



WALL STREET REALTY
Property Management

December 18, 2022

Villa Canada Association, INC.
5304- 5451 Godbey Drive
La Canada Flintridge, CA 91011

Re: 2023 Association Annual Mailing

Dear Community Member,

In accordance with the requirements set forth in the California Civil Code, the following information is being provided to you relating to your homeowners' association. This information is submitted to inform you of your rights as a homeowner and keep you familiar with the Association's policies.

Insurance Coverage
Civil Code Section 1365 (e)

With this mailing, you will find a summary of the insurance coverage maintained by your association. Please carefully review this coverage and consider your potential need for insurance beyond the scope of that provided by the Association. Questions regarding coverage may be directed to the agent listed.

Minutes of Association Board Meetings
Civil Code Section 1363.05 (e)

Members of the Association have the right to receive approved minutes, an unapproved draft, or a summary of the minutes within thirty (30) days of a board meeting upon a member's request and upon reimbursement of the Association's cost. This cost is \$0.30 per page with a \$10 minimum. Minutes may be requested by contacting the Association Manager at Wall Street Realty – Property Management.

Right to Submit a Secondary Address
Civil Code Section 1367.1 (k)

Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices required by this section to the secondary address provided.

The owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. The owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the secondary address from the point the Association received the request.



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Alternative Dispute Resolution
Civil Code Section 1369.510

The applicable policy regarding alternative dispute resolution involving arbitration/mediation is enclosed with this mailing. Please review the information carefully to more fully understand your obligations and rights under the law.

Reserve Summary
Civil Code Section 1365 (a)

The last Association Reserve Study was completed on February 21, 2018.

Special Assessments
Civil Code Section 1365 (a)

There are no special assessments scheduled at this time.

Monthly Assessment
Civil code Section 1366 (d)

The monthly homeowner fees for the Association will be \$492.00 per unit per month.

Architectural Review Procedures
Rules and Regulations (Item 12)
(Architectural Control)

Individual homeowners are not permitted to make any changes that may affect the uniform appearance of the common area. The common area is defined as to include patios and all other exterior surfaces of individual units. No structural alterations to the interior of any unit shall be made and no plumbing or electrical work within any bearing or party walls shall be made by an individual owner without the prior written consent of the Board of Directors.

We look forward to working with you throughout the coming year. Should you have any questions, feel free to call us.

Respectfully,

Property Manager



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INTERNAL DISPUTE RESOLUTION PROCEDURE

(Civil Code Section 1363-810, et seq.)

The California Legislature has adopted new regulations codified in Civil Code Sections 1363.8 10 et. Seq., which require associations to adopt fair, reasonable and expeditious dispute resolution procedures, effective January 1, 2005. This is separate and apart from, and precedes, the formal ADR (Alternative Dispute Resolution) requirements set forth in Civil Code Section 1369.510, et seq. (formerly Civil Code Section 1354.) The Association had adopted the following procedures as required under such law:

1. The Association or an Owner may invoke the procedures described herein by submitting a request to the other to meet and confer in an effort to resolve any existing dispute. The request must be in writing.
2. An Owner may refuse a request to meet and confer made by the Association with the understanding that further enforcement action may be taken if the dispute is not resolved. The Association may not refuse a request by an Owner to meet and confer.
3. The Association's Board of Directors shall designate a Board Member to meet and confer with the Owner.
4. The designated Board member and the Owner shall meet promptly at a mutually convenient time and place. The parties shall explain their positions to each other and attempt, in good faith to resolve the dispute.
5. Any resolution of the dispute agreed to by the parties shall be set forth in writing and signed by the Owner and the designated Board member on behalf of the Association.
6. An agreement reached under this procedure is binding on the owner and the Association and is enforceable in court if both of the following conditions is met:
 - a. The agreement is not in conflict with the law or the Association's governing documents.
 - b. The agreement is consistent with the authority granted by the Board of Directors to the designated Board Member or is ratified by the Board.
7. Owners will not be charged a fee to participate in this process.

**ANNUAL DISCLOSURE OF
ALTERNATIVE DISPUTE RESOLUTION (ADR)**

(Civil Code Section 1369.510 et.seq.)

Each year, pursuant to Civil Code Section 1369.5 10 et.seq., your association is required to notify you of the requirements of Alternative Dispute Resolution (ADR) for disputes regarding the enforcement of the Davis-Sterling Common Interest Development Act (Civil Code Section 1350 et. seq.), the Non-Profit Mutual Benefit Corporation Law (Corporations Code Section 7110, et. seq.) or the governing documents of the Association. ADR means mediation, arbitration conciliation or other non-judicial procedure that involves a neutral party in the decision-making process, and may be non-binding or binding with the voluntary consent of the parties.

Prior to an owner or the Association taking legal action that is solely for declaratory, injunctive or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5000.00)



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(except for small claims actions or an assessment dispute except as otherwise provided by law), the party is required to serve a Request for Resolution By ADR on the opposing party.

The ADR request must be served on the opposing party by the methods set forth in the above Section, and must "include a copy of the above-referenced laws, a copy of which is attached.

The Request must contain (1) a brief description of the dispute between the parties; (2) a request for resolution by ADR; and (3) a notice that the party receiving the Request for Resolution is required to respond within thirty (30) days of receipt or the request will be deemed rejected.

The following is required by the above-referenced law to be disclosed:

Failure of a member of the Association to comply with the alternative dispute resolution requirements of Section 1369.520 of the Civil Code may result in the loss of your right to sue the Association or another member of the Association regarding enforcement of the governing documents or the applicable law.

(Enclosure: (Copy of Civil Code Section 1369.510 et. seq.))

Article 2. Alternative Dispute resolution – Civil Code

1369.510: As used in this article:

- (a) "Alternative dispute resolution" means medication, arbitration, conciliation, or other non-judicial procedure that involves neutral party in the decision making process. The form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.
- (b) "Enforcement action" means a civil action or proceeding, other than a cross – complaint, for any of the following purposes:
 - (1) Enforcement of this title.
 - (2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 commencing with Section 7110) of Division 2 of Title I of the Corporations Code).
 - (3) Enforcement of the governing documents of a common interest development.

1369.520:

- (a) An Association or an owner or a member of a common interest development may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article
- (b) This section applies only to an enforcement action that is solely for declaratory injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5000.00).
- (c) This section does not apply to a small claims action.
- (d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

1369.530:

(a) Any party to a dispute may initiate the process required by Section 1369.520 by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:

- (1) A brief description of the dispute between the parties
- (2) A request for alternative dispute resolution.
- (3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.



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(4) If the party on whom the request is served is the owner of a separate interest, a copy of this article.

(b) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

(c) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

1369.540:

(a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.

(c) The costs of the alternative dispute resolution shall be borne by the parties.

1369.550: If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:

(a) The period provided in Section 1369.530 for response to a Request for Resolution.

(b) If the Request for Resolution is accepted, the period provided by Section 1369.540 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 1369.540.

1369.560:

(a) At the time of commencement of an enforcement action, the party commencing the action shall file with initial leading a certificate stating that one or more of the following conditions are satisfied:

(1) Alternative dispute resolution has been completed in compliance with this article.

(2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.

(3) Preliminary or temporary injunctive relief is necessary.

(b) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

1369.570:

(a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.

(b) The costs of the alternative dispute resolution shall be borne by the parties.

1369.580: In an enforcement action in which fees and costs may be awarded pursuant to subdivision © of Section 1354, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

1369.590:



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(a) An Association shall annually provide its members a summary of the provisions of this article that specifically references this article. The summary shall include the following language:

“Failure of a member of the Association to comply with the alternative dispute resolution requirements of Section 1369.520 of the Civil Code may result in the loss of your right to sue the Association or another member of the Association regarding enforcement of the governing documents or the applicable law.”

(b) The summary shall be provided either at the time the pro forma budget required by Section 1365 is distributed or in the manner prescribed in Section 5016 of the Corporations Code. The summary shall include a description of the Association’s internal dispute resolution process, as required by Section 1363.850.

