

SUNSET PLACE HOA STATEMENT OF PURPOSE

November 28, 2006

Since the homeowners assumed control of the Association from the developer in the late 1980's, the guiding principal of the Board of Directors has been to enhance the individual property values of our Membership by the prudent governance of Association Rules & Regulations with regard to: the maintenance and physical enhancement of the slope areas, common area, and the pedestrian trail under Association care; the architectural changes requested by the Membership; the landscaping & maintenance of individual lots within the Association; and the conduct of our Membership.

The specific purpose of the Board of Directors, in the order of relative importance, has and will continue to be:

First, to maintain the books & records of the Association, provide prudent management and oversight of the financial affairs of the Association, hold regular open meetings with full disclosure of Association finances and affairs as required by State Law; *Second*, to maintain and enhance the physical beauty & landscaping of the common areas, slope areas, and pedestrian trail under Association control - enter into prudent landscape maintenance contracts and contracts for the enhancement and/or repair of Association property within stated budget constraints;

Third, to monitor and enforce the Association Rules relative to the physical modification of homes & other structures, conduct of its membership, and the landscaping of individual lots. The Board will enforce Association Rules using the lowest cost and most effective means possible that may include: the code enforcement powers of the City of Carlsbad (where a code violation exists); the Dispute Resolution Policy of the Association; or mutual arbitration. The initiation of a lawsuit, in order to enforce Association Rules, will be prudently administered and used only in the most egregious circumstances where failure to act will have a material impact to the well being of the majority of the Membership; and

Lastly, to mediate a settlement amongst disputing Members by open settlement discussions with each party to the dispute or mutual arbitration amongst the parties. The Board will not use public money to initiate a lawsuit to enforce a dispute that is largely between two or more disputing Members without material relevance to the majority of the membership.

The Board is also dedicated to uphold the CC&Rs and specific rules & policies of the Association. **The Board will not nor should not enforce rules that are not a clear violation of Association Rules.** The Board will not make rules where a clear majority of homeowners are not supportive of the rule change or interpretation. Where the CC&Rs have been lacking in detail or unclear as to meaning, the Board has, from time to time, adopted specific rules and policies governing the conduct of its Membership. Specifically, the Board has adopted a Landscape Guideline, Dispute Resolution Policy, and Enforcement Policy, amongst others. The CC&Rs and these writings are in total considered the Governing Documents of the Association (sometimes referred to as Association Rules). Changes to the Governing Documents should be ratified by the majority of Homeowners to help make enforcement binding.