



**ROSS MORGAN
& COMPANY, INC., AAMC®**

"An Accredited Association Management Company"

Sherman Oaks Calabasas Valencia Palmdale Simi Valley Ventura Santa Barbara

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Memorandum

To: All Homeowners
From: Board of Directors
Date: November 24, 2025
Subject: *Princessa Estates HOA
2026 Operating Budget*

Enclosed please find the Operating Budget and Annual Policy Statement for the fiscal year ending December 31, 2026, for your review. *We are pleased to inform you that there will be no dues increase; however, the Board of Directors reserves the right to revise the budget any time during the fiscal year with 30 days' notice.*

In addition, please find the following items enclosed for your review:

- Summary of Association's Reserves prepared pursuant to Civil Code Section 5550(B)(5)
- Statement as to whether the association has any outstanding loans with an original term of more than one year.
- Insurance Disclosure
- Notice of Authorized Person to Receive Communications (policy statement)
- Notice Regarding Secondary Address (policy statement)
- Location for Posting General Notices (policy statement)
- Notice of Member's Option to Receive General Notices by Individual Delivery (policy statement)
- Notice of Member's Right to Receive Copies of Meeting Minutes (policy statement)
- Notice regarding Assessments and Foreclosure (Policy Statement)
- Lien and Collection Policy for Delinquent Assessments (Policy Statement)
- Association Fine Policy (Policy Statement)
- Summary of Internal Dispute Resolution Process and Alternative Dispute Resolution (Policy Statement)
- Physical Changes to Property Disclosure (policy statement)
- Association Mailing Address for Overnight Deliveries (policy statement)
- Notice to Owners Regarding Opt Out (policy statement)
- Federal Housing Administration (FHA) and Veterans Affairs (VA) Disclosure
- Annual 4041 Request For Information



PRINCESSA ESTATES H.O.A.
Fiscal Year End - December 31
2026 Operating Budget

G/L #	DESCRIPTION	2026 MONTHLY	2026 ANNUAL
Income			
41010	ASSOCIATION DUES	129,600.00	1,555,200.00
43025	CABLE REVENUE	1,052.00	12,624.00
43100	LATE CHARGES	125.00	1,500.00
43130	COLLECTION COSTS RECOVERED	150.00	1,800.00
	Total Income	130,927.00	1,571,124.00
General & Administrative			
61010	ACCOUNTING & AUDIT	220.00	2,640.00
61045	BAD DEBT EXPENSE	500.00	6,000.00
61063	COLLECTION COSTS	150.00	1,800.00
61070	FEDERAL INCOME TAX	1.00	12.00
61080	FRANCHISE TAX	350.00	4,200.00
61120	INSURANCE - EARTHQUAKE	8,702.00	104,424.00
61130	INSURANCE - GENERAL	17,525.00	210,300.00
61150	LEGAL FEES	1,000.00	12,000.00
61170	LICENSES & TAXES	140.00	1,680.00
61180	MANAGEMENT FEES	3,100.00	37,200.00
61200	OFFICE EXPENSE	100.00	1,200.00
61270	RESERVE STUDY	240.00	2,880.00
61320	SECURITY SERVICES	902.00	10,824.00
61340	TELEPHONE / INTERCOM	400.00	4,800.00
	Total Gen. & Admin .	33,330.00	399,960.00
Repairs & Maintenance			
62055	BALCONY/ PREVENTIVE MAINTENANCE	6,743.00	80,916.00
62140	ELECTRICAL REPAIRS	1,000.00	12,000.00
62180	FIRE EQUIPMENT	130.00	1,560.00
62190	GARDENING	9,000.00	108,000.00
62200	GARDENING EXTRAS	3,367.00	40,404.00
62210	GENERAL REPAIRS	12,000.00	144,000.00
62270	JANITORIAL SERVICE	5,302.00	63,624.00
62280	JANITORIAL SUPPLIES	50.00	600.00
62320	MISCELLANEOUS SUPPLIES	220.00	2,640.00
62340	PEST CONTROL/ TERMITE	2,250.00	27,000.00
62350	PLUMBING REPAIRS	3,000.00	36,000.00
62360	POOL / SPA EXTRAS	650.00	7,800.00
62380	POOL / SPA SERVICE FEE	720.00	8,640.00
62390	ROOF REPAIRS	1,100.00	13,200.00
62420	STORAGE	7.00	84.00
62450	TREE TRIMMING	1,484.00	17,808.00
	Total Rep. & Maint.	47,023.00	564,276.00
Utilities			
63010	ELECTRICITY	3,570.00	42,840.00
63020	GAS	750.00	9,000.00
63030	TRASH REMOVAL	12,340.00	148,080.00
63040	WATER & SEWER	11,000.00	132,000.00
	Total Utilities	27,660.00	331,920.00
	TOTAL EXPENSES	108,013.00	1,296,156.00
	NET OPERATING INCOME	22,914.00	274,968.00
90010	RESERVE ALLOCATION	22,914.00	274,968.00
	NET INCOME	0.00	0.00