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

Civil Code 1365.2.5

- (1) The monthly homeowner fees per unit will be \$492.00.
- (2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and / or members:



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Villa Canada Association, INC.

Annual Meeting and Election Rules and Procedures

Purpose

In accordance with California Civil Code Section 1363.03, the following rules and regulations have been adopted by the Board of Directors to serve as the Association's official Annual Election Rules and Procedures. The purpose of these rules is to clarify the election procedure and to ensure equal access for candidates of any and all Association media, (newsletters and or special mailings), ensure equal access to common area meeting space for campaign purposes, specify the qualifications for candidates and procedures for the nomination of candidates, specify the qualifications for voting, the voting power of the Association members, requirements for proxies and voting schedules and to specify the method of selecting one of three independent third party inspectors.

Rules and Procedures

1. The annual meeting and election is scheduled to be conducted annually and shall take place at a location and time as set by the Board of Directors.
2. At least **90** days prior to the scheduled date of the Annual Meeting, the Association will arrange through the Association manger to mail the "Board Member Candidate Application" to all members of the Association. A date shall be set no later than **60** days prior to the scheduled date of the Annual Meeting for the board candidates to return their completed "Board member Candidate Application" to the Association manager via first class mail or by facsimile. It shall be noted in the letter that is send to the owners with the "Board Members Candidate Application" that any applications received after the set date may not be published in the mailing that will be sent to the owners with the "Board Members Candidate Application" that any applications received after the set date may not be published in the mailing that will be sent to the owners. It shall also be noted that the candidate's statement will be published as written and will not be modified except to block-out any profane words or statements. The manager shall have discretion as to what items are to be blocked-out if any.
3. At least **55** days prior to the Annual Meeting and election, the manger will prepare and mail the Candidate Statement's letter to all members of the Association. This letter will be accompanied with a proxy form and ballot.
4. Because the use of secret ballots is required, the following will apply: Secret ballots must be sent to the members who are entitled to vote along with two, pre-addressed envelopes. The return address of the envelope will be the address of the Management Office. Included with the ballots will be instructions on how to return the ballots. The ballots must be mailed via first-class mail or had delivered to each member not less than **30** days prior to the Annual Meeting, or any adjournment thereof, which will constitute the voting deadline. Voters may not be identified by name, address, lot, parcel number or unit number on the ballot. The ballot itself is not signed by the voter, but is to be inserted into the envelope marked "ballot" and sealed. In the upper left had corner of the second envelope, the voter is to print his or her name and write their address, lot or parcel or unit number that entitles him or her to vote. The second envelope is to be addressed to the "Inspector (s) of Election" and sent to the Management Company Office. The member may request a receipt upon delivery. Envelopes that are received with no identifiable name, lot or unit number may be declared invalid and not counted. Also, persons who have submitted a secret ballot by mail will not be permitted to vote again or change their vote at the annual meeting. The inspector(s) of Election will not the receipt of a secret ballot from an owner for tracking purposes only.
5. The Inspector(s) of Election shall include the Association Manager and may include two members that are not running for the election and or that do not have relatives running for the election and that do not have



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any overtly close relationship to any candidate running for election. The purpose of this rule is to identify impartial owners to help with this matter. The Inspector(s) of Election shall be identified at least **60** days prior to the Annual Meeting. If for some reason the selected Inspector(s) of Election cannot or will not perform their duties in accordance with these rules, the owners present at the Annual Meeting may elect by majority vote one or two replacement Inspector(s) of Election. The Inspector(s) of Election shall count all votes cast at the Annual Meeting and election from those owners who are present at the Annual Meeting. The counting shall be done in an open meeting and may be witnessed by any member. No one may open and count the secret ballots until all of the ballots cast at the meeting are counted. The inspector(s) of Election will then tally all votes cast by ballot and secret ballot and promptly notify the Board of Directors and all owners present at the Annual Meeting of the results. The results are to be recorded in the meeting minutes and made available to the members for review upon request, within **15** days of the Annual Meeting and election. The Board must also notify all members of the results of the election within **15** days of the meeting. The Inspector(s) of Election shall also perform the following duties: A) Determine the number of memberships entitled to vote and the voting power of each. B) Determine the authenticity, validity, and effect of proxies if any. C) Receive ballots. D) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote. E) Count and tabulate all votes. F) Determine when the polls shall close. G) Determine the results of the election. H) Perform any acts as may be proper to conduct the election with fairness to all members in accordance with this section and all applicable rules of the Association regarding the conduct of the election that are not in conflict with the California Civil Code. The Inspector (s) of Election shall perform his/her/their duties impartially, in good faith, to the best of his/her/their ability and as expeditiously as is practical. If there are three Inspector(s) of Election, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the Inspector(s) of Election is prima facie evidence of the facts stated in the report.

6. All ballots, (secret and those cast at the actual meeting) shall be retained and remain in the custody of the Association Manager for no less than one year. In the event that there is a challenge to the meeting, the Association will make the ballots available for inspection by the owners or their authorized representatives.
7. Proxies may be used by an owner who is unable to attend the Annual Meeting at which the Association Directors will be elected. The proxy shall be used to appoint another member to attend the meeting and vote for directors on his/her behalf so long as the proxy is completed and signed by the owner to whom the proxy belongs. Multiple proxies that have been submitted by an owner will be reviewed by the Inspectors of Election and the most current proxy issued, (date and or time) will be deemed valid. All other, prior proxies will be null and void. Proxies may also be submitted by an owner who cannot attend the meeting to be used by the incumbent members of the Board of Directors to vote in a fashion that they deem appropriate. The proxy may also be used to help establish a quorum only, not providing any voting privileges.
8. Association funds may not be used for campaign purposes. The only money to be spent by the Association shall be for the cost to produce and mail the Board Candidate Application, the Board Candidate Statement letter, ballots, proxies and any subsequent mailing notifying members of adjourned and rescheduled meeting dates.
9. If cumulative voting is permitted, this process allows each owner to cast a total number of votes equal to the number of directors to be elected, and may combine or "cumulate" those votes in any way that he/she wishes. Thus, if there are seats on the board to be filled at the election, each owner will be entitled to five votes but will not be required to vote for five candidates. As an alternative for casting one of his/her votes for each of five candidates, an owner can cast all five votes for one candidate or three for one candidate and two votes for another, and so on.
10. During the Annual Meeting and election, candidates will be given a brief period of time to identify and introduce themselves to the members present. This time shall not exceed one minute in duration and is not intended to be used for campaigning by the candidate.



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11. Unless specified in writing to the owners at least **30** days prior to the date of the Annual Meeting and election, no other business shall be conducted at the meeting except for the election of members to serve as the Board of Directors and to approve the Annual Corporate Tax Resolution in accordance with IRS rulings 70-604 and 75-371.
12. Nominations from the floor of the meeting during the Annual Meeting, prior to the balloting process are permitted.
13. The Association Board of Directors may elect to form a Nomination Committee with the sole purpose of locating and identifying candidates to run for the Board at the Annual Meeting and election. Any candidate that has not been recommended by the Nomination Committee will not be prevented from participating in or having his or her name noted in any Association correspondence relating to the Annual Meeting and election.
14. The qualifications for voting in the meeting are determined by and found in the Association's By-Laws.
15. The qualifications for a Director of the Association are determined by and found in the Association's By-Laws.
16. The term that a director will serve on the Board shall be determined by the Association's By-Laws.
17. Removal of one or more members of the Board of Directors shall be conducted in accordance with the Association's By-Laws and California Civil Code and Corporations Code where applicable.
18. Resignation of and the replacement of a member of the Board shall be conducted in accordance with the Association's By-Laws and California Civil Code and Corporations Code where applicable.
19. The quorum requirements for the Annual Meeting are found in the Association's By-Laws.
20. The time frame for conducting a rescheduled Annual Meeting that was adjourned due to lack of quorum shall be established by the Association's By-Laws.

