



# Crown Villas Owners Association

December 1, 2021

RE: Proposed Rule Change – Annual Rental Fee & Community Enhancement Fee Policy

Dear Crown Villas Community Association Homeowner:

Enclosed, please find the proposed Community Enhancement Fee Policy and the proposed Annual Rental Fee Policy for your community. In accordance with California Civil Code 4360, the Association must distribute proposed rule changes, stating the purpose and effect, to the membership at least twenty-eight days before making the change or adopting a new rule.

The purpose of the rule change is to amend the community rules and regulations regarding account transfers and rental/tenant agreements to better fit the needs of the community.

Please find the proposed rule changes in the attached documents. The items to be added will be underlined.

The Board will vote on the above policy changes at the next regularly scheduled board meeting following the 28-day member comment period. Upon formal approval of the policy, the final policy will be posted on the community website.

Should you have any questions, please do not hesitate to contact the undersigned by e-mail at [fadams@keystonepacific.com](mailto:fadams@keystonepacific.com).

Sincerely,

At the Direction of the Board of Directors,  
Crown Villas Condominium Community Association

*Fawne Adams*

Fawne Adams  
Community Association Manager

**CROWN VILLAS OWNERS' ASSOCIATION**  
A California Non-Profit Mutual Benefit Corporation  
(the "Association")

**ANNUAL RENTAL FEE POLICY**

This Annual Rental Fee Policy (this "Policy") is being implemented to offset some of the expenses and costs incurred by the Association as a result of the units that are rented in the community. The Board of Directors has analyzed its financial records and determined that the imposition of an annual rental fee ("Annual Rental Fee") is warranted and reasonable in light of such costs and expenses incurred by the Association during each fiscal year. The Association also concludes that these types of fees are charged by other associations in California and that such fees are consistent with applicable law.

**1. Annual Rental Fee Amount.** Based on the current financial documents, all Owners that wish to rent or lease their Units are subject to an Annual Rental Fee in the amount of \$360.00 that will be charged on January 1 of each successive year that an Owner is renting or leasing the Owner's Unit.

**2. Written Permission.** All Owners that wish to lease or rent their Units or that are currently renting or leasing their Units must obtain written permission to do so by submitting a copy of the lease agreement to the Association. Owners must be current with their HOA assessment account in order to be granted permission to rent or lease. The Association will provide a response to the Owner within 30 days, and upon approval, the Owner will be charged prorata for each of the remaining months left in the calendar year. For example, if approval is granted to an Owner on September 14, the Owner will be charged for four (4) months or \$120 and then charged the \$360 annual fee on January 1 the following year.

**3. Nonpayment.** The Annual Rental Fee must be paid in order for the Owner to begin or continue leasing or renting the Owner's Unit. Nonpayment may result in the Owner not being permitted to lease or rent the Unit, and the Association may pursue enforcement for the violation.

**4. Enforcement.**

a. Small Claims Court. Any Dispute which is within the jurisdiction of a small claims court shall be resolved by a small claims court proceeding. Either party may submit the Dispute to such court by filing the required pleadings.

b. Attorney Fees. The prevailing party in any Dispute shall be entitled to recover its attorney fees and court costs from the other party.

c. Suspension of Privileges. If the Owner violates this Policy, until the Dispute is resolved, the Association may, impose sanctions against the Owner, including without limitation suspension of the Owner's right to use common area amenities and imposition of fines.

**5. Judicial Reference.** Any Dispute which is beyond the jurisdiction of a small claims court shall be submitted to general judicial reference pursuant to California Code of Civil Procedure Sections 638(1) and 641 through 645 or any successor statutes thereto. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. The dispute resolution procedure in this Section is implemented in accordance with the intent and philosophy of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section is to be interpreted and enforced as if it were a proceeding authorized by the Federal Arbitration Act. Parties interpreting this Section shall follow the federal and state court rulings which provide that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding California's substantive or procedural policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, and (3) requires that the scope of arbitrable issues be resolved in favor of arbitration. Specifically, this Section is to be interpreted in accordance with *Allied-Bruce Terminix Companies, Inc. v. Dobson*, 115 S.Ct. 834 (1995). References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under federal law. The general referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision to the court. The Parties shall use the procedures adopted by Judicial Arbitration and Mediation Services ("JAMS") for judicial reference (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties), provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise:

