asphalt - Seal/Repair (Ph 4)	10	1	\$154,500

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
202	Asphalt - Seal/Repair (Ph 5)	10	2	\$154,500
202	Asphalt - Seal/Repair (Ph 6)	10	3	\$154,500
202	Asphalt - Seal/Repair (Ph 7)	10	4	\$154,500
202	Asphalt - Seal/Repair (Ph 8)	10	5	\$154,500
202	Asphalt - Seal/Repair (Ph 9)	10	5	\$154,500
202	Asphalt - Seal/Repair (Ph10)	10	5	\$154,500
203	Roads - Major Repair	0	0	\$2,100,000
Primary Roads				
201	Equestrian - Overlay	20	0	\$377,500
201	Gateway - Overlay	20	0	\$656,500
201	Heritage - Overlay	20	14	\$700,000
201	Heritage Loop - Overlay	20	0	\$785,500
202	Equestrian - Seal/Repair	7	0	\$110,500
202	Gateway - Seal/Repair	7	0	\$190,500
202	Heritage - Seal/Repair	7	1	\$204,500
202	Heritage Loop - Seal/Repair	7	0	\$227,500
Parking Lots				
201	Gateway Lot - Overlay	20	0	\$74,500
201	Heritage Lot - Overlay	20	0	\$9,950
201	Marina Lot - Overlay	20	1	\$474,000
201	Rec Barn Lot - Overlay	20	0	\$162,500
202	Gateway Lot - Seal/Repair	10	0	\$21,700
202	Heritage Lot - Seal/Repair	10	0	\$2,900
202	Marina Lot - Seal/Repair	10	1	\$138,000
202	Rec Barn Lot - Seal/Repair	10	0	\$47,500
Maintenance				
303	Maint HVAC Units - Replace	15	2	\$13,800
820	Fuel Tanks - Replace	15	14	\$7,000
926	Maintenance Loft - Repair	20	0	\$30,500
927	Maintenance Interiors - Refurbish	20	0	\$8,800
1120	Maintenance Bldgs - Repair	10	3	\$9,400
1308	Maintenance Metal Roofs - Replace	30	0	\$96,000
1805	Cars - Replace	15	10	\$101,000
1805	Pickup Trucks - Partial Replace	2	0	\$39,000
1807	Equipment - Partial Replace	1	0	\$4,150
1810	Tractors - Replace	15	3	\$276,000
149 Total Funded Components				

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

MAJOR COMPONENT REPAIRS

Repair or replacement of the following components with a remaining useful life of 0 years, as identified in the draft 2023 Reserve Study, will be completed in the upcoming fiscal year or deemed to have remaining useful life as a result of ongoing maintenance and/or repairs. The Strategic Planning process will include more details and timing for projects.

Item #	Item Description	Estimated Time of Project Completion or Reason for Deferral (based on Fiscal Year)
Common Areas		
305	IT Security System – Upgrade (Cameras)	In process
305	IT Server System – Upgrade (Network)	In Process
705	Gate Operators & Barrier Arms	Summer/Fall 2025; funds permitting
905	Pavilion – Replace	Deferred; will include in the Strategic Plan to identify an appropriate timeline for replacement
1402	Entry Monuments	Project in process through property owners
1600	Slopes – Refurbish/Stabilization	Multiple locations. Throughout year, fund permitting.
1601	Culverts – Repair	Multiple locations. Throughout year, fund permitting.
1807	Equipment – Partial Replace	Replaced as needed
1808	Trees – Trim	Performed as needed
Pool Areas		
404	Pool Furniture – Replace	Replaced as needed
802	Solar Heater Panels – Replace	Summer/Fall 2026; funds permitting
803	Water Heater – Replace	Summer 2026
909	Equestrian Park Bathrooms – Refurbish	Project Scope in development; Fall 2026, funds permitting
1115	Building Exteriors – Repaint (Equestrian Park)	Repainted as needed
1201	Pool Decks – Repair	Heritage Park - Completed Spring 2025 Equestrian Park – As needed
1204	Pool Ancillary – Electrical, etc.	Addressed as needed
1207	Pool Filters – Replace (Heritage Park)	Completed 2025
1210	Pool Pumps – Replace	Heritage Park - Completed 2025 Equestrian Park – When needed
Marina/Campground		
719	RV Hookup Sites – Repair/Upgrade	Winter 2026; funds & weather permitting
815	Washer/Dryers – Replace	Replacement 2025
909	Bathrooms – Refurbish (Campground)	Minor Project completed 2025, additional scope under development
910	Fish Station – Refurbish/Repair (Marina)	Project Scope in development; Fall 2026, funds permitting
912	Office Trailer – Refurbish	Scope of work under development
1636	Barge – Repair	Repairs scheduled for Summer/Fall 2025
1636	Docks – Refurbish	Fall 2025

Recreation Areas

509	Wood/Metal Pergolas – Replace	Repairs completed Spring 2025
908	Kitchen – Refurbish (Recreation Barn)	Deferred to be done during Recreation Barn refurbishment.
909	Bathrooms – Refurbish (Recreation Barn)	Deferred to be done during Recreation Barn refurbishment.
909	Bathrooms – Refurbish (447 & Gateway Park)	Project Scope in development; Fall 2026, funds permitting
910	Recreation Building – Refurbish	Deferred for consideration in 2026-27 Fiscal Year, funds permitting
920	Stables (Guest Barn) – Refurbish	Repair as needed; Major repairs
925	Livestock Center - Refurbish	Repaired as needed
926	Maintenance Loft – Repair	Winter 2026
927	Maintenance Interiors – Refurbish	Repairs as needed; Minor refurbishment completed
1308	Metal Roofs – Replace	Deferred; roofs in reasonable condition

Roads

201	Asphalt – Overlay (Tract 446 & 1990)	Fall 2025 or Spring 2026
202	Asphalt – Seal/Repair (Tract 446 & 1990)	Fall 2025 or Spring 2026
201	Asphalt – Overlay (Gateway)	Deferred; repair focus will be on worst areas first.
202	Asphalt – Seal/Repair (Gateway)	Deferred; repair focus will be on worst areas first.
201	Asphalt – Overlay (Equestrian)	Fall 2025 or Spring 2026
202	Asphalt – Seal/Repair (Equestrian)	Fall 2025 or Spring 2026
201	Asphalt – Overlay (Gateway & Rec Barn Parking)	Spring 2026
202	Asphalt – Seal/Repair (Gateway & Rec Barn Parking)	Spring 2026