ANNUAL BUDGET REPORT

Villa Canada Association, Inc

MONTHLY BUDGET

Budget Period: 01/01/2023 - 12/31/2023

Units:51

<u>GL Account Name</u>	<u>GL No</u>	<u>2020 Avg.</u>	<u>2021 Avg.</u>	<u>2022 Avg.</u>	<u>2022 Budget</u>	<u>2023 Budget</u>
INCOME						
INCOME - ASSESSMENT INCOME						
Regular Assessments	50100	20,589.38	21,581.43	21,043.28	20,910.00	28,050.00
TOTAL INCOME - ASSESSMENT INCOME					20,910.00	28,050.00
INCOME - OTHER MEMBER INCOME						
Late Charge Assessments	50400	45.15	32.25		0.00	0.00
Lien Assessments	50500	32.50	0.00		0.00	0.00
Legal Assessments	50600	37.28	0.00		0.00	0.00
TOTAL INCOME - OTHER MEMBER INCOME					0.00	0.00
INCOME - OTHER INCOME						
Interest Income	51300	400.35	89.58		0.00	0.00
TOTAL INCOME - OTHER INCOME					0.00	0.00
TOTAL INCOME					20,910.00	28,050.00
EXPENSES						
EXPENSES - ADMINISTRATIVE						
Audit & Bookkeeping	60100	87.50	277.50		100.00	100.00
Reserve Study	60101	0.00	0.00		50.00	50.00
Office/bank charges	60200	84.35	50.61		60.00	60.00
Legal, liens	60300	505.11	371.38		200.00	200.00
License, fees and permits	60400	26.03	27.88		30.00	30.00
Management services	60600	1,145.83	1,406.25		1,535.00	1,100.00
Printing & postage	60800	232.35	168.23		50.00	50.00
Web Site	62010	27.19	62.50		30.00	30.00
TOTAL EXPENSES - ADMINISTRATIVE					2,055.00	1,620.00
EXPENSES - UTILITIES						
Utility - Electric	65100	16.22	28.48		30.00	30.00
Utility - Trash	65400	968.06	1,019.13		1,050.00	1,100.00
Utility - Water	65500	2,347.52	2,571.40		3,000.00	2,927.00
TOTAL EXPENSES - UTILITIES					4,080.00	4,057.00
EXPENSES - INSURANCE						
Insurance - Master Policy	70300	2,440.19	3,014.75		3,100.00	10,250.00
Insurance - Worker's Compensation	70400	30.50	46.13		30.00	30.00
Insurance - Earthquake	70500	1,558.50	2,958.25		1,700.00	1,700.00
TOTAL EXPENSES - INSURANCE					4,830.00	11,980.00
EXPENSES - TAXES						
State & Federal Taxes	75400	330.58	46.13		2.00	50.00
TOTAL EXPENSES - TAXES					2.00	50.00
EXPENSES - CONTRACTED SERVICES						
Contracted Gardening Services	80301	2,750.00	3,397.50		3,200.00	2,800.00
Sprinkler Repairs	80302	135.83	456.25		100.00	100.00
Gardening Extras/Supplies	80303	75.00	132.50		100.00	100.00
Contracted Pest Control Services	80501	73.67	68.00		73.00	73.00
Slope/Brush Clearance	80304	0.00	0.00		0.00	1,000.00
Tree Trimming	80305	0.00	0.00		0.00	1,000.00
TOTAL EXPENSES - CONTRACTED SERVICES					3,473.00	5,073.00
EXPENSES - MAINTENANCE						
General Maintenance	86300	472.75	21.22		450.00	450.00
Plumbing	87000	129.17	253.13		150.00	150.00
Roof Repairs	87100	350.43	346.88		350.00	350.00
TOTAL EXPENSES - MAINTENANCE					950.00	950.00
TOTAL EXPENSES BEFORE RESERVES					15,390.00	23,730.00
EXPENSES - PROVISION FOR RESERVES						
Drive resurface	95100	3,260.00	3,260.00		1,500.00	1,500.00
Parking Area resurface	95101	0.00	0.00		400.00	400.00
Asphalt slurry	95102	0.00	0.00		250.00	250.00
Roof house/garage	95500	200.00	200.00		200.00	200.00
Contingency	95800	300.00	200.00		20.00	20.00
Landscaping/tree trimming	96100	605.00	600.00		800.00	0.00
Slope	96101	575.00	575.00		400.00	0.00
Exterior lights	96301	0.00	0.00		10.00	10.00
Gutters	97600	750.00	750.00		750.00	750.00
Exterior surface	98847	950.00	950.00		1,190.00	1,190.00
TOTAL EXPENSES - PROVISION FOR RESERVES					5,520.00	4,320.00
TOTAL EXPENSES					20,910.00	28,050.00
BUDGET SURPLUS/ (DEFICIT)					0.00	0.00

BUDGET SUMMARY

	2022 Budget	2023 Budget
Income	20,910.00	28,050.00
Income (Other)	0.00	0.00
Expenses	20,910.00	28,050.00
Balance	0.00	0.00
Average Dues	410.00	550.00
Effect on Average Dues		+140.00

INSURANCE DISCLOSURE

This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property, or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

Please retain this insurance declaration of coverages -It is likely that your mortgage lender will require a copy from you.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/15/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Ken Noden, CPCU
Wigmore Insurance Agency Inc.	PHONE (A/C, No, Ext): (714) 979-6543
880 W. 19th St.	FAX (A/C, No): (714) 549-2943
License #0811959	E-MAIL ADDRESS: commercial@wigmoreins.com
Costa Mesa CA 92627	INSURER(S) AFFORDING COVERAGE
	INSURER A: Western World Ins Company
	INSURER B: Nautilus Insurance Company
	INSURER C:
	INSURER D:
	INSURER E:
	INSURER F:

COVERAGES CERTIFICATE NUMBER: 22/23 ALL LINES REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC OTHER:			NPP8790689	11/14/2022	11/14/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ Included
A	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☒ HIRED AUTOS ☐ SCHEDULED AUTOS ☒ NON-OWNED AUTOS			NPP8790689	11/14/2022	11/14/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	UMBRELLA LIAB ☒ OCCUR ☒ EXCESS LIAB ☐ CLAIMS-MADE DED ☐ RETENTION \$			AN1271999	11/14/2022	11/14/2023	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

LOCATION - 5304-5451 Godbey Drive, La Canada Flintridge, CA 91011

CERTIFICATE HOLDER

CANCELLATION

Wall Street Realty Property Management
1225 N Pacific Ave, Ste C
Glendale, CA 91202

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Timothy Wigmore/K140

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EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
11/15/2022

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY Wigmore Insurance Agency Inc. 880 W. 19th St. License #0811959 Costa Mesa CA 92627		PHONE (A/C, No, Ext): (714) 979-6543		COMPANY Trisura Specialty Insurance Company and other participating carriers as per policy.	
FAX (A/C, No): (714) 549-2943		E-MAIL ADDRESS: commercial@WigmoreIns.com			
CODE:		SUB CODE:			
AGENCY CUSTOMER ID #: 00021522					
INSURED Villa Canada Association Inc. 225 N. Pacific Ave. Suite C Glendale CA 91203		LOAN NUMBER		POLICY NUMBER TCC0000309-00	
		EFFECTIVE DATE 11/14/2022		EXPIRATION DATE 11/14/2023	
				☐ CONTINUED UNTIL TERMINATED IF CHECKED	
		THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION

LOCATION/DESCRIPTION 5304-5451 Godbey Drive, La Canada Flintridge, CA 91011
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Buildings, All Risk, excluding Flood and Earth Movement Valuations per policy	\$24,000,000	\$500,000 Wind/Hail Wildfire \$50,000 All Other Perils

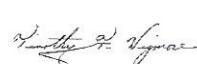
REMARKS (Including Special Conditions)

--

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS Wall Street Realty Property Management 1225 N Pacific Ave, Ste C Glendale, CA 91202	MORTGAGEE	ADDITIONAL INSURED
	LOSS PAYEE	
	LOAN #	
	AUTHORIZED REPRESENTATIVE Timothy Wigmore/K140 	

THE CALIFORNIA EARTHQUAKE AUTHORITY

Each year the Southern California area has about 10,000 earthquakes, most of which are so small that they are not felt. Of the thousands of earthquakes our state experiences every year only about 15 are greater than a magnitude 4.0.