Assessment and Reserve Funding Disclosure Summary

Princessa Estates HOA, Canyon Country

For Fiscal Year Beginning: 1/1/2026

of units: 240

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Transfers:	\$22,913.23	\$95.47
Total Assessment Income:	\$129,600.00	\$540.00

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	Total Amount Per Unit*	Purpose
Total: \$0.00		Total: \$0.00	

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	Total Amount	Average Total Amount Per Unit*
2026	\$1,000,000.00	\$4,166.67

Total: \$1,000,000.00

Total: \$4,166.67

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:	1/1/2026
Fully Funded Balance (based on formula defined in 5570(b)4):	\$1,714,427
Projected Reserve Fund Balance:	\$197,525
Percent Funded:	11.5 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$6,320

From the 11/21/2025 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: Sean Kargari

Date: 11/21/2025

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.

Fiscal Year Start: 1/1/2026

Net After Tax Interest:

2.00 %

Avg 30-Yr Inflation:

3.00 %

Reserve Fund Strength (as-of Fiscal Year Start)				Projected Reserve Balance Changes				
Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2026	\$197,525	\$1,714,427	11.5 %	High	\$274,959	\$1,000,000	\$3,327	\$1,340,330
2027	\$135,481	\$740,938	18.3 %	High	\$329,951	\$0	\$2,661	\$337,243
2028	\$130,850	\$782,094	16.7 %	High	\$395,941	\$0	\$4,121	\$249,333
2029	\$281,578	\$926,020	30.4 %	Medium	\$406,631	\$0	\$6,925	\$283,606
2030	\$411,528	\$1,050,280	39.2 %	Medium	\$417,610	\$0	\$6,749	\$571,950
2031	\$263,937	\$892,932	29.6 %	High	\$428,886	\$0	\$3,979	\$562,497
2032	\$134,305	\$752,607	17.8 %	High	\$440,465	\$0	\$3,948	\$317,881
2033	\$260,837	\$872,395	29.9 %	High	\$452,358	\$0	\$6,759	\$304,283
2034	\$415,671	\$1,022,522	40.7 %	Medium	\$464,572	\$0	\$9,763	\$328,575
2035	\$561,431	\$1,165,252	48.2 %	Medium	\$477,115	\$0	\$12,958	\$315,977
2036	\$735,527	\$1,338,755	54.9 %	Medium	\$489,997	\$0	\$13,392	\$634,100
2037	\$604,816	\$1,203,716	50.2 %	Medium	\$503,227	\$0	\$13,776	\$347,830
2038	\$773,989	\$1,373,822	56.3 %	Medium	\$516,814	\$0	\$15,908	\$488,565
2039	\$818,146	\$1,418,841	57.7 %	Medium	\$530,768	\$0	\$18,441	\$339,848
2040	\$1,027,506	\$1,633,601	62.9 %	Medium	\$545,099	\$0	\$22,040	\$416,204
2041	\$1,178,442	\$1,791,824	65.8 %	Medium	\$559,817	\$0	\$21,755	\$761,106
2042	\$998,907	\$1,615,681	61.8 %	Medium	\$574,932	\$0	\$21,792	\$413,421
2043	\$1,182,210	\$1,808,992	65.4 %	Medium	\$590,455	\$0	\$25,704	\$407,972
2044	\$1,390,397	\$2,030,834	68.5 %	Medium	\$606,397	\$0	\$29,610	\$453,222
2045	\$1,573,182	\$2,230,357	70.5 %	Low	\$622,770	\$0	\$33,675	\$432,362
2046	\$1,797,265	\$2,475,514	72.6 %	Low	\$639,585	\$0	\$33,157	\$948,714
2047	\$1,521,293	\$2,214,891	68.7 %	Medium	\$656,853	\$0	\$31,934	\$535,225
2048	\$1,674,855	\$2,391,611	70.0 %	Low	\$674,588	\$0	\$36,036	\$453,580
2049	\$1,931,899	\$2,677,574	72.2 %	Low	\$692,802	\$0	\$40,272	\$566,182
2050	\$2,098,791	\$2,876,577	73.0 %	Low	\$711,508	\$0	\$41,439	\$803,015
2051	\$2,048,724	\$2,858,669	71.7 %	Low	\$730,719	\$0	\$26,481	\$2,204,235
2052	\$601,689	\$1,418,653	42.4 %	Medium	\$750,448	\$0	\$13,661	\$600,222
2053	\$765,575	\$1,609,907	47.6 %	Medium	\$770,710	\$0	\$17,641	\$553,856
2054	\$1,000,070	\$1,877,664	53.3 %	Medium	\$791,519	\$0	\$22,706	\$541,804
2055	\$1,272,492	\$2,189,566	58.1 %	Medium	\$812,890	\$0	\$27,805	\$602,762