Heritage Ranch Owners Association

SCHEDULE OF FEES - Effective July 1, 2025

ADMINISTRATIVE & MISCELLANEOUS CHARGES (plus postage if applicable)			
DESCRIPTION	FEE	UNIT	COMMENT
Association Documents <i>**Ordered through www.HomeWiseDocs.com. **</i>	\$ 30.00	Each	Bylaws
	\$ 45.00	Each	CC&R Book
	\$ 20.00	Each	Member Handbook (Rules & Regulations)
Escrow Package: Closing Statement of Fees, Association Documents & Minutes (Required by Civil Code Sec. 4525) <i>**Ordered through www.HomeWiseDocs.com. **</i>	\$ 400.00	Each	Seller Requested Documents to Prospective Purchaser
	\$ 25.00	Each	HomeWiseDocs Service Fee
Fax/Scan/Email Copies	\$ 2.00	Page	Outgoing & Incoming
Gate Remote Controls (Tracts 1063 & 1910, & Holly Drive)	\$ 50.00	Each	Purchase Only
Identification Cards <i>(An individual may have only one card in their name.)</i>	\$ 0.00	Each	First 2 cards per lot.
	\$ 5.00	Each	Pool ID Cards
	\$ 20.00	Each	Additional cards (after 2)
	\$ 40.00	Each	Replacement card
Insufficient Funds/Returned Check Charge	\$ 35.00	Per occurrence	Charged for returned checks and insufficient funds on ACH payments.
Late Charges (Charged on the 16th of each month)	\$ 30.00	Per quarter	Assessment Late Fee
	\$ 15.00	Per Month	Equestrian Paddock
	10%	per Annum	Interest on unpaid assessments <i>(monthly rate is 1/12 of annual rate)</i>
Laundry Fee (All Facilities)	\$ 5.00	Per Load	Washer or Dryer
Membership Contact List (Approval required)	\$ 25.00	Per Individual Tract	Labels not provided.
	\$ 50.00	Full Community	Labels not provided.
New Home Construction Fees	\$ 2,500.00	Each	Non-refundable Fee
	\$ 2,500.00	Each	Refundable upon completion of mandatory inspections. May be forfeit if not completed within required timeline.
	\$ 100.00	Each	Re-inspection, Home Sales or Extension Fee
New Property Owner Transfer Fee	\$ 200.00	Per lot	Paid through escrow
Photocopying <i>**Black & White Only. Color Not Available**</i>	\$ 0.45	Page	Single Sided
	\$ 0.65	Page	Double sided
Tenant Fees	\$ 250.00	Per lot	Non-refundable – per tenant
	\$ 500.00	Per lot	Refundable HROA property damage deposit
Tract 447 Waste Removal Assessment	\$ 63.00	Quarterly	Payable monthly.

AMENITY (EXCLUSIVE) USE FEES

DESCRIPTION	FEE	UNIT	COMMENT
Boat Slip: Long-Term Lease (80 Slips)	\$ 1,100.00	Annually	Annual Fee - Effective 1/1/2025
	\$ 250.00	Per Slip	Refundable security deposit.
	\$ 10.00	Per Day	Guest Usage Fee
Boat Slip: Short Term Rental (20 Slips) **LOTTERY WITHDRAWALS: FORFEIT OF DEPOSIT IF WITHDRAWAL IS AFTER CUT-OFF FOR LOTTERY SUBMISSION**	\$ 75.00	Per week	Tuesday thru Monday
	\$ 250.00	Per 4-week block (28 days)	Peak Season Lottery begins mid-May. Reservation begins Tuesday & end Monday.
	\$ 500.00	Per Slip	Off Season: October to April
	\$ 150.00	Per Slip	Refundable security deposit.
	\$ 100.00	per Month	Per paddock space
Equestrian Center Paddock Lease	\$ 250.00	Per Paddock	Refundable security deposit
	\$ 35.00	Overnight	Guest horse fee
	\$ 25.00	Month	Per show animal/pen
Livestock Center Lease (1 show animal per pen)	\$ 75.00	Day	RV + 1 vehicle permitted
	\$ 525.00	Week	RV + 1 vehicle permitted
	\$ 1,450.00	Month	Off season only (October thru April)
	\$ 25.00	Day	Extra Vehicle
	\$ 45.00	Day	1 vehicles permitted
Campground Rental: RV Spaces (Full Hook-ups Available) **CAMPGROUND CANCELLATIONS: LESS THAN 7 DAYS – NO REFUND; 7 DAYS OR MORE – \$10.00 CANCELLATION FEE**	\$ 25.00	Day	Extra Vehicle
	\$ 45.00	Day	1 vehicles permitted
	\$ 25.00	Day	Extra Vehicle
Campground Rental: Tent Spaces (No Hook-ups Available) **CAMPGROUND CANCELLATIONS: LESS THAN 7 DAYS – NO REFUND; 7 DAYS OR MORE -- \$10.00 CANCELLATION FEE**	\$ 45.00	Day	Daily
	\$ 25.00		Additional fee if Boat is not preregistered.
	\$ 15.00	Each	Motorized Vessels
Guest Watercraft **EMPTY GUEST WATERCRAFT TRAILERS WILL BE CHARGED THE SAME AS THOSE WITH VESSELS**	\$ 15.00	Each	Non-Motorized Vessels
	\$ 45.00	3 Months	1st watercraft
	\$ 30.00	3 Months	Additional watercraft
Mussel Inspection Program: Agreement Required **Watercraft must be available at all time for on-site verification. Vessel taken off property without prior notification to HROA will cancel agreement. No carry over, proration, or refunds for cancellation of agreement or loss of use of launch ramp**	\$ 90.00	6 Months	1st watercraft
	\$ 60.00	6 Months	Additional watercraft
	\$ 165.00	12 Months	1st watercraft
	\$ 110.00	12 Months	Additional watercraft
	\$ 300.00	Per Rental	3 day reservation
Party Dock Rental	\$ 100.00	Per day	Additional day 3-day minimum on weekend
	\$ 150.00	Per Dock	Refundable cleaning & damage deposit
	\$ 50.00	Each	Replacement gate key
	\$ 300.00	Year	New docks prohibited. Transfer of docks restricted.
Private Boat Dock	\$ 300.00	24 hours	Initial 24 hour period may span different days.
	\$ 75.00	6 hours	Added time (6 hour increments)
	\$ 500.00	-	Refundable cleaning deposit
	\$ TBD	-	Damages billed at HROA cost
Recreation Barn Rental	\$ 150.00	Seasonal	Self-Inspector *Annual deposit, refunded after volunteer hours or forfeit at end of the year.* Waived with 4 volunteer hours

HERITAGE RANCH OWNERS ASSOCIATION

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525

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

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

Provider of the Section 4525 Items:

James Cogan	General Manager	Heritage Ranch Owners Association	23 May 2025
Print Name	Position or Title	Association or Agent	Date Form Completed