However, it only takes one big one!

With that in mind, are you prepared? Do you have a family emergency plan? Do you have personal earthquake insurance to cover your valuables, relocation expenses and interior upgrades? For many or us, the answers to these questions are all the same: no.

Unit owner's insurance policies do not cover earthquake damage-you need to get a separate earthquake policy to cover your interior upgrade, contents and more. So, how do you get an earthquake policy? The answer for most of us is the California Earthquake Authority (CEA).

The CEA is a privately financed, publicly managed entity that offers residential earthquake insurance to California homeowners, renters, condominium owners, and mobile-home owners through its participating insurance companies. In order for a homeowner to get a CEA policy, they must go through an insurance agent who can offer a CEA policy. Companies such as the Automobile Club, Mercury Insurance, Prudential, Farmers, and more can offer its insureds a CEA policy.

If you are a condominium owner your CEA policy would help you replace damaged content, make emergency repairs to your condo, cover emergency living expenses, and more. It would not help you rebuild the structure, since you do not "own" the building-your association does. An individual unit owner cannot get earthquake insurance to cover the exterior structures, building or common areas, only the association can. So, whether your association has earthquake coverage or not, here is how the coverage works on a California Earthquake Authority policy, as it relates to condominiums.

Real Property: Up to \$25,000 to repair structure components such as interior upgrades, interior walls, cabinetry, plumbing, electrical fixtures and more. A deductible of 15% applies.

Personal Property: Up to \$100,000 in coverage for personal belonging such as furniture, clothing, electronics and more. A deductible of \$750.00 applies.

Loss Of Use: Up to \$15,000 to pick up the cost of alternate housing and extra expenses following a claim. There is no deductible for Loss of Use.

Loss Assessment: Up to \$75,000 in protection for the unit owner to cover assessments for the homeowners' association. A deductible of 15% applies.

Deductibles: As always, deductibles are not required to be paid before a policy pays out. The deductible is simply deducted from your claim check.

Two Key Points:

1. A CEA policy will not replace the association's master earthquake policy. Remember, the association's master earthquake policy will take care of the

buildings and common areas. The maximum coverage a unit owner may purchase for Real Property is limited to \$25,000. There is a clear line in the sand as to the association's and the unit owner's responsibility.

2. Loss Assessment is the key. A unit owner can purchase a CEA policy with \$75,000 of Loss Assessment protection which can be used for any earthquake-related damage that the association assesses. For example, it can be used to cover an uninsured loss to the association or it can be used to cover the association's earthquake deductible. Let's say you have a 1 DO-unit association. If every unit owner purchased Loss Assessment coverage on their own CEA policies, this coverage would turn into \$7,500,000 of earthquake coverage. The best part about Loss Assessment on a CEA policy is that it is extremely affordable.

So, that's basically how a California Earthquake Authority policy for a condominium owner works. Should you get a CEA policy? It's a personal choice, but many folks say that if you can afford it, then you should get it. The cost of a CEA policy varies on the county, coverage and whether the association carries a master earthquake policy. Generally, the premium is quite reasonable and it's a great value if you really think about it. How much is a hotel room for two weeks? How does the idea of replacing all of your belongings on you own sound? What if your HOA does not have earthquake coverage and the assess each unit owner to rebuild the property? The \$75,000 of Loss Assessment coverage would be very helpful. A well thought out policy can provide a valuable benefit in a time of need.

For further information on the California Earthquake Authority, contact your personal insurance agent or visit www.EarthquakeAuthority.com.

PULL QUOTE:

Loss Assessment is the key. A unit owner can purchase a CEA policy with \$75,000 of Loss Assessment protection which can be used for any earthquake related damage that the association assesses.



Golden Bear Insurance Company

Difference In Conditions Declarations

Policy Number GFD03000922-00

Renewal Of FD 61620-01

Named Insured and Mailing Address	Producer
Villa Canada Assoc., Inc. c/o Lordon Management 1275 Center Ct Drive Covina, CA 91724	AmWINS Insurance Brokerage of California, LLC 21550 Oxnard Street, Suite 1100 Woodland Hills, CA 91367

Policy Period from **January 27, 2022** to **January 27, 2023** - 12:01 A.M. Standard Time at the mailing address

Premium Payment

In return for payment of the premium and subject to all the terms and conditions set form in this **Declarations** and contained in the forms and endorsements of this policy, "we" agree with "you" to provide the insurance as stated in this policy. The "First Named Insured" shown in this **Declarations** is responsible for payment of all premium. The premium is due and payable at inception.

Coverage Part	Premium/Fees
Difference In Conditions - Property Coverage Part	
Premium	\$24,656
Policy Fee	\$100
Inspection Fee	\$150
C.I.G.A. Charge (if applicable)	N/A
Total Due at Inception	\$24,906

Covered Property

- ☒ Building and other structures, including Building Ordinance
- ☐ Business Personal Property:
- ☒ "Tenants Improvement and Betterments"
- ☒ Time Element Coverage(s) as follows: Association Fees, Increased Period of Restoration, Off Premises Power Failure, 30 days Civil Authority, 30 days Ingress/Egress, 180 days Extended Period of Indemnity
- ☒ Other: Additional Property as shown on the Schedule of Covered Locations and Values, GBDIC 0200 (06 14)

Covered Locations

Covered Locations are listed on the Schedule of Covered Locations and Values, GBDIC 0200 (06 14).

Forms and Endorsements Attached to and Forming a Part of the Policy

Coverage forms and endorsements attached at inception and included in this policy are listed on the Forms Schedule, GBDIC 0150 (06 14).

Limits of Liability

The most we will pay for loss or damage during this policy period, regardless of the number of "occurrences" or types of Covered Property, is the applicable Limit of Liability indicated below.

\$10,000,000 Per Occurrence and in annual aggregate as respects to "Earthquake" excluding "Earthquake Sprinkler Leakage"

\$10,000,000 Per occurrence and in annual aggregate as respects to All Other Perils not excluded.

Sublimits

The sublimits below do not increase the applicable Limits of Liability above on any Covered Property. These sublimits are within and not in addition to the applicable Limit of Liability.

\$1,500,000 Demolition Costs & Increase Costs of Construction

Deductible

The deductibles applicable to this policy are:

Earthquake 10.00% Per Unit of Insurance

All Other Perils \$25,000

This policy is subject to a \$25,000 minimum per "occurrence" deductible.

Valuation

See Schedule of Covered Locations and Values, GBDIC 0200 (06 14).

Loss Payable Clause and Mortgagee/Loss Payee Clause

Loss, if any, to be adjusted with the "First Named Insured" on this Declarations and payable to the Named insured(s) and mortgagee/loss payee as their interests may appear. Mortgagees/Loss Payees are listed in the Schedule of Additional Interests form, GBDIC 0176 (06 14). Payment to a Mortgagee/Loss Payee is subject to conditions listed on GBDIC 1101 (06 14).

GOLDEN BEAR INSURANCE COMPANY

P.O. Box 271

Stockton, CA 95201

(A stock company)

In witness whereof, the Company has executed and attested these presents; but this policy shall not be valid unless countersigned by a duly authorized agent of this Company at Stockton, California.



President



Secretary

GOLDEN BEAR INSURANCE COMPANY

COMMON POLICY CONDITIONS

This policy is subject to the following conditions:

A. CHANGES

This policy contains all agreements between "you" and "us" concerning the insurance afforded. The "first named insured" shown in the **Declarations** is authorized to make changes in the terms of this policy with "our" consent. Policy terms can be amended or waived only by endorsement issued by "us" and made a part of this policy.

B. EXAMINATION OF "YOUR" BOOKS AND RECORDS

"We" may examine and audit "your" books and records as they relate to this policy at any time during the policy period and up to three years afterwards.