**2026 BUDGET PACKET INFORMATION
LOAN DISCLOSURE STATEMENT**

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

PRINCESSA ESTATES HOA
CANYON PARK VILLAGE OWNERS ASSOCIATION
Insurance Disclosures

California Civil Code Section 5300(b)(9) requires that the Association send an insurance disclosure statement as part of the Annual Budget Report to each of its members within thirty (30) to ninety (90) days before the end of the Association's fiscal year. Accordingly, we are providing you the following information in compliance with the Civil Code.

A. GENERAL LIABILITY INSURANCE

1. The Association's general liability insurance carrier is Sierra Specialty Insurance Company.
2. The Association has the following general liability insurance for the period November 21, 2025 until November 21, 2026.
 - \$1,000,000 Maximum limit per occurrence.
 - \$2,000,000 of aggregate coverage
3. There is no deductible under this general liability policy.

B. PROPERTY INSURANCE

1. The Association's property insurance carrier is Sierra Specialty Insurance Company
2. The Association has the following property insurance for the period November 21, 2025 until November 21, 2026.
 - \$75,087,000 maximum building coverage.
3. The Primary deductible under this property insurance policy is \$25,000. per unit.

C. EARTHQUAKE INSURANCE

1. The Association does have earthquake insurance coverage.
2. The Association's earthquake insurance carrier is Star Stone Insurance Company
3. The Association has the following property insurance for the period November 21, 2025 to November 21, 2026.
 - \$30,000,000 Maximum building coverage.
4. The deductible under this earthquake insurance policy is 10% .

D. FLOOD INSURANCE

1. The Association does not have flood insurance coverage.

E. FIDELITY INSURANCE

1. The Association does have Fidelity Insurance.
2. The Association's fidelity insurance carrier is Hartford Fire Insurance.
3. The Association has the following property insurance for the period November 21, 2025 until November 21, 2026.
 - \$1,000,000 Maximum fidelity coverage
4. The deductible under this fidelity insurance policy is \$10,000.

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

The preceding is a presentation intended to highlight coverage and cannot serve as a substitute for actual insurance contracts, policies and/or endorsements. For further clarification of coverage, conditions and/or limitations, the actual policy contract must be consulted.

INSURANCE DISCLOSURE SUMMARY

The Association is providing you the following information concerning the Association's insurance coverage in compliance with the Civil Code 5300(b)(9):

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

**PRINCESSA ESTATES HOMEOWNERS ASSOCIATION
POLICY STATEMENT**

• **PERSON DESIGNATED TO RECEIVE OFFICIAL COMMUNICATIONS TO ASSOCIATION**

The name and address of the person designated to receive official communications to the Association is:

Stephanie Devitt
c/o Ross Morgan and Co. Inc.
23300 Cinema Dr. Suite 280
Valencia, CA 91354

• **NOTICE REGARDING SECONDARY ADDRESSES**

Members have the right to submit to the Association a secondary address for purposes of delivering annual reports, annual policy notices and collection notices. A member's request must be in writing and delivered to the person designated by the Association to receive official communications by first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service center, or (if checked):

(1) By email, facsimile, or other electronic means, if the association has assented to that method of delivery.