Document	Civil Code Section Included	Fee for Document	Not Available (N/A) or Not Applicable (N/App)
Articles of Incorporation (or statement that is not incorporated)	Section 4525(a)(1)	\$20.00	
CC&Rs	Section 4525(a)(1)	\$45.00	
Bylaws	Section 4525(a)(1)	\$30.00	
Operating Rules	Section 4525(a)(1)	\$20.00	
Age Restrictions, if any	Section 4525(a)(2)		Refer to Demand Report
Rental Restrictions, if any	Section 4525(a)(9)	\$0.00	Refer to CC&Rs
Annual Budget Report (or summary, including Reserve Study)	Section 5300 Section 4525(a)(3)	\$35.00	
Assessment and Reserve Funding Disclosure Summary	Section 5300 and Section 4525(a)(4)		Included with Annual Budget Report
Financial Statement Review	Section 5305 Section 4525(a)(3)	\$30.00	
Assessment Enforcement Policy	Section 5310 Section 4525(a)(3)		Included with Annual Budget Report
Insurance Summary	Section 5300 and Section 4525(a)(3)		Included with Annual Budget Report
Regular Assessment	Section 4525(a)(4)		Refer to Demand Report
Special Assessment	Section 4525(a)(4)	\$0.00	Refer to Demand Report
Emergency Assessment	Section 4525(a)(4)	\$0.00	Refer to Demand Report
Other Unpaid Obligations of Seller	Section 5675 Section 4525(a)(4)		Refer to Demand Report
Approved Changes to Assessments	Section 5300 Section 4525(a)(4) Section 4525(a)(8)		Included with Annual Budget Report

HERITAGE RANCH OWNERS ASSOCIATION

Settlement Notice Regarding Common Area Defects	Section 4525(a)(6) Section 4525(a)(7) Section 6100		Refer to Demand Report
Preliminary List of Defects	Section 4525(a)(6) Section 6000 Section 6100		Refer to Demand Report
Required Statement of Fees	Section 4525	\$180.00	Aka Demand Report
Minutes of Regular Board Meetings (conducted over the previous 12 months, if requested)	Section 4525(a)(10)	\$40.00	
Total fees for these documents:		\$400.00	

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

Buyer and Seller may negotiate who pays the document and disclosure fees.

This is the minimum document offering required to meet CA statute 4525. Additional documents may be acquired if desired, including, but not limited to, Meeting Minutes, Reserve Studies, Insurance Declaration Pages, and/or property inspections not mandated by law but helpful to the prospective buyer(s) and/or their agent to make a more informed decision regarding the subject property.

Please note: the fees listed are an estimate, and the actual fees charged for the documents may be different than this amount. Other fees, including but not limited to Transfer Fees, Capital Contributions, Collection fees, etc., may be assessed to each property and will be disclosed on the Statement of Fees (Demand), and are not included within the estimated charges outlined within this form.



HERITAGE RANCH OWNERS ASSOCIATION

2025 – 2026 INSURANCE SUMMARY FOR MEMBERS

04/23/2025

Pg 1 of 2

	INSURANCE	CARRIER	LIMITS/VALUATION	DEDUCTIBLE Per Claim	EXPIRATION
1	General Liability incl Marina, Owned Autos, Watercraft, Abuse, & Liquor Liab. Note: Equestrian Center Liab is Excluded here; see #'s 7 & 8.	Tokio/Philadelphia 4/01/25 – 4/01/26	\$1,000,000 Occurr. \$2,000,000. Aggreg. Actual Cash Value for specific vehicles & watercraft.	\$10K BI/PD Liability Deductible \$1,000 Deductible for Auto Phys Damage	04/01/2026
2	Excess Liability over #1	Philadelphia Indemnity 4/01/25 – 4/01/26	\$5,000,000 Occurr. \$5,000,000 Aggreg.	\$10,000 Self Insured Retention for claims not cv'd by pol #1.	04/01/2026
3	Volunteers & Participants Accident Policy	National Union 4/01/25- 04/01/26	\$ 500,000	None	04/01/2026
4	Directors & Officers Liability & Employment Practices Liab. Crime: Employee Dishonesty Forgery/Alteration Computer & Wire Transfer Fraud	Continental Casualty = CNA 4/01/25-04/01/26	\$5,000,000 \$4,000,000 \$4,000,000 \$4,000,000	\$15,000/clm. \$25,000/clm.	04/01/2026
5	Excess Directors & Officers Liability/Empl. Prctcs. Liab.	Travelers 4/01/25-04/01/26	\$1,000,000	\$5,000,000 ie the underlying CNA D&O/EPL Policy.	04/01/2026
6	Cyber Liability	Beazley 4/01/25-04/01/26	\$1,000,000	\$2,500	04/01/2026
7	Equestrian Center Liability	Ategrity Specialty 04/01/25-04/01/26	\$1,000,000. Occ. \$2,000,000. Agg.	-\$500	04/01/2026
8	General Hazard for Fire & other Perils – Office Contents and Business Interruption/Extra Expense -2130 Heritage Loop Office	CA FAIR PLAN 5/04/24-25 When premium is paid to CFP policy will renew for the 05/04/25-05/04/26 Term	\$50,000 Contents \$31,000 BI/EE	\$1,000	05/04/2025 If paid Expiration Date will be 05/04/2026
9	General Hazard for Fire & other Perils – vrs HROA Buildings, Contents, Structures; Business Interruption/Extra Expense 3945 Heritage Rd	CA FAIR PLAN 5/17/24–25 When premium is paid to CFP policy will renew for the 05/17/25-05/17/26 term.	\$2,355,500. incl Bldgs, Structures, Contents, and Docks/Slips	\$10,000	05/17/2025 If paid Expiration Date will be 05/17/2026.

	INSURANCE	CARRIER	LIMITS/VALUATION	DEDUCTIBLE Per Claim	EXPIRATION
13	Difference in Conditions Hazard Property Pol. Buildings, Contents, Structures; Business Interruption/Extra Expense 2130 Heritage Loop Office + 3945 Heritage Rd	Deans & Homer/ Indian Harbor 5/04/25-05/04/26	 \$50,000 Office Contents; \$31k BI/EE \$2,375,000 incl Bldgs, Structures, Contents, and Docks/Slips	 \$5,000 \$5,000	05/04/26

Earthquake & Flood Insurance: not purchased.

NOTE:

"This summary of the association's policies of insurance provides only certain information, as required by subdivision (f) of 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 broker or agent for appropriate additional coverage."

-Jeff Priolo, DiBuduo & DeFendis Insurance jeff.priolo@dibu.com 805/593-1403

-Leonore Woolpert, DiBuduo & DeFendis Insurance leonore.woolpert@dibu.com 805/593-1409

