

Huntington Marina Association

**RE: SUMMARY OF THE PROVISIONS OF THE ALTERNATIVE DISPUTE
RESOLUTION LEGISLATION, ENUMERATED UNDER *CIVIL CODE 1354***

Dear Member:

The California legislature adopted a new law, effective January 1, 1994 embodied within *Civil Code 1354*. The enactment of this new law requires owners within the subdivision, as well as the Association, to participate in some form of Alternative Dispute Resolution ("ADR") prior to initiating litigation to enforce the Association's governing documents. Subject to exceptions specified within *Civil Code 1354*, an Association and its owner members must offer to submit their dispute to a form of ADR, such as arbitration or mediation, before filing a civil action to enforce the governing documents.

The form of ADR may either be binding or non-binding, at the option of the parties. The ADR legislation also provides that the failure of either the Association or any owner to offer ADR prior to initiation litigation is a potential basis for having your lawsuit dismissed. Additionally, the ADR legislation further provides that any party's refusal to participate in ADR prior to the filing of a lawsuit may be considered by the court in its determination of the amount of attorney's fees awarded to the prevailing party.

Finally, this new legislation specifically requires that the Association send a summary of this legislation, which specifically includes the following provision of *civil code 1354*:

Failure by any member of the Association to comply with the prefiling requirements of Section 1354 of the Civil Code may result in the loss of your rights to sue the Association or another member of the Association regarding enforcement of the governing documents.

If you should have a dispute with a member or with the Association regarding the enforcement of the governing documents, we strongly suggest that you review the provisions of *Civil Code 1354* and consult with an attorney to ascertain your rights and remedies.

Sincerely,

**The Board of Directors
HMA**