(2) By personal delivery, if the association has assented to that method of delivery. If the association accepts a document by personal delivery it shall provide a written receipt acknowledging delivery of the document.

Upon the Association's receipt of such notice, the Association will mail any annual reports, annual policy notices and collection notices to both the member's primary and secondary addresses.

• **LOCATION FOR POSTING OF GENERAL NOTICES**

The Association will post printed notices at the mailboxes and/or where notices are normally posted within the required time frames set by the California State Civil Code.

**PRINCESSA ESTATES HOMEOWNERS ASSOCIATION
POLICY STATEMENT**

• **NOTICE OF MEMBER’S OPTION TO RECEIVE GENERAL NOTICES BY INDIVIDUAL DELIVERY**

Pursuant to Civil Code Section 4045(b), a member has the right to request to receive general notices by individual delivery. The term “individual delivery” means delivery by one of the following methods:

(a) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the recipient at the address last shown on the books of the Association.

(b) E-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.

• **NOTICE OF MEMBER’S RIGHT TO RECEIVE COPIES OF MEETING MINUTES**

Please be advised that California Civil Code Section 4950(b) requires that the Association notify all members of their right to have copies of the minutes of meetings of the Association's board of directors. The minutes, minutes proposed for adoption that are marked to indicate draft status or a summary of the minutes, of any meeting of the board of directors of the Association, other than executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary of minutes shall be distributed to any member of the Association upon request and upon reimbursement of the Association's costs for making that distribution. To obtain a copy of the minutes, proposed minutes or summary of minutes, please contact your property manager.

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or non-judicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

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

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

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

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

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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

LIEN AND COLLECTION POLICY **FOR DELINQUENT ASSESSMENTS**

This policy is written to provide you with a statement in accordance with California Civil Code Section 5310(a)(6) & (7). The policies and practices of the Association with regard to the collection of delinquent assessments are as follows:

1. Assessments are due on the *first day* of the month. All other assessments, including Special Assessments, are due and payable on the date specified by the Board at the time they are adopted.
2. In the event an assessment is not received within fifteen (15) days after it is due, the management company will send a statement to the unit owner reflecting a delinquent balance.
3. If payment has not been received within forty-five (45) days of the original due date, a notice will be sent to the owner by certified mail, demanding full and immediate payment. The fee for this service is \$200
4. If payment has not been received within forty-five (45) days in accordance with the notice referenced in item 3, above, a lien will be recorded against the unit. The Lien will be mailed (by certified mail) to the unit owner within ten (10) days after it is recorded. The fee for this service is \$400.
5. In the event full payment is not received within thirty (30) days after the lien is recorded, judicial or non-judicial foreclosure proceedings may be commenced at the discretion of the Board of Directors. The foreclosure will continue until the owner pays all delinquent maintenance assessments, special assessments, late charges and/or interest in the maximum amount permitted by law, lien fees, attorney's fees, attorneys' costs, and any other charges and reasonable costs of collection against the property.
6. Notwithstanding the above, the Board of Directors, in its sole discretion, may decide to proceed to collect delinquent assessment with the assistance of a collection company in lieu of, or in addition to, proceeding by way of judicial or non-judicial foreclosure.
7. All returned payments will be subject to a \$30 returned check fee to be added to the account.

PRINCESSA ESTATES HOMEOWNERS ASSOCIATION

ENFORCEMENT PROCEDURES AND FINE SCHEDULE

Pursuant to Civil Code Section 4360(d), the Board hereby amends its Rules and Regulations, “Enforcement Procedures,” so as to delete section 7.0 sub sections 7.1 - 7.2 therein, and its operative Fine Policy adopted in February, 2025. The following Enforcement Procedures and Fine Schedule are adopted in their stead.

Each violation of the Governing Documents is an infringement of the rights of all other Owners. The goal of the following enforcement policy is to deter violations but in a reasonable and even-handed manner that takes into consideration the nature and severity of the infraction

1. Warning. The Board may issue a warning for a first or otherwise minor violation. Even in the case of a first offense, however, based on the nature and severity of the violation, the Board may still convene a hearing and impose such sanctions, including fines and suspensions, as are permitted below or under California law.