- (a) The proceedings shall be heard in Riverside County, California;
- (b) The referee must be a retired judge or a licensed attorney with substantial experience in relevant real estate matters;
- (c) Any dispute regarding the selection of the referee shall be resolved by JAMS or the entity providing the reference services, or, if no entity is involved, by the court with appropriate jurisdiction;
- (d) The referee may require one or more pre-hearing conferences;
- (e) The parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge;
- (f) A stenographic record of the trial shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals;
- (g) The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable; and
- (h) The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

(i) The statement of decision of the referee upon all of the issues considered by the referee is binding upon the parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This provision shall in no way be construed to limit any valid cause of action which may be brought by any of the parties.

**CROWN VILLAS OWNERS' ASSOCIATION**  
A California Non-Profit Mutual Benefit Corporation  
(the "Association")

**COMMUNITY ENHANCEMENT FEE POLICY**

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This Community Enhancement Fee Policy (this "Policy") is being implemented for the purpose of enhancing the attractiveness and desirability of the Property, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of condominiums within the Property.

**1. Definitions.** When the following words and phrases are used in this Policy, they will have the meanings given in this Section and be subject to the limits described in this Section.

1.1. Community Enhancement Fee. The fee to be paid to The Club in connection with each Transfer. The Community Enhancement Fee shall be equal to ***one half percent (0.5%)*** of the Purchase Price in each transaction resulting in a Transfer.

1.2. Condominium. An estate in real property as defined in the California Civil Code and defined in the Condominium Plan for the Association.

1.3. Covered Property. The Property and all other real property within Crown Villas development.

1.4. Owner. The Person or Persons holding fee simple interest of record to any Condominium. The term "Owner" includes a seller under an executory contract of sale.

1.5. Person. A natural individual or any entity with the legal right to hold title to real property.

1.6. Purchase Price. The total purchase price or other consideration given by the transferee to the transferor in a transaction resulting in a Transfer, including any portion of the purchase price represented by a loan or loans, exchange property, or other forms of non-cash consideration, but excluding any third-party cost or charge incurred by the transferor or the transferee in connection with the transaction.

1.6. Recorded. The recordation, filing or entry of a document in the Official Records.

1.7. Transfer. The sale or exchange of a Condominium by an Owner to a transferee. None of the following transactions shall constitute a "Transfer" pursuant to this Policy:

(a) The transfer of an interest in a Condominium to secure the performance of an obligation, such as a Mortgage or a lien, which will be reconveyed upon the completion of such performance.

(b) A transfer resulting from a foreclosure (by judicial foreclosure or trustee's sale) by the Beneficiary of a First Mortgage or a transfer in lieu thereof.

(c) A transfer of a Condominium by a transferor or the transferor's spouse into a revocable intervivos trust which is an exempt transfer under California Revenue and Taxation Code Section 62(d).

(d) Any interspousal transfer (as defined in California Revenue and Taxation Code Section 63) or transfer between parents and any of their children (as defined in California Revenue and Taxation Code Section 63.1).

(e) Any other transfer that may be deemed exempt by the Board.

## **2. Community Enhancement Fee.**

2.1. When Due and Paid. A Community Enhancement Fee in the amount determined as provided in Section 1.1 shall be paid to the Association each time a Condominium is Transferred (subject to the exchange transfer limit specified herein), on or before the closing or effective date of the Transfer.

2.2. Exchange Transfer. If a particular transaction involves more than one Transfer solely because the Condominium is held for an interim period (not to exceed 24 hours) by an accommodation party as a part of a tax-deferred exchange under the Internal Revenue Code, and provided there is no increase in consideration given, then for the purposes of this Policy, only one Transfer shall be deemed to have occurred and only one Community Enhancement Fee must be paid in connection therewith.