hroa insurance 25-26 summary for members.doc



PHONE: (805) 238-9641
FAX: (805) 238-3430
GATEHOUSE: (805) 227-6560

2130 HERITAGE LOOP ROAD
PASO ROBLES, CA 93446
www.hroa.us

**ANNUAL POLICY STATEMENT
2025-2026 Fiscal Year**

1.	Designated Recipient. Per Civil Code §4035, any document to be delivered to the Association by a member under the Davis-Stirling Act must be delivered to: Heritage Ranch Owners Association Attention General Manager – Jim Cogan 2130 Heritage Loop Road Paso Robles, CA 93446 In addition to other means of delivery provided for in the Davis-Stirling Act, the Association will accept documents by the following means: (a) Email to gm@hroa.us (b) Personal delivery to the address noted above
2.	Overnight Payment of Assessments. The mailing address for overnight payment of assessments is: Heritage Ranch Owners Association, 2130 Heritage Loop Road Paso Robles, CA 93446. In addition, a secure lock box is located on the exterior of the HROA Member Services office building, to the right of the main entry doors. The secure lock box is checked daily.
3.	Right for Notice to Two Addresses. Per Civil Code §4040(b), a member may submit a written request to have the following notices sent to up to two (2) different specified addresses: (a) This Annual Policy Statement and the Association's Annual Budget Report. (b) Assessment payment and delinquency notices under Civil Codes §5650 through §5690, and the notice of default to be delivered to the member under Civil Code §5650. Written requests must be delivered to the address and person identified above to receive official communications on behalf of the Association. Upon receiving a written request, the Association will deliver an additional copy of those notices identified above. A member may add, change, or remove a secondary address at any time, provided, however, that the Association will only be required to send notices to a secondary address as of and from the date that the Association receives a written request to do so.
4.	General Notice Location. General notices to the members will be posted in a prominent location accessible to all members on the website maintained by the Association to distribute information on Association business to its members. The Association's website for posting general notices is located at: www.hroa.us.

5.	Right to Individual Delivery. A member may submit a written request for general notice by individual delivery. The request must be delivered to the person identified above to receive official communications to the Association or via email to office@hroa.us. After the Association receives the request, all general notices to members under Civil Code §4045 shall be delivered to the member by individual delivery. A member may cancel a request for individual delivery of general notices at any time.
6.	Right to Minutes. Members may submit requests to inspect or receive copies of meeting minutes to office@hroa.us. Minutes are available 30 days following each meeting date. The requesting owner is responsible for all copying and postage costs. If the Minutes are not approved by the Board within the 30-day period of the request, draft Minutes will be provided to you.
7.	Collection & Lien Policies. Please see the enclosed document titled "Annual Statement of Collection Policy," which describes the Association's policies and practices in enforcing lien rights and other legal remedies for default in the payment of assessments as prescribed by Civil Code §5730. This document describes the steps the Association will take if a member does not pay assessments on time and in accordance with the provisions of the Association's governing documents. Additionally, please see the enclosed documents titled "Delinquent Assessment Collection Policy and Procedure" and "Delinquent Fine Collection Policy and Procedure" for more specific guidelines relating to the collection process for Heritage Ranch Owners Association.
8.	Architectural Review. Please see the enclosed document titled "Architectural Review Process & Submittal Requirements" for details about the requirements for association approval of a physical change to any property.
9.	Rules Enforcement Policy and Schedule of Fines. The Board of Directors has the right and authority to enforce the provisions of the Association's governing documents when a member, or the member's family members, guests, or tenants, violates the governing documents. The Board may, after proper notice and an opportunity to be heard before the Board, impose disciplinary measures against a member, as described in the Association's governing documents and subject to applicable law. Please see the enclosed document titled "Fine and Enforcement Policy," which describes the Association's Governing Document enforcement process and schedule of fines and sanctions that may be imposed against a member for those violations, under Civil Code §5850.
10.	Alternative Dispute Resolution (ADR). ADR is a formal dispute resolution process between a member and the Association or between two or more members and includes mediation, arbitration, conciliation, and other non-judicial procedures that involve a neutral third party. The form of dispute resolution chosen may be binding or nonbinding, with the parties' voluntary consent. The Alternative Dispute resolution process is commenced by the service of a "Request for Resolution," as described in Civil Code §5935. Enclosed for your review and reference is a copy of Civil Code §5925 through §5965 (Article 3 of Chapter 10 of Part 5 of the Civil Code), which shall serve as a summary of the provisions of this Article. Failure of a Member of the Association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the Member's right to bring legal action against the Association or another Member of the Association regarding enforcement of the governing documents or the applicable law.

11.	Internal Dispute Resolution (IDR). IDR is an informal process (often referred to as a "meet and confer") to resolve disputes between a member and the Association. The Association has not adopted an Internal Dispute Resolution Policy but will conduct IDR following the Association's governing documents and Civil Code §5915.
12.	Payment Plans. Members may request that the Association consider a payment plan to satisfy delinquent assessments if the account has not been turned over to an attorney or collection company to pursue collection actions. Payment plan requests may be submitted in writing to the HROA Member Services office and must include specific repayment terms that the member is able to offer with their current financial situation. The General Manager and Finance Manager are able to approve payment arrangements within specific guidelines set by the Board of Directors. Please see the enclosed document "Payment Arrangement Policy" for details on those specifications and the approval process. The Board of Directors will ratify any properly submitted and approved payment plan requests and consider payment arrangements with hardship requests in the next regularly scheduled Executive Session Meeting. Once an account has been turned over to an attorney or collection company, members must submit any request for payment plans to the Association's collection agent. The collection agent will then resolve any properly submitted payment plan requests within their timeline.

ANNUAL STATEMENT OF COLLECTION POLICY

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as 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 the 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 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 exist. (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)

(b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.

Civil Code §§5925-5965

§5925. As used in this article:

- (a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other nonjudicial 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 five thousand dollars (\$5,000).
- (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 Section 5930 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.
- (b) If the party on whom the request is served is the owner of a separate interest, a copy of this article.
- (c) 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.
- (d) 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 1369.530 for response to a Request for Resolution.
- (b) If the Request for Resolution is accepted, the period provided by Section 5935 for completion of alternative dispute resolution, including any extension of time stipulated 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 (b) of Section 5975, 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 reference 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 Section 5930 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

- (b) The summary shall be provided either at the time the pro forma budget, required by Section 5300, is distributed 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, as required by Section 5920.



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RESOLUTION OF HERITAGE RANCH OWNERS ASSOCIATION

Delinquent Assessment Collection Policy and Procedure

WHEREAS, the Heritage Ranch Owners Association's CC&Rs Article V establishes the obligation, purpose, method, and basis procedure for assessing each owner of a separate interest, and

WHEREAS, California Civil Code Section §5310 requires that homeowner association Boards of Directors shall prepare and distribute to all members a written statement describing the Association's policies in enforcing lien rights or other legal remedies for the default in the payment of its assessments against its members.

NOW, THEREFORE BE IT RESOLVED that the Association hereby adopts the following policies and practices in enforcing the lien rights or other legal remedies against its members for their default in the payment of assessments:

All assessments shall be delinquent if not received within fifteen (15) days after they shall be due and shall bear a late charge penalty of \$30.00 per quarter. A monthly statement will be sent showing the posting of the late charge. Payments are to be made payable to: HROA, 2130 Heritage Loop Road, Paso Robles, CA 93446.

If two (2) quarterly assessments are unpaid, membership privileges may be suspended. Should three (3) quarterly assessments not be paid, and a written request for a payment arrangement has not been received, the account shall be turned over to an attorney or collection company to file a "Notice of Intent to Lien." The costs become part of the debt owed against the property. The "Notice of Intent to Lien" shall be sent to the delinquent property owner requesting payment in full within thirty (30) days to avoid the placement of a lien upon the property.