2. Continuing Violations. For continuing violations, the Board may not impose a fine until the Owner has been notified in writing of the violation, told how to abate the violation, and afforded at least ten (10) days to do so. This notice of right to cure may be combined with a Notice of Hearing, in which case, except as described below, the hearing will be cancelled if the violation is cured by the date of the hearing.

3. Fines. Following the notice described in Section 2 above, and after a hearing held pursuant to, and in accordance with, Civil Code Section 5855, the Board may impose a monetary fine for any violation of the Governing Documents by (i) an Owner, (ii) his or her tenants, (iii) the other occupants of the Unit, and (iii) all visitors to the Unit. Except as described below in paragraph 4, each fine shall be in an amount not to exceed \$100 on a per day, per week, or per month basis as the Board deems necessary to compel compliance. A fine shall not be imposed if:

- (a) The Member cured the violation prior to the hearing. A Member engaged in habitual, repeated or continuing violation is not deemed to have cured the violation simply because it is not occurring at the time of the hearing.
- (b) If it is not feasible to complete a cure prior to the hearing but the Member provides financial commitment to cure the violation and thereafter does so within a reasonable period.
- (c) Once the Board issues its Notice of Decision, the Member shall have ten (10) days to make a request in writing to the Board to engage in Internal Dispute Resolution (“IDR”) before the fine is payable. The Notice of Decision shall inform the Owner of this ten (10) day right; and
- (d) If, once the Notice of Decision is issued, the Board and the Member agree on the Board’s decision, the Board shall draft a written resolution memorializing the agreement. The written resolution, signed by the Board and the Member, binds the Association and is judicially enforceable unless it conflicts with the Governing Documents or California law.

4. Violations Affecting Health and Safety. Notwithstanding paragraph 3, the Board may impose a fine that is greater than one hundred dollars (\$100) per violation, if the violation may result in an adverse health or safety impact on the Common Area or another Member 's property. Examples of such violations include, but are not limited to: (i) failure to maintain and repair the Owner's Lot, or structures thereon, in good, safe and sanitary condition, including but not limited to: (a) permitting landscape to grow in a manner so as to permit rodents to gather; (b) failure to eradicate pests and rodents; (c) failure to maintain water areas so as to prohibit or mitigate mosquitoes; (d) failure to abate, or permitting, criminal activity; and (e) installing and/or maintaining dangerous conditions, including but not limited to barbed wire, sharpened glass, or climbing spikes; (ii) smoking violations; (iii) alterations or improvements that required a permit but no permit was obtained, or the work was done by an unlicensed or uninsured contractor; (iv) speeding or otherwise unsafe driving or parking; (v) blocking fire hydrants; (vi) blocking electronic vehicle ingress or egress gates; (vii) failure to adhere to regulations pertaining to the storage and disposal of trash and refuse; (viii) bullying, harassing, intimidating, or threatening or committing an act of violence; (ix) any threatened or actual harm to persons, property, or other animals caused by a dog or other pet; (x) failure to immediately dispose of any refuse from an animal in the Common Area; and (xi) failure to adhere to the minimum thirty (30) day lease term contained in the CC&Rs.

For these, and any other violations that may result in an adverse health and safety impact, the fine may be up to \$1,000 depending on the nature and severity of the act as determined by the Board.

5. Separate Violations. For continuing violations, for each day that passes while the violation still exists and has not been cured, it may be treated as a new and separate violation justifying an additional fine of up to \$100, which may be imposed on a per day, per week, or per month basis, as the Board deems necessary to compel compliance.

6. Suspension of Privileges. After a hearing pursuant to, and in accordance with, Civil Code Section 5855, the Board may suspend any membership rights and privileges of an Owner who is found to have violated the Governing Documents that the association is legally permitted to suspend under California law. Such rights and privileges shall remain suspended for the longer of thirty (30) days or until any fine imposed has been paid in full (including late charges and interest, if any).

7. Legal Expense. The Association may retain an attorney to obtain compliance with the Governing Documents. If an attorney is retained, regardless of whether litigation is or is not commenced, the Owner will, as a special reimbursement assessment, be responsible for all attorney fees and costs incurred in connection with the attorney's attempts to obtain compliance by the Owner.

8. Alternative and Internal Dispute Resolution. All disputes between Owners and the Association shall be subject to the internal dispute resolution requirements in Section 5915 of the Civil Code, if invoked. Before any litigation is commenced the parties shall also comply with the alternative dispute resolution requirements in Section 5930, *et seq.* of the Civil Code, if applicable.