C. INSPECTIONS AND SURVEYS

1. "We" have the right to:
 - a. Make inspections and surveys at any time;
 - b. Make reports on the conditions "we" find; and
 - c. Recommend changes.
2. "We" are not obligated to make any inspections, surveys, reports or recommendations and any such actions "we" do undertake shall relate only to the insurability of "your" property, the premiums to be charged, or "our" investigation of "your" claim. "We" are not obligated to provide "you" with a copy of our inspection report. "We" do not make safety inspections. "We" do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. "We" do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to "us," but also to any persons or entities we retain to conduct insurance inspections, surveys, reports, or recommendations for our underwriting or claim investigation purposes.

D. PREMIUMS

The "first named insured" shown in the **Declarations**:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums "we" pay.

E. REPRESENTATION ON APPLICATION WARRANTY

The following representations on application warranty apply to all Coverage Parts attached to this policy. By accepting this policy, "you" agree, represent and warrant that:

1. The statements and information contain in the application of insurance, including all statements, information and documents accompanying or relating to the application are:
 - a. Accurate and complete and no facts have been suppressed, omitted or misstated; and
 - b. Material to "us," and "we" have issued this policy in reliance upon them;
2. Any failure to fully disclose the information requested in the application for insurance, whether by omission or suppression, or any misrepresentation in the statements and information contained in the application for insurance, including all statements, information and documents accompanying or relating to the application, renders coverage for any claim(s) null and void and entitles "us" to rescind the policy from its inception;
3. The application for this policy is incorporated and made part of the policy by reference.

F. TRANSFER OF "YOUR" RIGHTS AND DUTIES UNDER THIS POLICY

"Your" rights and duties under this policy may not be transferred without "our" written consent except in the case of death of an individual insured. If "you" die, "your" rights and duties will be transferred to "your" legal representative but only while acting within the scope of duties as "your" legal representative. Until "your" legal representative is appointed, anyone having proper temporary custody will have "your" rights and duties but only with respect to that property.

G. SUIT AGAINST "US"

No one may bring a legal action against "us" under this policy unless:

1. All of the terms of the this policy have been complied with; and
2. The suit has been brought within one year after "you" first have knowledge of the loss. If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by the law; and
3. The suit is filed in San Joaquin County, California.



Golden Bear Insurance Company

Named Insured: Villa Canada Assoc., Inc.

Policy Number: GFD03000922-00

Effective Date: January 27, 2022

FORMS SCHEDULE

It is understood and agreed the following forms and endorsements are attached to and are a part of the this policy:

<u>Form #</u>	<u>Ed. Date</u>	<u>Form Title</u>
GBDIC 0100	06 14	Difference In Conditions Declarations
GBDIC 0101	06 14	Common Policy Conditions
GBDIC 0150	06 14	Forms Schedule
GBDIC 0180	06 14	U.S. Treasury Department OFAC Advisory Notice to Policyholders
GBCR 0190	08 14	Claim Reporting Information
GBDIC 0200	06 14	Statement of Covered Locations and Values
GBDIC 0202	05 20	Difference in Conditions - Property Coverage Part
GBDIC 0305	12 14	Single Limit Coverage Endorsement
GBDIC 0409	12 14	Condominium or Homeowners Association Coverage
GBDIC 0410	06 14	Extension of Coverage -- Unit Owner Fees
GBDIC 0411	12 14	Extended Period of Indemnity Endorsement
GBDIC 0412	06 14	Ordinance or Law Increased Period of Restoration
GBDIC 0501	06 14	Demolition and Increased Cost of Construction Coverage
GBDIC 0502	06 14	Contingent Liability from Operation of Building Laws Coverage
GBDIC 0700	06 14	Minimum Earned Premium
GBDIC 1000	06 14	Description of Additional Property Covered
GBDIC 1202	12 14	Civil Authority Coverage Endorsement
GBDIC 1203	06 14	Ingress-Egress Coverage Endorsement
GBDIC 1204	06 14	Off Premise Power Failure Endorsement
GBDIC 1400	06 14	California -- Cancellation and Nonrenewal
GBDIC 1450	01 18	Notice to Golden Bear Policy Holders

GOLDEN BEAR INSURANCE COMPANY

If you are not satisfied or feel you are not being treated fairly, you may contact the California Department of Insurance with your complaint and seek assistance from the governmental agency that regulates insurance.

To contact the Department, write or call:

Consumer Services Division
California Department of Insurance
300 South Spring Street
Los Angeles, California 90013

Consumer Hot Line: 1-800-927-4357

ANNUAL POLICY STATEMENT



**STRATEGIC
RESERVES**

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951-693-1721

VILLA CANADA ASSOCIATION, INC.



Level 3 Reserve Study Update (No Site-Visit)

Prepared For Fiscal Year 2019

February 21, 2018

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Preface

This comprehensive reserve study report was produced using specialized web-based software powered by Global Reserves.

The individual responsible for report preparation and/or oversight is Robert Petrisin, RS.

Information contained in the report is considered reliable, but is not guaranteed. The report does not warrant against the contingency of unforeseen conditions or circumstances, unreliable information, or an unpredictable inflationary or deflationary spiral. The report is not intended to predict precise expectations, but rather to chart the expectations that a reasonable person might anticipate in planning for the fiscal future. The scope of this report is expressly limited to the components described herein.

It is strongly recommended by the Reserve Study Industry to have this reserve study report updated on an annual basis to ensure the security of a long-term funding plan. These necessary updates provide statutory compliance (as applicable) and allow for adjustments due to actual year-end inflation rate, actual year-end reserve balance and the unpredictable nature of the lives of many of the reserve components under consideration.

Reserve Disclosures

Profile

Name	Villa Canada Association, Inc.
Location	La Canada, CA 91011
Units/General Type	51 / Condominium
Base Year / Age	1972 / 46
Fiscal Year Ends	December-31

Parameters

Level of Service	Level 3 Reserve Study Update (No Site-Visit)
Prepared for Fiscal Year (FY)	2019
Most Recent On-Site Inspection Date	June 08, 2016
Allocation Increase Rate	ref Cash Flow Analysis
Contingency Rate	ref Component Details
Inflation Rate	3.0%
Interest Rate / Tax Rate	1.0% / 30.0%
Interest Rate (net effective)	0.7%
Current Reserve Allocation	\$64,874 per year
Current Reserve Balance	\$494,459 as of January 31, 2018
Funding Plan - Method / Goal	Cash Flow / Threshold - average Percent Funded 97%

Summary

FY Start Balance	\$462,981	<i>(projected to current FY end/next FY start)</i>		
Fully Funded Balance	\$438,857			
Percent Funded	106%			
Proposed Budget	per year	per month	per unit per month	
Reserve Allocation	\$68,006	\$5,667	\$111.12	

Association management/members need to understand that Percent Funded is a general indication of reserve strength and that the parameter fluctuates from year to year due to the Disbursement Schedule.

The Reserve Allocation was determined using the Funding Plan indicated above under the Parameters section. This allocation should be increased annually using the Allocation Increase Rate found in the Cash Flow Analysis.

Association management should budget the Reserve Allocation amount toward reserves for next fiscal year, to ensure the availability of reserves to fund future reserve component expenditures. This amount reflects an increase of 4.83% from the Current Reserve Allocation. The Reserve Allocation must be reviewed and adjusted for inflation (and other vital factors) in succeeding years to ensure the- Security of a Successful Plan!