Should payment not be received in full within the thirty (30) day period the Board of Directors will review the account during an Executive Session Board Meeting and decide to record a lien in an open Board Meeting. A "Notice of Assessment Lien" in the office of the San Luis Obispo County Recorder in accordance with the laws of the State of California. Said lien shall be handled by the attorney or collection company and shall be for payment by the property owner of all assessments then due, any assessments thereafter accruing, and for any reasonable costs incurred in collecting the delinquent assessments including, but not limited to, reasonable collection fees, late charges, and interest assessed. A copy of the recorded lien shall be sent to the property owner.

Should the amounts claimed by the lien not be fully paid within thirty (30) days after recordation of the lien, the Board of Directors may meet in an Executive Session Board Meeting and authorize the initiation of foreclosure or to participate in dispute resolution pursuant to the Association's "Meet and Confer" program required in Civil Code Section 5900 et seq. If dispute resolution is not agreed to, a demand letter shall then be sent providing fifteen (15) days to pay the account in full. A "Notice of Default" shall be recorded if the account is not fully paid within the allotted fifteen (15) days after the demand letter has been sent.

Foreclosure proceedings commence when the "Notice of Default" is recorded. Foreclosure will result in the sale of the property and the proceeds of the sale will be applied to the payment of all delinquent assessments, and other reasonable costs incurred in collecting the delinquent assessments, including, but not limited to, reasonable attorney fees and trustee fees and costs, late charges, and interest assessed. In the event the proceeds of the sale are not sufficient to pay said sums, a deficiency judgment may be sought against the property owner personally for any amounts not so paid.

Should the Association's lien rights be destroyed or otherwise rendered unenforceable in whole or in part, then the Association may seek a personal money judgment against the property owner for all assessments, costs, and attorney fees that may be due from the property owner, as incurred by or on behalf of the Association. The Association may also utilize other means of collection.

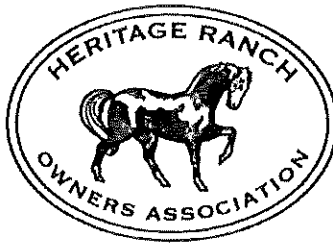
The foregoing policies and practices shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors.

BE IT FURTHER RESOLVED that within thirty (30) to ninety (90) days prior to the beginning of each fiscal year a copy of this DELINQUENT ASSESSMENT POLICY AND PROCEDURE as adopted or as may be subsequently modified and amended, shall be delivered to each of the property owners of the Association as required by Civil Code Section 5320(a).

THIS RESOLUTION is adopted and made a part of the minutes of the Board Meeting held on May 22, 2025, and rescinds and supersedes all prior iterations of this Policy.



Masen Yaffee, Board President



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RESOLUTION OF THE HERITAGE RANCH OWNERS ASSOCIATION

Delinquent Fine Collection Policy and Procedure

WHEREAS, the Heritage Ranch Owners Association's Bylaws Article IX(d) establishes the duty and power of the Board of Directors to adopt and establish rules and regulations, including the imposition of monetary penalties; and

WHEREAS, the Heritage Ranch Owners Association's CC&Rs Article VII(d) and (e) specify the authority of the Board of Directors to make, establish, promulgate, amend and repeal the Rules and Regulations of the Association, and amend and repeal rules, regulations and criteria pertaining to the functions and decisions of the Architectural and Environmental Control Committee; and

WHEREAS, California Civil Code Section 5310 and 5850 requires that if an Association adopts or has adopted a policy imposing a monetary penalty, including any fee, on any Association member for a violation of the governing documents or rules of the Association, including any monetary penalty relating to the activities of a guest or invitee of a member, the Board of Directors shall adopt and distribute to each member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for member discipline contained in the governing documents; and

WHEREAS, the Heritage Ranch Owners Association will enforce all CC&Rs and Rules and Regulations equitably and issue citations for violations subject to the fine schedule contained in the Fine and Enforcement Policy and Procedures with Schedule of Sanctions.

NOW, THEREFORE BE IT RESOLVED that the Association hereby adopts the following policies and practices in enforcing the fines against its members for their default in the payment of monetary penalties (Minimum Fine amount of \$25.00):

If a property owner receives a copy of a written citation attached to a "Notice To Appear" form, it will state the time and place to appear at the Violation Hearing before the Violation Hearing Officer. If a property owner receives a citation on behalf of their tenant, they may waive their right to appear in writing, and allow the tenant to appear on the property owner's behalf. If the property owner is unable to attend, and does not wish to have the tenant appear on their behalf, a letter stating their position and any applicable details defending the alleged non-compliance.

The property owner will be notified in writing within 10 days after the Violation Hearing as to the decision of the Violation Hearing Officer by Notice of Decision.

If the citation/penalty was upheld after the property owner (and/or tenant) attended the Violation Hearing and/or submitted a letter as their defense, the property owner (and/or tenant) may appeal the decision by written request to the Board of Directors and by paying the fine assessed within 10 days of receipt of the "Notice of Decision." The property owner must be present at the appeal if the fine(s) for citation(s) on the books of the Association at the time of the scheduled appeal are \$500.00 or more.

If the property owner does not appeal the decision, they have 30 days after the date of the receipt of the "Notice of Decision" in which to pay the indicated fine. The property owner shall receive a statement showing the balance of their account. If the citation is not paid, the account will be subject to suspension of membership privileges.

The foregoing policies and practices shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors.

BE IT FURTHER RESOLVED that within thirty (30) to ninety (90) days prior to the beginning of each fiscal year, a copy of this **DELINQUENT FINE POLICY AND PROCEDURE** as adopted or as may be subsequently modified and amended, shall be delivered to each of the property owners of the Association.

THIS RESOLUTION is adopted and made a part of the minutes of the Board Meeting held on May 22, 2025, and rescinds and supersedes all prior iterations of this Policy.



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RESOLUTION OF THE HERITAGE RANCH OWNERS ASSOCIATION

FINE AND ENFORCEMENT POLICY

WHEREAS, the Heritage Ranch Owners Association is a California Corporation organized and existing under the laws of the State of California; and

WHEREAS, the Articles of Incorporation Second Section, Subsection (b)(v) states one of the general purposes of Heritage Ranch Owners Association is to aid, and cooperate with, the members of this corporation and all property owners in said sub-division in the enforcement of such conditions, covenants, and restrictions on and appurtenant to their property; and

WHEREAS, the Articles of Incorporation Second Section, Subsection (b)(viii) states one of the general purposes of Heritage Ranch Owners Association is to have and exercise all the rights and powers conferred on nonprofit corporations under the General Nonprofit Corporation Law of California, as such law is now in effect or may at any time be amended; and

WHEREAS, Article VI, Section 4 of the Restated Bylaws of Heritage Ranch Owners Association establishes the right to use of Common Areas and Common Facilities subject to the rules, limitations and restrictions set forth in the Bylaws, the Declaration and in the Association's published rules and regulations as promulgated by the Board from time to time; and

WHEREAS, Article VI, Section 4 of the Restated Bylaws of Heritage Ranch Owners Association establishes, with the exception of the right of use of any roads, that the Board shall have the right to impose monetary penalties or to temporarily suspend the use and enjoyment of any Common Area and Common Facilities for the failure of a Member to pay any Assessments, fee or fine when due under Declaration, or to comply with any other rule or regulation imposed upon such Member, his or her tenants, or guests, pursuant to the Governing Documents provided the sanctions shall only be imposed after such person has been afforded notice and hearing rights; and

WHEREAS, Article VII, Section 1, of the Restated Bylaws of Heritage Ranch Owners Association establishes the authority of the Board of Directors to perform the business and affairs of the Association subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, and the Davis-Stirling Common Interest Development Act; and

NOW THEREFORE, the Board of Directors hereby adopts the following Fine and Enforcement Policy.