SUMMARY OF ASSOCIATION'S DISPUTE RESOLUTION PROCEDURES

INTERNAL DISPUTE RESOLUTION

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

Either party to a Dispute may invoke the following procedure:

- (1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
- (2) An owner may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
- (3) The Association's board of directors shall designate a member of the board to meet and confer.
- (4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The member and association may be assisted by an attorney or another person in explaining their positions at their own cost.
- (5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.
- (6) The agreement reached binds the parties and is judicially enforceable if both of the following conditions are satisfied: (a) The agreement is not in conflict with law or the governing documents of the common interest development or association; and (b) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

Please note that a member of the Association may not be charged a fee to participate in the process.

ALTERNATIVE DISPUTE RESOLUTION ("ADR")

Civil Code Section 5925 et seq. requires that the Association and owners endeavor to submit certain types of disputes to ADR prior to initiating a lawsuit. This notice merely provides a summary of the statute. If there is a dispute which may require ADR pursuant to Civil Code Section 5925 et seq., please review all of the provisions of the statute or seek your own independent legal counsel.

Parties Bound By The Statute. The parties required to comply with the statute are the Association (through the board of directors) and any owners of record.

Disputes Subject To The Statute (Qualifying Disputes. Civil Code Section 5939 provides that the Association or owners may not file an enforcement action in the Superior Court unless the parties have endeavored to submit their dispute to ADR. An “enforcement action” is defined as a civil action or other proceeding for any of the following purposes: (1) enforcement of the Davis-Sterling Common Interest Development Act (Civil Code Section 4000 et seq.); (2) enforcement of the California Nonprofit Mutual Benefit Corporation law, commencing with Corporations Code Section 7110 or (3) enforcement of the Association’s governing documents. Where, however, an owner has a private dispute with another owner or a tenant, or the Board has a dispute with a third party such as a landscaper, such a dispute is not within the confines of the statute.

Disputes Specifically Excluded From The Statute. The ADR statute applies only to an enforcement action that is solely for declaratory, injunctive or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits of Small Claims Court. The following types of disputes are specifically excluded from being required to resort to ADR: (1) a Small Claims action; (2) assessment collection, except as otherwise provided by law; (3) claims by the Association for money damages in excess of the jurisdictional limits of Small Claims Court in conjunction with a claim for declaratory, injunctive or writ relief; (4) claims by an owner for money damages in excess of the jurisdictional limits of Small Claims Court in conjunction with a claim for declaratory, injunctive or writ relief; (5) actions for preliminary or temporary injunctive relief; and (6) the filing of a cross-complaint in response to a complaint already filed.

Compliance Procedures.

A. INITIATING PARTY. The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party a "Request for Resolution" including the following information and language: (1) a brief description of the dispute; (2) a request that the matter be submitted to ADR; (3) a notice that the party receiving the Request for Resolution (the “Responding Party”) is required to respond thereto within 30 days of receipt or it will be deemed rejected; (4) if the party on whom the Request is served is an owner, a copy of Civil Code Section 5925 et seq.

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

C. RESPONDING PARTY’S OBLIGATION. Upon receipt of a Request for Resolution the Responding Party, whether the Association or an owner, has 30 days in which to either accept or reject the Request. In the event no such response is received, the Request is deemed "rejected."

D. TIME FOR COMPLETION OF ADR. Where the Request is accepted, the parties must complete the ADR within 90 days of receipt of the acceptance. However, the parties can stipulate in writing to extend this period.

E. COST OF ADR. The cost of ADR shall be borne by the parties.

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

G. CERTIFICATE. In the event that a lawsuit is eventually commenced, the party filing must file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (1) alternative dispute resolution has been completed in compliance with Section 5925 et seq.; (2) one of the parties to the dispute did not accept the terms offered for alternative dispute resolution; or, (3) preliminary or injunctive relief is necessary.

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

Failure of a member of the association to comply with the alternative dispute resolution requirements of Civil Code 5925 et seq. 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.

**DISCLOSURE REGARDING APPROVAL NEEDED
TO MAKE PHYSICAL CHANGES TO PROPERTY**

According to the Association's governing documents, all changes to the common area and/or to the exterior of any unit/lot by an owner require the prior written approval of the Association's Board of Directors (and in some cases a certain percentage of the owners must approve such a change).