2.3. Escrow Demand. The Association is authorized to place a demand for payment of the Community Enhancement Fee in the escrow (if any) for each Transfer. The demand shall state (a) either the amount of the Community Enhancement Fee that is due or the formula for calculating the amount of the Community Enhancement Fee that is due, and (b) that the Community Enhancement Fee is due on or before close of the escrow.

2.4. Fee Payor. The obligation to pay the Community Enhancement Fee in each Transfer is a joint and several obligation of the transferor and the transferee in each transaction and not an obligation of any other Owner of a Condominium subject to this Policy. The transferor and transferee in each transaction may, as a matter between themselves, allocate the obligation to pay in any manner they so choose. If the transferor and transferee fail to pay the Community Enhancement Fee, the Association may take all actions authorized under law and this Policy to collect the Community Enhancement Fee from the transferor and transferee.

**3. Binding Effect.** The Association declares that the Property will be held, leased, transferred, encumbered, used, occupied and improved subject to the reservations, rights, covenants, conditions and equitable servitudes contained in this Policy, all of which are for the purpose of enhancing the attractiveness and desirability of the Property, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Property.

#### **4. Mortgages.**

4.1. Rights of Beneficiaries. Nothing in this Agreement nor any amendment to or breach of this Policy defeats or renders invalid, the rights of the Beneficiary under any Recorded Mortgage encumbering any Condominium made in good faith and for value, provided that after the foreclosure or a transfer in lieu of foreclosure of any such Mortgage, such Condominium will remain subject to this Policy.

4.2. Subordination to First Mortgages. Subject to Section 4, the rights and obligations of the parties hereunder concerning any Condominium shall be subject and subordinate to the lien of any Recorded First Mortgage encumbering that Condominium.

4.3. Effect of Foreclosure. No foreclosure of a Mortgage on a Condominium or a transfer in lieu of foreclosure shall impair or otherwise affect the Association's right to pursue payment of any Community Enhancement Fee due in connection with the Transfer of that Condominium from the transferor or a transferee obligated to pay it.

#### **5. Enforcement.**

5.1. Small Claims Court. Any Dispute which is within the jurisdiction of a small claims court shall be resolved by a small claims court proceeding. Either party may submit the Dispute to such court.

5.2. Attorney Fees. The prevailing party in any Dispute shall be entitled to recover its attorney fees and court costs from the other party.

5.3. Suspension of Privileges. Until a Dispute is resolved, the Association may, by written notice to the Owner who is the other party in the Dispute, exclude the Owner from use of common area amenities as well as all activities and events the Association sponsors.

#### **6. Miscellaneous.**

6.1. Interpretation. The invalidity of any provision shall not affect the validity of any other provision. Except for the definitions in Section 1 where the heading in each subsection is the word being defined, section headings are for convenience only and may not be used in interpretations.

6.2. Time. Time is of the essence of all provisions hereof where time is an issue.

6.3. Waiver. No right or remedy will be waived unless the waiver is in writing and signed by the party claimed to have made the waiver. One waiver will not be interpreted as a continuing waiver.

6.4. Judicial Reference. Any Dispute which is beyond the jurisdiction of a small claims court shall be submitted to general judicial reference pursuant to California Code of Civil Procedure Sections 638(1) and 641 through 645 or any successor statutes thereto. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. The dispute resolution procedure in this Section is implemented in accordance with the intent and philosophy of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section is to be interpreted and enforced as if it were a proceeding authorized by the Federal Arbitration Act. Parties interpreting this Section shall follow the federal and state court rulings which provide that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding California's substantive or procedural policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, and (3) requires that the scope of arbitrable issues be resolved in favor of arbitration. Specifically, this Section is to be interpreted in accordance with *Allied-Bruce Terminix Companies, Inc. v. Dobson*, 115 S.Ct. 834 (1995). References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under federal law. The general referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision to the court. The Parties shall use the procedures adopted by Judicial Arbitration and Mediation Services ("JAMS") for judicial reference (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties), provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise:

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- (f) A stenographic record of the trial shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals;
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The statement of decision of the referee upon all of the issues considered by the referee is binding upon the parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This provision shall in no way be construed to limit any valid cause of action which may be brought by any of the parties.