Reserve Disclosures

Reserve Component		Current Cost	Useful Life	Remaining Life
01	Coat/Paint/Stain			
01.01	stucco,paint	\$96,219	10	3
01.02	trim/gate,paint	\$28,839	5	4
02	Equipment			
02.01	electric meter pedestal	\$3,063	30	3
02.02	fixtures,light,bollards	\$4,987	20	1
02.03	irrigation backflow preventers	\$5,216	15	1
02.04	irrigation controllers	\$5,292	10	8
03	Pavement			
03.01	asphalt,major rehab	\$209,973	20	1
03.02	asphalt,major rehab,parking	\$67,139	20	14
03.03	asphalt,repairs	\$50,471	10	4
03.04	asphalt,sealcoat/slurry	\$5,149	5	4
03.05	asphalt,sealcoat/slurry,prking	\$3,089	5	4
03.06	concrete flatwork-unfunded	\$0	999	999
04	Restoration			
04.01	landscape,rehab	\$19,590	5	1
04.02	tree removal	\$1,266	2	1
04.03	tree trimming	\$5,006	2	0
05	Roofs			
05.01	gutters/downspouts	\$89,113	30	0
05.02	low slope roof,#5441-5451	\$10,650	15	6
05.03	tile roof (2 units per year)	\$17,389	1	1
Grand Total:		18	\$622,451	

Cash Flow Analysis

<i>Fiscal Year</i>	<i>FY Start Balance</i>	<i>Interest Earned</i>	<i>Reserve Allocation</i>	<i>Allocation Increase Rate</i>	<i>Special Assessment</i>	<i>Disbursement</i>	<i>FY End Balance</i>	<i>Fully Funded Balance</i>	<i>Percent Funded</i>
2018	--	--	--	--	--	\$94,119	\$462,981	\$454,902	--
2019	\$462,981	\$3,241	\$68,006	4.8%	\$0	\$266,174	\$268,054	\$438,857	106%
2020	\$268,054	\$1,876	\$70,454	3.6%	\$0	\$23,759	\$316,625	\$247,132	108%
2021	\$316,625	\$2,216	\$72,990	3.6%	\$0	\$128,870	\$262,962	\$301,413	105%
2022	\$262,962	\$1,841	\$75,618	3.6%	\$0	\$123,740	\$216,681	\$251,209	105%
2023	\$216,681	\$1,517	\$78,340	3.6%	\$0	\$21,627	\$274,911	\$206,989	105%
2024	\$274,911	\$1,924	\$81,160	3.6%	\$0	\$62,851	\$295,145	\$268,891	102%
2025	\$295,145	\$2,066	\$84,082	3.6%	\$0	\$22,944	\$358,350	\$292,520	101%
2026	\$358,350	\$2,508	\$87,109	3.6%	\$0	\$35,074	\$412,893	\$360,375	99%
2027	\$412,893	\$2,890	\$90,245	3.6%	\$0	\$72,719	\$433,309	\$420,252	98%
2028	\$433,309	\$3,033	\$93,494	3.6%	\$0	\$30,097	\$499,739	\$445,693	97%
2029	\$499,739	\$3,498	\$96,860	3.6%	\$0	\$52,938	\$547,159	\$518,436	96%
2030	\$547,159	\$3,830	\$100,347	3.6%	\$0	\$31,931	\$619,405	\$572,580	96%
2031	\$619,405	\$4,336	\$103,959	3.6%	\$0	\$168,693	\$559,008	\$652,722	95%
2032	\$559,008	\$3,913	\$107,702	3.6%	\$0	\$267,853	\$402,770	\$597,325	94%
2033	\$402,770	\$2,819	\$111,579	3.6%	\$0	\$29,064	\$488,104	\$441,085	91%
2034	\$488,104	\$3,417	\$115,596	3.6%	\$0	\$75,743	\$531,374	\$529,144	92%
2035	\$531,374	\$3,720	\$119,757	3.6%	\$0	\$30,833	\$624,019	\$574,905	92%
2036	\$624,019	\$4,368	\$124,068	3.6%	\$0	\$47,134	\$705,322	\$671,553	93%
2037	\$705,322	\$4,937	\$128,535	3.6%	\$0	\$97,727	\$741,067	\$757,650	93%
2038	\$741,067	\$5,187	\$133,162	3.6%	\$0	\$40,447	\$838,970	\$797,644	93%
2039	\$838,970	\$5,873	\$137,956	3.6%	\$0	\$490,849	\$491,951	\$901,381	93%
2040	\$491,951	\$3,444	\$142,922	3.6%	\$0	\$42,911	\$595,407	\$547,952	90%
2041	\$595,407	\$4,168	\$148,068	3.6%	\$0	\$226,716	\$520,927	\$649,056	92%
2042	\$520,927	\$3,646	\$153,398	3.6%	\$0	\$223,491	\$454,481	\$567,735	92%
2043	\$454,481	\$3,181	\$158,921	3.6%	\$0	\$39,060	\$577,523	\$491,280	93%
2044	\$577,523	\$4,043	\$164,642	3.6%	\$0	\$90,545	\$655,663	\$606,592	95%
2045	\$655,663	\$4,590	\$170,569	3.6%	\$0	\$41,438	\$789,384	\$676,562	97%
2046	\$789,384	\$5,526	\$176,709	3.6%	\$0	\$63,345	\$908,275	\$803,548	98%
2047	\$908,275	\$6,358	\$183,071	3.6%	\$0	\$131,338	\$966,366	\$916,296	99%
2048	\$966,366	\$6,765	\$189,661	3.6%	\$0	\$270,663	\$892,130	\$966,990	100%

