

***Please get your tenant screened now!***

Go to [www.wildwoodhoasac.net](http://www.wildwoodhoasac.net) today and download the :

- *Screening Instructions*
- *Rental application*
- *Private investigators release form*



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**NEXT MEETING**

**MAY 17, 2007**

**@ 6:00 PM**

**New Gate Access Packet**

In the next few days, you will receive a 'thicker than usual ' packet in the mail from the Association containing the following:

- Homeowner access badge
- Gate Access Agreement
- The Controlled Access Card Usage Plan
- Granting and denying gate access
- Using the Call Box
- The Controlled Access Gate Addendum
- Resident Photo ID form
- Resident Emergency Contact Info

Your tenant will have the permanent access denied if the above documents are not received by fax or mail May 31st, 2007.

Please ensure all documents are filled out completely.

**Tenant Information REQUIRED for gate access is as follows:**

1. Your lease
2. Drivers license, auto insurance and car registration
3. A land line phone inside if the unit (**cell phones ARE NOT acceptable**)

Proof of screening if none is evident in the current file for the unit.  
Tenant badge assignments will begin 05/10/07. Tenants will receive notification  
Of the times and dates available for the badge process.

The writers of the L.A. Times July 2, 2006 Associations column, "What's Really So Bad About Rental Units in a Condo Complex?" argued that (i) rental properties were often better cared-for than owner-occupied properties, (ii) banks are not concerned with the number of renters in a development, (iii) a judgment against an association invalidating rental restrictions would make owners liable, and (iv) multiple CC&R amendments creates lender problems.

**Problems With Renters.** The column generated some well-written rebuttal letters to the editor. As one writer put it, "Renters have caused nothing but headaches." Another writer noted that "Landlords are notoriously absent when it comes time to serve on boards." In my experience, most associations find that (i) renters do not care for their rentals to the same degree as owner-occupants, (ii) renters tend to ignore the association's rules and regulations more than owner-occupants, (iii) absentee owners have a higher delinquency rate than resident owners, and (iv) lenders routinely ask for the percentage of rentals in a development. In my own conversations with lenders, many lending institutions believe that a high percentages of rentals depresses market values. Some lenders get very nervous if the rental population hits 50%, while others scrutinize the property if rentals exceed 30%.

**Rental Restrictions.** Many of my clients over the years have adopted restrictions ranging from rental caps to requirements that owners live in their property for a least a year before renting it. None have experienced difficulty in enforcing their restrictions nor have they experienced problems with lenders because of multiple CC&R amendments. Contrary to the Times column, I do not believe a judgment invalidating rental restrictions would create liability for association members.

**Unlawful Restraint on Alienation.** Some argue that associations cannot restrict rentals because it would be an unlawful restraint on alienation in violation of [Civil Code 711](#). I disagree. In my opinion, associations *can* restrict leasing.

California courts have long recognized the importance of adopting and enforcing rules in condominium associations as a means of maintaining property values "[I]t is essential to successful condominium living and the maintenance of the value of these increasingly significant property interests that the owners as a group have the authority to regulate reasonably the use and alienation of the condominiums." [Laguna Royale Owners Assn v. Darger](#)

The *Laguna Royale* court set criteria for testing the reasonableness of restrictions: (i) whether the reason for the restriction is rationally related to the protection, preservation or proper operation of the property and (ii) whether the power was exercised in a fair and nondiscriminatory manner. In another case, the court found rental restrictions reasonable because they sought "to achieve a stabilized community of owner-occupied dwelling units, to avoid artificial inflation of prices caused by resales by speculators and to prevent scarcity caused by vacant homes awaiting resale by speculators." ([City of Oceanside v. McKenna](#)) Another reason is to ensure compliance with secondary mortgage requirements.

**Application to Existing Owners.** Some argue that CC&R amendments only apply to future owners. That is inaccurate. A valid, duly adopted leasing restriction may be applied to existing owners as well as to subsequent purchasers ([Villa de Las Palmas HOA v. Terifaj](#)). However, to help ensure passage of the CC&R amendment and to minimize the risk of legal challenges, many associations will grandfather existing rentals. See [summary of cases](#) for more information.

**Recommendation.** If your association is experiencing problems with rentals, you should consider amending your CC&Rs to limit them. If you need help amending your CC&Rs, [contact us](#) for more information.

Sincerely yours,



Adrian J. Adams, Esq.  
ADAMS & KESSLER LLP



## MONTHLY ASSESSMENT

The Wildwood Homeowners Association derives income for community maintenance projects from the \$230.00 monthly assessments paid by the homeowners. Unfortunately, many homeowners do not pay their dues. As of April, 2007 delinquent homeowners owe the Association **\$17,500.00**.

The Association proceeds to collection for delinquent accounts, up to and including foreclosing on your property...very time consuming for the Manager and the Board and we have to pay the Attorney. We also report delinquencies 45 days old to the credit reporting agencies.

It is very interesting that the homeowners who complain the loudest about the condition of their unit, or how the common areas need attention are often the owners behind in their dues.

The budget is developed each year based on funding the normal day-to-day operations along with saving for the future. The ability of the Board to approve projects is severely hampered by delinquent fees.

If you are trying to sell...and many of you are, your efforts are hampered by the Association's inability to complete projects due to lack of funds.

That **\$17,500.00** would have paid most of the Association's 20K insurance down payment due last week to our carrier CIBA.