Owners must submit a written application identifying the proposed change(s) to the Board. The Board in its sole discretion will approve or disapprove of the owner's application, in writing, within 30 days subject to appropriate conditions required by the Board, pursuant to the Association's governing documents.

MAILING ADDRESS FOR OVERNIGHT PAYMENT OF ASSESSMENTS

The mailing address for overnight payment of assessments is:

Princessa Estates Homeowners Association
C/O Ross Morgan & Company, Inc
15315 Magnolia Blvd, Suite 212
Sherman Oaks, CA 91403

• **NOTICE TO MEMBERS REGARDING ABILITY TO OPT-OUT OF HAVING NAME ON MEMBERSHIP LIST**

A member may request that the Association provide him or her with a copy of the membership list, including the names, property address, mailing address and email address of each member. The member's request must be in writing and must set forth the purpose for which the list is requested, which purpose must be reasonably related to the requester's interests as a member of the Association. The Association will be obligated to provide the member with a copy of such membership list unless it reasonably believes that the member will use the information for another purpose.

Pursuant to Civil Code Section 5220, a member can "opt out" of having his or her name and address(es) included on a membership list which must be distributed to members upon request. If you would like to "opt out" of having your name and addresses included on a membership list which may be distributed to another member upon request, please complete the following form and return it to the Association. Please note that your "opt-out" will remain in effect until further notice from you.

Notice to Association

To Whom It May Concern,

Please remove my name and address(es) from the membership list in accordance with Civil Code Section 5220 until further written notice from me.

Date: _____

Print Name: _____

Signature: _____

Unit Address: _____

DISCLOSURE REGARDING FEDERAL HOUSING ADMINISTRATION (FHA) APPROVED CONDOMINIUM PROJECT

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

As verified at <https://entp.hud.gov/idapp/html/condlook.cfm>

DISCLOSURE REGARDING AND VETERANS AFFAIRS (VA) APPROVED CONDOMINIUM PROJECT

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

As verified at <https://lgy.va.gov/lgyhub/condo-report>

PRINCESSA ESTATES HOMEOWNERS ASSOCIATION
November 24, 2025

Dear Owner:

Pursuant to Civil Code Section 4041, as an owner, you must annually provide the Association written notice of all of the following:

(1) Your preferred delivery method for receiving notices from the Association, which shall include the option of receiving notices at one or both of the following:

- (A) A mailing address.
- (B) A valid email address.

(2) An alternate or secondary delivery method for receiving notices from the Association, which shall include the option to receive notices at one or both of the following:

- (A) A mailing address.
- (B) A valid email address.

(3) The name, mailing address, and, if available, valid email address of your legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of your extended absence from the separate interest.

(4) Whether the separate interest is owner-occupied, is rented out, if the parcel is developed but vacant, or if the parcel is undeveloped land.

We ask that you complete the attached sheet and return it to the Association as soon as possible, but no later than 30 days from the date of this letter.

In connection with the foregoing, please be advised of the following:

A. You do not have to provide an email address to the Association.

B. If you wish to change your preferred delivery method for receiving notices from the Association, please email or send written notice to Stephanie Devitt at Stephaniet@rossmorganco.com or to Ross Morgan & Co., Inc., 15315 Magnolia Blvd, Suite #212, Sherman Oaks, California, 91403.

C. If you fail to provide the notices set forth in paragraphs (1) and (2), above, within 30 days, the last address provided in writing by you, or, if none, the property address shall be deemed to be the address to which notices are to be delivered.

Thank you for your timely cooperation.

Board of Directors

PRINCESSA ESTATES HOMEOWNERS ASSOCIATION

Notice to Association Pursuant to Civil Code Section 4041

Date: _____

Print Name: _____

Lot/Unit Address: _____

(1) Your preferred delivery method for receiving notices from the Association, which shall include the option of receiving notices at one or both of the following:

(A) A mailing address: _____.

(B) A valid email address: _____

(2) An alternate or secondary delivery method for receiving notices from the Association, which shall include the option to receive notices at one or both of the following:

(A) A mailing address: _____.

(B) A valid email address: _____

(3) The name, mailing address, and, if available, valid email address of your legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of your extended absence from the Lot/Unit:

_____.

(4) Is your Lot/Unit currently owner-occupied, rented out, vacant/not rented or undeveloped land?:

_____.