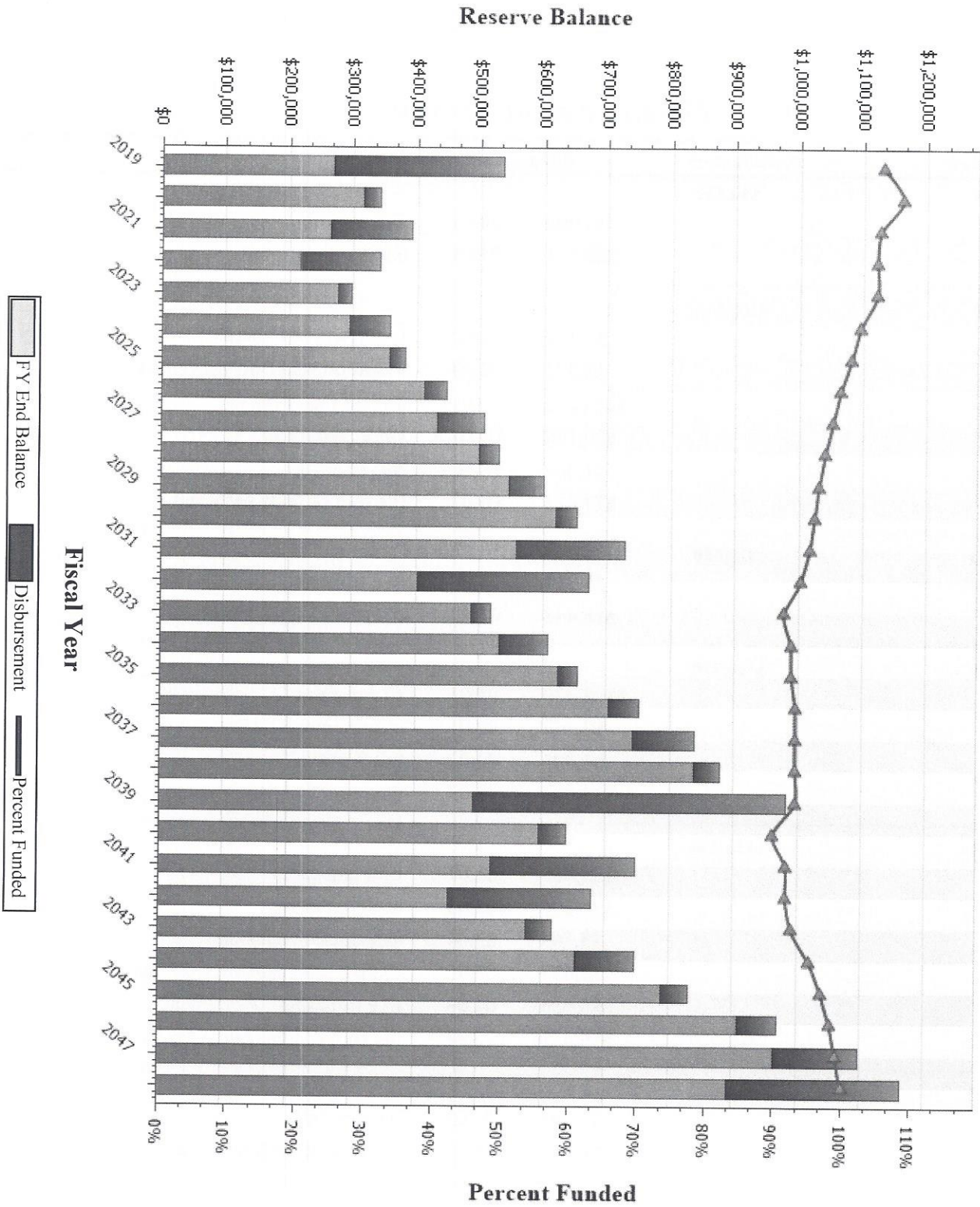
0.7% - Interest Rate
3.0% - Inflation

Min FY End Balance: \$216,681
Avg FY End Balance: \$541,599

Min % Funded: 90%
Avg % Funded: 97%

Yearly Review Chart

Disbursement with Percent Funded Comparison



Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2018	\$94,119	\$5,006	04.03	tree trimming
		\$89,113	05.01	gutters/downspouts
2019	\$266,174	\$5,137	02.02	fixtures,light,bollards
		\$5,372	02.03	irrigation backflow preventers
		\$216,272	03.01	asphalt,major rehab
		\$20,178	04.01	landscape,rehab
		\$1,304	04.02	tree removal
		\$17,911	05.03	tile roof (2 units per year)
2020	\$23,759	\$5,311	04.03	tree trimming
		\$18,448	05.03	tile roof (2 units per year)
2021	\$128,870	\$105,139	01.01	stucco,paint
		\$3,347	02.01	electric meter pedestal
		\$1,383	04.02	tree removal
		\$19,001	05.03	tile roof (2 units per year)
2022	\$123,740	\$32,458	01.02	trim/gate,paint
		\$56,805	03.03	asphalt,repairs
		\$5,795	03.04	asphalt,sealcoat/slurry
		\$3,477	03.05	asphalt,sealcoat/slurry,prking
		\$5,634	04.03	tree trimming
		\$19,571	05.03	tile roof (2 units per year)
2023	\$21,627	\$1,468	04.02	tree removal
		\$20,159	05.03	tile roof (2 units per year)

Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2024	\$62,851	\$23,392	04.01	landscape, rehab
		\$5,978	04.03	tree trimming
		\$12,717	05.02	low slope roof, #5441-5451
		\$20,764	05.03	tile roof (2 units per year)
2025	\$22,944	\$1,557	04.02	tree removal
		\$21,387	05.03	tile roof (2 units per year)
2026	\$35,074	\$6,704	02.04	irrigation controllers
		\$6,342	04.03	tree trimming
		\$22,028	05.03	tile roof (2 units per year)
2027	\$72,719	\$37,629	01.02	trim/gate, paint
		\$6,718	03.04	asphalt, sealcoat/slurry
		\$4,031	03.05	asphalt, sealcoat/slurry, parking
		\$1,652	04.02	tree removal
		\$22,689	05.03	tile roof (2 units per year)
2028	\$30,097	\$6,728	04.03	tree trimming
		\$23,369	05.03	tile roof (2 units per year)
2029	\$52,938	\$27,116	04.01	landscape, rehab
		\$1,752	04.02	tree removal
		\$24,070	05.03	tile roof (2 units per year)
2030	\$31,931	\$7,138	04.03	tree trimming
		\$24,793	05.03	tile roof (2 units per year)
2031	\$168,693	\$141,298	01.01	stucco, paint
		\$1,859	04.02	tree removal
		\$25,536	05.03	tile roof (2 units per year)

Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2032	\$267,853	\$43,622	01.02	trim/gate,paint
		\$101,554	03.02	asphalt,major rehab,parking
		\$76,342	03.03	asphalt,repairs
		\$7,788	03.04	asphalt,sealcoat/slurry
		\$4,672	03.05	asphalt,sealcoat/slurry,prking
		\$7,572	04.03	tree trimming
		\$26,303	05.03	tile roof (2 units per year)
2033	\$29,064	\$1,972	04.02	tree removal
		\$27,092	05.03	tile roof (2 units per year)
2034	\$75,743	\$8,370	02.03	irrigation backflow preventers
		\$31,436	04.01	landscape,rehab
		\$8,033	04.03	tree trimming
		\$27,904	05.03	tile roof (2 units per year)
2035	\$30,833	\$2,092	04.02	tree removal
		\$28,741	05.03	tile roof (2 units per year)
2036	\$47,134	\$9,009	02.04	irrigation controllers
		\$8,522	04.03	tree trimming
		\$29,603	05.03	tile roof (2 units per year)
2037	\$97,727	\$50,569	01.02	trim/gate,paint
		\$9,029	03.04	asphalt,sealcoat/slurry
		\$5,417	03.05	asphalt,sealcoat/slurry,prking
		\$2,220	04.02	tree removal
		\$30,492	05.03	tile roof (2 units per year)
2038	\$40,447	\$9,041	04.03	tree trimming
		\$31,406	05.03	tile roof (2 units per year)

Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2039	\$490,849	\$9,277	02.02	fixtures,light,bollards
		\$390,613	03.01	asphalt,major rehab
		\$36,443	04.01	landscape,rehab
		\$2,355	04.02	tree removal
		\$19,812	05.02	low slope roof,#5441-5451
		\$32,349	05.03	tile roof (2 units per year)
2040	\$42,911	\$9,592	04.03	tree trimming
		\$33,319	05.03	tile roof (2 units per year)
2041	\$226,716	\$189,898	01.01	stucco,paint
		\$2,499	04.02	tree removal
		\$34,319	05.03	tile roof (2 units per year)
2042	\$223,491	\$58,624	01.02	trim/gate,paint
		\$102,597	03.03	asphalt,repairs
		\$10,467	03.04	asphalt,sealcoat/slurry
		\$6,279	03.05	asphalt,sealcoat/slurry,prking
		\$10,176	04.03	tree trimming
		\$35,348	05.03	tile roof (2 units per year)
2043	\$39,060	\$2,651	04.02	tree removal
		\$36,409	05.03	tile roof (2 units per year)
2044	\$90,545	\$42,248	04.01	landscape,rehab
		\$10,796	04.03	tree trimming
		\$37,501	05.03	tile roof (2 units per year)
2045	\$41,438	\$2,812	04.02	tree removal
		\$38,626	05.03	tile roof (2 units per year)
2046	\$63,345	\$12,108	02.04	irrigation controllers
		\$11,453	04.03	tree trimming
		\$39,784	05.03	tile roof (2 units per year)

Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2047	\$131,338	\$67,962	01.02	trim/gate,paint
		\$12,134	03.04	asphalt,sealcoat/slurry
		\$7,280	03.05	asphalt,sealcoat/slurry,prking
		\$2,983	04.02	tree removal
		\$40,979	05.03	tile roof (2 units per year)
2048	\$270,663	\$12,151	04.03	tree trimming
		\$216,304	05.01	gutters/downspouts
		\$42,208	05.03	tile roof (2 units per year)

Grand Total:

\$3,344,693

Reserve Balance Distribution

Note- This distribution is based on the disbursement by year in ascending order.