Preamble

These policies are Operating Rules as defined in the Davis-Stirling Common Interest Development Act and, to the extent they conflict with any previous Operating Rules, supersede and prevail over such previous rules. All Operating Rules, whether characterized as rules, policies, procedures and otherwise are subject to the provisions of the Declaration of Covenants, Conditions and Restrictions currently in effect for Heritage Ranch Owners Association.

Purpose

All Members are responsible for compliance with the Declaration of Covenants, Conditions and Restrictions, Bylaws, and established operating rules of Heritage Ranch Owners Association, by their guests, tenants, visitors, invitees, themselves, and residents of their lots. In order to facilitate compliance with the Declaration of Covenants, Conditions and Restrictions, any supplementary Declaration of Covenants, Conditions and Restrictions for tracts within HROA, the Articles of Incorporation, the Bylaws, and any and all published Rules and Regulations as may be promulgated by the Board from time to time which may include, but is not limited to, general Operating Rules and Policies, Common Area and Common Facility Usage Rules and Policies, and Architectural Modification Guidelines, Rules and Policies ("Governing Documents"), the following policy and protocols have been created.

Governing Document Enforcement

This policy shall apply to the enforcement of all Governing Documents of Heritage Ranch Owners Association (HROA).

Request for Enforcement Action

Members that identify violations may submit a Request for Enforcement Action by and through the General Manager, or other designated representative. Requests should be submitted in writing and must include the address and details of the alleged violation. All requests for enforcement will be inspected and verified by management prior to notices being sent. A Request for Enforcement Action form will be made available for members and residents to use.

Types of Violations

For the purposes of the enforcement process, HROA defines violations into one of two types:

1. **Uncurable Violations** – For the purposes of this policy, a violation is considered uncurable if the violation has occurred but is not a continuous action or condition capable of being remedied by affirmative action. The non-repetition of a one-time violation or other violation that is not ongoing is not considered an adequate remedy. Examples of uncurable violations include, but are not limited to, the following:
 - shooting fireworks;
 - an act constituting a threat to health or safety;
 - speeding or other traffic/moving violations;
 - a noise violation that is not ongoing;
 - property damage, including the removal or alteration of landscape; and
 - holding an event or activity prohibited by the Governing Documents.
2. **Curable Violations** – For the purposes of this policy, a violation is considered curable if the violation is a continuous action or condition that may be resolved by the correction of the condition or termination of action, and does not pose a threat to public health or safety. Examples of curable violations include, but are not limited to, the following:
 - a parking violation;
 - a maintenance violation;
 - constructing improvements or modifications without approved plans and specifications, or outside the scope of approved plans and specifications; and
 - an ongoing noise violation such as a barking dog.

Notice of Violation Process

HROA will provide notice of alleged violations to Members, and tenant(s) if not owner occupied. The notification process will be as follows:

1. *Friendly Reminder/Courtesy Notice:* A formal letter will be sent by the Board of Directors (or the HROA Management Team as the Board may direct) via regular U.S. mail and/or email, based upon the notice preference of the Member, to the alleged violator. The letter will include the following information:
 - A description of the actions or inactions which are alleged to be violation(s) and instructions on becoming compliant;
 - A photograph of the alleged violation or statement of evidence, if available;
 - A specific reference to the provision(s) of the Governing Documents potentially violated;
 - A request that the alleged violator cure the violation, or communicate with the Management Team, in writing, with questions or information regarding circumstances delaying compliance.

The alleged violator will be given a reasonable period of time to cure the violation based upon the nature of the violation. For example: parking violations may be provided twenty-four (24) hours or less to cure, overgrown weeds or landscape may be given ten (10) days to cure, and major maintenance or repair work to a home or property may be given thirty (30) days to cure. Failure to cure the violation will result in a Second Notice.

Please note, incurable violations may skip this step and proceed directly to Hearing Notice.

2. *Hearing Notice:* A formal letter will be sent by the Board of Directors (or the HROA Management Team as the Board may direct) via regular U.S. mail, and by email if Member preferred communication method, to the alleged violator. The letter will include the following information:
 - The nature of the alleged violation for which a member may be disciplined, or the nature of the damage to the common area and/or facilities for which a monetary charge may be imposed;
 - A photograph of the violation or statement of evidence, if available;
 - A specific reference to the provision(s) of the Governing Documents violated;
 - Date, time and location of the hearing;
 - A statement that the Member has a right to attend and address the Board at the hearing/meeting, or submit a written response.

The alleged violator will be given notice of the hearing no less than ten (10) days prior to the hearing. The alleged violator will have this time to cure the violation. A copy of the letter may be sent to the property address, but must be sent to the alleged violator's address of record if the two (2) addresses are different.

3. *Notice of Decision:* A formal letter will be sent by the Board of Directors (or the HROA Management Team as the Board may direct) via regular U.S. mail and Certified U.S. mail, and by email if Member preferred communication method, to the alleged violator. The letter will include the following information:
 - Date of the hearing;
 - The specific provisions of the Governing Documents the owner violated;
 - Whether or not the Member was present at the hearing;
 - A summary of the events leading to the hearing;

- The evidence that the Member was in violation and the evidence, if any, presented by the owner in defense;
- The findings by the Board (e.g., the Member's dog created a nuisance with its incessant barking; the Member modified the unit without architectural approval; the Member's tenant was speeding on the association's private streets, etc.); and
- The discipline imposed by the Board (a warning, a fine, suspension of privileges, etc.).

The alleged violator will be given notice of the hearing decision no more than fifteen (15) days after the Board's decision. A copy of the letter may be sent to the property address, but must be sent to the alleged violator's address of record if the two (2) addresses are different. All fines must be paid within thirty (30) days of the date of mailing of the Notice of Decision.

4. *Additional Enforcement Actions:* If violation continues for any period of time after the Notice of Decision, at the discretion of the Board of Directors, the violation may be brought to the Board of Directors for further action, including Internal Dispute Resolution (IDR), Alternative Dispute Resolution (ADR), court order for forced compliance, or any other legal action as may be deemed appropriate.

All legal fees and costs incurred in connection with efforts to correct a violation will be assessed to the Unit Owner in accordance with HROA Governing Documents and the Davis Stirling Act. These assessed costs are NOT fines imposed by the Association.

