



Lien Policy

The following excerpts are taken from the CC&Rs and constitute Oceana East 1 HOA's Lien Policy.

of funds in certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board, and such officers or agents of the Association as the Board shall designate, shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 1365.5.

4.11.2 Separate Accounts. Commingling of Funds. To preclude a multiplicity of bank accounts, all funds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the amount required to accomplish the purpose for which such assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded or credited proportionately on account of the Owners' future Regular Assessment obligations.

(i) For purposes of accounting, but without requiring any physical segregation of assets, the Association shall maintain a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided that receipts and disbursements of Special Assessments made pursuant to section 4.7.1(i) shall be accounted for together with the receipts and disbursements of Regular Assessments; and separate liability accounts shall be maintained for each capital improvement for which reserve funds for replacement are allocated.

(ii) Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

Section 4.12 Collection of Assessments; Enforcement of Liens.

4.12.1 Delinquent Assessments. If any installment payment of a Regular Assessment or any lump sum or installment payment of any Special Assessment or Special Individual Assessment is not paid within 15 days after the same becomes due, such payment shall be delinquent and the amount thereof shall bear interest from the due date, beginning 30 days after the due date, until the same is paid, at the rate of twelve percent (12%) per annum or the maximum rate allowed by law, whichever is less. In addition to the accrual of interest, there shall be due as to any delinquent lump sum or installment payment of a Regular or Special Assessment a late charges in the amount of ten percent

(10%) of the delinquent sum, or such lesser amount as the Board may determine, to compensate the association for the administrative costs of dealing with the delinquent account.

4.12.2 Creation and Imposition of a Lien for Delinquent Assessments. As more particularly provided in California Civil Code section 1367 or comparable superseding statute, the amount of any delinquent Regular, Special, or Special Individual Assessment, together with any late charges, interest and costs (including attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed when the Association causes to be recorded in the Office of the County Recorder of San Diego County, a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth the information required by California Civil Code section 1366.

4.12.3 Procedure Prior to Recording Lien. Before the Association may record such a lien, the Association shall notify the Owner in writing by certified mail of the fee and penalty procedures of the Association and provide an itemized statement of the charges owed by the Owner and such other information as may be required by statute. The recorded lien shall be mailed to the Owner as provided in California Civil Code section 1367.

4.12.4 Release Upon Payment. Upon payment in full of the sums specified in the Notice of Delinquent Assessment and such additional sums as may have become due and payable (even though not delinquent) after such recording, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof upon payment of a reasonable fee therefore.

4.12.5 Remedies Available to the Association to Collect Assessments. The Association may initiate a legal action against the Owner personally obligated to pay the delinquent assessment, foreclose its lien against the Owner's Lot, accept a deed in lieu of foreclosure or pursue any other remedy authorized by law. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code section 2934a. Any sale of a Lot by a trustee acting pursuant to this section shall be conducted in accordance with California Civil Code sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages or deeds of trust.

4.12.6 Nonjudicial Foreclosure. Nonjudicial foreclosure shall be commenced by the Association in accordance with the provisions of California Civil Code section 1367 and such other provisions of California law as may be applicable. The Association shall have the rights conferred by California Civil Code section 2934a to assign its rights and obligations as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for purposes of said section 2934a, the Association shall be deemed to be the sole beneficiary of the delinquent Assessment obligation.

Section 4.13 Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Declaration, the benefit of any homestead or exemption law of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed against the Owner's Lot.

Section 4.14 Subordination of the Lien to First Mortgages. The lien of assessment herein shall be subordinate to the lien of any bona fide first Mortgage upon any Lot given for value, and the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first Mortgage or other purchaser of a Lot obtains title to the same as a result of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer, except for a share of such charges or assessments resulting from a reallocation of such charges or assessments which are made against all Lots.

Section 4.15 Estoppel Certificate. The Association shall furnish upon demand by any Owner or mortgagee, a certificate signed by an officer or designated agent of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

ARTICLE 5

ARCHITECTURAL CONTROL

Section 5.1 Membership of Architectural Committee. The Board shall appoint an Architectural Committee ("Committee") composed of not less than three persons, each of whom:

- (i) Shall be a Member of the Association or a full-time resident of Oceana East Unit No. 1 who is residing with a Member who is also a full-time resident of Oceana East Unit No. 1;
- (ii) Shall not concurrently be a member of the Board;
- (iii) Shall serve for a term of one year, but may be removed at any time by a majority vote of the Board.

Section 5.2 Authority of Architectural Committee. The Board may delegate to the Architectural Committee such authority under this article 5 as the Board, in its discretion, deems appropriate. In the event of the death or resignation of any member of such Committee, a successor shall be appointed by the Board. The members of the Committee shall not be entitled to any compensation for services performed pursuant hereto. The Board shall specify the jurisdiction and duties of the Committee. The Board shall have the authority to appoint an other committee or committees, such as a Landscape Committee, to have jurisdiction over certain matters that would otherwise be within the jurisdiction of the Architectural Committee. If the Board does not appoint such Committee, then the Board shall act as such Committee and all references herein to such Committee shall be deemed to refer to the Board.

Section 5.3 Requirement for Architectural Approval. No construction, installation, alteration, or remodeling of any building, wall, deck, fence, swimming pool, tree, hedge or other plants that may grow to more than three feet in height, landscape structure, skylight, air conditioning equipment, solar heating equipment, water softening equipment, spa, antenna, utility lines, or any exterior permanent or temporary structure or equipment of any kind, shall be commenced or erected, nor shall any exterior