Evidence of Violation

Before HROA can impose penalties against a Member for violation of the Governing Documents, due process requires it must:

1. Have evidence of a violation; and
2. Hold a hearing at which the accused can view and dispute the evidence.

Evidence can be eye-witness testimony, documentary, photos, videos, etc.

The accused do not have a right to conduct depositions for disciplinary hearings. However, HROA does permit the sharing of relevant materials immediately prior to the hearing. If the accused has evidence to exchange at the hearing, the accused should bring two (2) copies of any documents and pictures intended to be used at the hearing so that one set can be given to the Board of Directors.

Access to other owners' files, including violation records, will NOT be permitted due to privacy considerations for the other owners.

Hearing

Disciplinary hearings will be informal with the object being to address violations promptly, fairly, and inexpensively. The following guidelines will be followed:

1. *Executive Session:* Hearing will be held in executive session.
2. *Appearance at Hearing:* Members are invited to appear at the hearing. Members also have the right to submit their defense in writing rather than make an appearance before the board.

3. *Evidence:* The person subject to discipline has the opportunity to examine and refute evidence produced at the hearing.
4. *Witnesses:* Witnesses can appear at the hearing, but are not always necessary. If witnesses do appear, there is no right to cross-examine the witness. The accused can direct questions to the Board of Directors.
5. *Lawyers:* Members do not have a right to a lawyer to represent them in disciplinary hearings. If the accused is accompanied by an attorney, the hearing will be recessed until the attorney is no longer present at the hearing.

Reconsideration

Members will be given the opportunity to request the Board of Directors reconsider their decision. The request for reconsideration must be submitted within 6 months of the date of the Notice of Decision and must include new evidence that was not considered during the original disciplinary hearing. Reconsideration of a decision is at the sole discretion of the Board of Directors.

Health, Safety, and Welfare Violations

If it is determined a violation poses an imminent threat which would cause a substantial adverse effect on the health, safety or welfare of the Members and occupants of the Association, the Association, or the common property of the Association, then the Board of Directors, at its sole discretion, may undertake any and all actions necessary to compel compliance including enforcement by restraining order, declaratory relief and/or injunctive relief. All costs and fees incurred by the Association will be charged back to the violating Member in accordance with the Governing Documents and the law.

Schedule of Fines and Sanctions

The Schedule of Fines and Sanctions includes penalties based upon the severity of the violation. Violations relating to the health, safety, and welfare of the community and common property, to include actual or potential damages, may be subject to a higher penalty.

1st Violation.....	warning or fine of \$25 to \$250
2nd Violation (same offense).....	fine of \$50 to \$300
3rd Violation (same offense).....	fine of \$100 to \$400
Additional Violations (same offense).....	fine of \$150 to \$500
Health, Safety, and Welfare Violation.....	fine of \$250 to \$1,500
Architectural Modification Violations.....	warning or fine of \$25 to \$1,000
New Home Construction Process Violations.....	forfeit of deposit from \$1,000 to \$3,000
Continuing Violation.....	daily fines until cured of \$25 to \$500
Suspension.....	common area privileges may also be suspended
Assessment.....	may be levied to reimburse HROA expenses

All fines must be paid within thirty (30) days of the date of mailing of the Board's Notice of Decision.

THIS RESOLUTION is adopted and made a part of the minutes of the Board Meeting held on May 22, 2025.


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RESOLUTION OF THE HERITAGE RANCH OWNERS ASSOCIATION

PAYMENT ARRANGEMENT POLICY

WHEREAS, the Heritage Ranch Owners Association is a California Corporation organized and existing under the laws of the State of California; and

WHEREAS, Article VII, Section 1, of the Restated Bylaws of Heritage Ranch Owners Association establishes the authority of the Board of Directors to perform the business and affairs of the Association subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, and the Davis-Stirling Common Interest Development Act; and

WHEREAS, Civil Code § 5665 provides guidelines for the requesting and approval of Payment Plans.

NOW THEREFORE, the Board of Directors hereby adopts the following Payment Arrangement Policy.

Purpose

A member of the Association who is delinquent in the payment of any regular or special assessments, or any other amounts owed to the Association (collectively, "**Delinquent Payments**"), shall be permitted to enter into a payment plan with the Association providing for an alternative payment schedule by which the member may make partial payments to the Association for Delinquent Payments (each, a "**Payment Plan**"). Each such Payment Plan shall be in accordance with terms of this Payment Arrangement Policy and the requirements of Civil Code § 5665 (the "**Code**"). Notwithstanding the foregoing, or any provision herein to the contrary, the Board of Directors of the Association, in its discretion, may elect not to allow a Payment Plan for any member of the Association who has failed to honor the terms of a previous payment plan with the Association during the two (2) years following the member's default under the previous Payment Plan.

Options

Options for Payment Plans are available as follows:

- (a) Members owing Delinquent Payments to the Association totaling \$600.00 or less may be permitted to pay all Delinquent Payments, assessments accrued during the payment plan period, and any "Payment Plan Administrative Charges" (as defined below) owed with a twenty percent (20%) down payment and remaining balance in equal monthly installments over a period of up to six (6) months.
- (b) Members owing Delinquent Payments to the Association totaling \$600.01 - \$1,200.00 may be permitted to pay all Delinquent Payments assessments accrued during the payment plan period, and any "Payment Plan Administrative Charges" (as defined below) owed with a twenty percent (20%) down payment and remaining balance in equal monthly installments over a period of up to twelve (12) months.

- (c) Members owing Delinquent Payments to the Association totaling over \$1,200.00 may be permitted to pay all Delinquent Payments assessments accrued during the payment plan period, and any "Payment Plan Administrative Charges" (as defined below) owed with a twenty five percent (25%) down payment and remaining balance in equal monthly installments over a period of up to eighteen (18) months.
- (d) Any request for Payment Plans not within the guidelines provided above must include an Affidavit of Hardship for consideration by the Board of Directors.

Payment Plan Administrative Charges

Under any Payment Plan, in addition to the Delinquent Payments due and payable thereunder, the Association shall also be entitled to recover all interest due and payable on the member's Delinquent Payments (which interest shall continue to accrue on all Delinquent Payments in accordance with applicable provisions of the Association's governing documents and/or the Davis Stirling Act), as well as the Association's reasonable costs associated with administering the Payment Plan as may be determined by the Board of Directors (collectively, the "**Payment Plan Administrative Charges**").

Payment Arrangement Agreement

Each Payment Plan shall be evidenced in writing by an agreement executed by both the member and an authorized representative of the Association. Such agreement shall specify the total amount of Delinquent Payments owed, the total amount of Payment Plan Administrative Charges, and the period of repayment under the Payment Plan.

Upon receipt of request for payment arrangements, the General Manager and/or Finance Manager shall prepare a Payment Arrangement Agreement and Payment Schedule. The calculation of payments shall include future assessments that will accrue during the Payment Arrangement Agreement period. Future assessments will be at the rate for the fiscal year in which it is being considered, and with an increase of twenty percent (20%) for any payments within the next fiscal year to ensure the account is current upon completion of the payment arrangement.

Payment Schedule

Each Payment due under any Payment Plan shall be due on or before the first (1st) day of each month, and shall be considered in default if not received by the fifteenth (15th) day of each month during the pendency of the Payment Plan.

Any payment made pursuant to a Payment Plan which is returned for insufficient funds, and any payment which is received after the due date thereof, shall constitute a material breach of the Payment Plan, in which event the Payment Plan shall terminate, and all unpaid amounts subject to the Payment Plan shall immediately become due and payable in full.

Payment Plan Requests & Consideration

Payment plans must be requested in writing. The General Manager and/or Finance Manager may approve Payment Plans as long as they are compliant with the Options listed above. Payment Plans will then be presented for ratification at the next regularly scheduled Executive Session meeting of the Board of Directors.

Should a Payment Plan request include a hardship, or request to meet with the Board of Directors, the request will be considered at the next regularly scheduled Executive Session meeting of the Board of Directors unless it falls more than 45 days after the date request is postmarked or received by the Association. If the next meeting is outside of the 45 days, the Board may designate a committee of one or more directors to meet with the owner.

Application of Payments

In accordance with the terms of Civil Code § 5655, a payment received by the Association from a member shall be applied to the member's debt in the following order of priority:

1. Any delinquent assessment;
2. Any current assessment;
3. Any attorney's fees or third-party collection costs incurred by the Association for any purpose relating to the property;
4. Any fines assessed by the Association; and
5. Any other amount owed to the Association, including late fees and Payment Plan Administrative Charges.

THIS RESOLUTION is adopted and made a part of the minutes of the Board Meeting held on May 22, 2025.



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Architectural and Environmental Control (AEC) Committee
Architectural Review Process & Submittal Requirements

Per California Civil Code section 4765, the following requirements for Association approval of physical changes to the exterior of your property are provided, as excerpts from both the Heritage Ranch Owners Association (HROA) Membership Handbook and Master CC&Rs.

- The CC&Rs for each Tract, supplemental to the Master CC&Rs, specify what exterior improvements and structures are allowed on each lot. All plans and specifications for any exterior improvement or structure that is to be erected on, or moved upon, or to any lot, and the proposed location thereof upon any lot, are subject to approval of the Association through the Architectural and Environmental Control (AEC) Committee.
- The general purpose of an AEC Committee is to ensure compliance with architectural standards established by the Association. In planned developments such as HROA, an AEC Committee is primarily concerned with exterior aesthetics such as (but not limited to): new home construction, grading and excavating, lot setback requirements, number of structures per lot, structure placement, structure height, structure design, exterior home remodels and additions, exterior paint colors and décor, roofing color and materials, in-ground spas and swimming pools, fencing, walls, brick work, fountains, sheds, carports, solar, landscaping and tree removal.
- The AEC Committee members are volunteers who are required to be members in good standing of HROA and are appointed by the Board of Directors. The AEC Committee is considered an Executive Committee for HROA.
- The AEC Committee is required to meet a minimum of twice a month. Currently, the AEC Committee meets on the 1st and 3rd Thursday or Friday morning of each month at 9:00 am. (Please see website & bulletin boards for changes.
- All AEC Committee meetings are open to the membership and generally conducted in accordance with Robert's Rules of Order.
- All submissions for AEC Committee review and resolution must be received by the HROA Member Services Office no later than 4:00 pm the Friday prior to the next scheduled meeting. Submissions can be personally delivered, sent via email to aec@hroa.us or office@hroa.us, or via fax at 805-238-3430.
- Plans submitted to the AEC Committee shall be in accordance with instructions provided for on the application form, and shall include a plot plan showing the location of the building, wall, fence or other improvement or structure proposed to be constructed, altered, placed or maintained, together with the proposed construction material, color schemes for roofs and exteriors thereof, proposed excavation, fill and tree removal, if any, and proposed landscape planning.
- The AEC Committee shall approve or disapprove any submitted plans within thirty (30) days of the receipt thereof or shall notify the member submitting them that an additional period of time, not to exceed fifteen (15) days, is required for such approval or disapproval.
- Plans may be approved that are compliant with Master and Tract CC&Rs, and Heritage Ranch Community Membership Handbook when both the Master and Tract CC&Rs are silent.
- Plans may be denied for revisions or modifications, or if they are submitted incompletely.
- The decisions of the AEC Committee shall be binding, provided, however, that any owner who desires to appeal the AEC Committee's decision may do so to the Board of Directors by filing a written request to the Association. The Board of Directors may then deny the owner's appeal or approve to reverse the AEC Committee's decision. The Board of Directors' resolution for each appeal shall be final.
- Projects not acted upon within the time limits provided herein shall be deemed approved as submitted. Actions may include, but are not limited to, approval, disapproval, postponement, or a request for more information or detail.



Email: office@hroa.us
Phone: (805) 238-9641
Fax: (805) 238-3430

2130 Heritage Loop Road
Paso Robles, CA 93446
Website: www.hroa.us

Heritage Ranch Owners Association Membership List Opt-In / Opt-Out Form

California Civil Code Section 5220 currently allows homeowners association members to request names and US Postal Service (USPS) mailing addresses of other members provided the association receives assurance of appropriate usage. With the passage of Senate Bill SB323 effective January 1, 2020 the statute now allows members to request member email addresses as well. Members may opt out of sharing this information so long as the Association provides an alternative process in accordance with California Corporations Code 8330.

IMPORTANT: HROA uses email to convey timely and cost-effective member communication. **We ask members not to unsubscribe from HROA email list.** We will not share your information with other members if you opt out. **You have the options to Opt-Out of sharing your E-mail (Option 1) and/or your mailing address (Option 2).**

To opt out of both please select BOTH options 1 and 2. This indicates we will not share your e-mail or your mailing addresses. **If you are ok with us sharing your information, please select Option 3.** Please complete the section below to ensure the Association responds to member information requests in accordance with your wishes.

Member Name	Member #	Lot/Tract
Mailing Address		
Email Address(es)		

☐ **Option 1**

I choose to be added to or to remain on the HROA email list and choose to **OPT OUT** of email address sharing with other members.**

☐ **Option 2**

I choose to **OPT OUT** of USPS property/mailing address sharing with other members.**

☐ **Option 3 (Only if neither Option 1 or Option 2 were chosen)**

I understand that if I take no action, I will remain on the HROA email list AND my email and USPS mailing address may be made available to other HROA members upon receipt of a written request which has been verified to be appropriate for Association use.

**I understand that I will continue to receive electronic communications from HROA, but my email address(es) will not be shared with other members. I also understand HROA is required to ensure compliance with California Corporations Code 8330 and must provide an alternative method which reasonably and in a timely manner accomplishes the purpose of the demand for this information.

Member Signature

Date

Please submit your response to
office@hroa.us or Heritage Ranch Owners Association
2130 Heritage Loop Road, Paso Robles, CA 93446