\$462,981 : FY Start Balance

\$462,981 : Distributed Funds

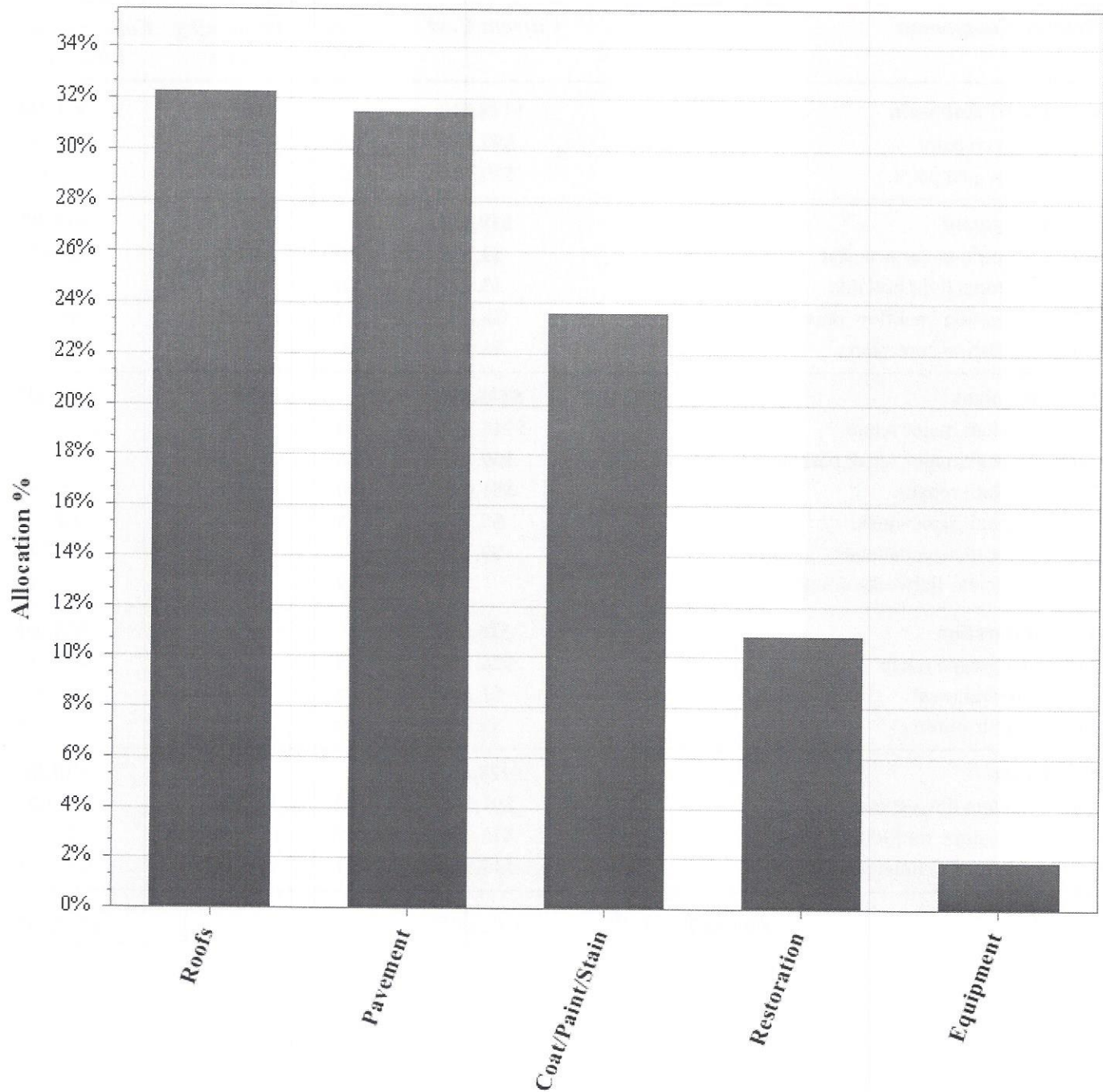
\$0 : Remaining Funds

<i>Reserve Component</i>	<i>Distribution</i>	<i>Percentage</i>
01 Coat/Paint/Stain		
01.01 stucco,paint		
01.02 trim/gate,paint		
02 Equipment		
02.01 electric meter pedestal		
02.02 fixtures,light,bollards		
02.03 irrigation backflow preventers		
02.04 irrigation controllers		
03 Pavement		
03.01 asphalt,major rehab		
03.02 asphalt,major rehab,parking		
03.03 asphalt,repairs		
03.04 asphalt,sealcoat/slurry		
03.05 asphalt,sealcoat/slurry,prking		
03.06 concrete flatwork-unfunded		
04 Restoration		
04.01 landscape,rehab		
04.02 tree removal		
04.03 tree trimming		
05 Roofs		
05.01 gutters/downspouts		
05.02 low slope roof,#5441-5451	\$21,300	4.6%
05.03 tile roof (2 units per year)	\$441,681	95.4%

Allocation Breakdown

<i>Reserve Component</i>		<i>Reserve Allocation (per year)</i>	<i>Reserve Allocation (per month)</i>	<i>Reserve Allocation (per unit per month)</i>	<i>Allocation %</i>
01	Coat/Paint/Stain	\$16,029.45	\$1,335.79	\$26.20	23.57%
01.01	stucco,paint	\$10,021.88	\$835.16	\$16.38	14.74%
01.02	trim/gate,paint	\$6,007.57	\$500.63	\$9.82	8.83%
02	Equipment	\$1,279.45	\$106.61	\$2.08	1.88%
02.01	electric meter pedestal	\$106.34	\$8.86	\$0.17	0.16%
02.02	fixtures,light,bollards	\$259.72	\$21.64	\$0.42	0.38%
02.03	irrigation backflow preventers	\$362.19	\$30.18	\$0.59	0.53%
02.04	irrigation controllers	\$551.20	\$45.93	\$0.90	0.81%
03	Pavement	\$21,404.58	\$1,783.71	\$34.97	31.48%
03.01	asphalt,major rehab	\$10,935.08	\$911.26	\$17.87	16.08%
03.02	asphalt,major rehab,parking	\$3,496.50	\$291.37	\$5.71	5.14%
03.03	asphalt,repairs	\$5,256.91	\$438.08	\$8.59	7.73%
03.04	asphalt,sealcoat/slurry	\$1,072.61	\$89.38	\$1.75	1.58%
03.05	asphalt,sealcoat/slurry,prking	\$643.48	\$53.62	\$1.05	0.95%
03.06	concrete flatwork-unfunded	\$0.00	\$0.00	\$0.00	0.00%
04	Restoration	\$7,347.23	\$612.26	\$12.01	10.80%
04.01	landscape,rehab	\$4,080.87	\$340.07	\$6.67	6.00%
04.02	tree removal	\$659.31	\$54.94	\$1.08	0.97%
04.03	tree trimming	\$2,607.05	\$217.25	\$4.26	3.83%
05	Roofs	\$21,945.28	\$1,828.78	\$35.86	32.27%
05.01	gutters/downspouts	\$3,093.91	\$257.83	\$5.06	4.55%
05.02	low slope roof,#5441-5451	\$739.51	\$61.63	\$1.21	1.09%
05.03	tile roof (2 units per year)	\$18,111.86	\$1,509.32	\$29.59	26.63%
Grand Total:		\$68,006	\$5,667.15	\$111.12	100%

Category Breakdown Chart



Fully Funded Balance Breakdown - Next FY

<i>Reserve Component</i>		<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Fully Funded Balance</i>
01	Coat/Paint/Stain	\$128,810			\$91,166
01.01	stucco,paint	\$99,106	10	2	\$79,284
01.02	trim/gate,paint	\$29,704	5	3	\$11,882
02	Equipment	\$19,115			\$15,089
02.01	electric meter pedestal	\$3,155	30	2	\$2,945
02.02	fixtures,light,bollards	\$5,137	20	0	\$5,137
02.03	irrigation backflow preventers	\$5,372	15	0	\$5,372
02.04	irrigation controllers	\$5,451	10	7	\$1,635
03	Pavement	\$345,896			\$280,259
03.01	asphalt,major rehab	\$216,272	20	0	\$216,272
03.02	asphalt,major rehab,parking	\$69,153	20	13	\$24,204
03.03	asphalt,repairs	\$51,985	10	3	\$36,390
03.04	asphalt,sealcoat/slurry	\$5,303	5	3	\$2,121
03.05	asphalt,sealcoat/slurry,prking	\$3,182	5	3	\$1,273
03.06	concrete flatwork-unfunded	\$0	999	998	\$0
04	Restoration	\$26,638			\$24,060
04.01	landscape,rehab	\$20,178	5	0	\$20,178
04.02	tree removal	\$1,304	2	0	\$1,304
04.03	tree trimming	\$5,156	2	1	\$2,578
05	Roofs	\$120,667			\$28,283
05.01	gutters/downspouts	\$91,786	30	29	\$3,060
05.02	low slope roof,#5441-5451	\$10,970	15	5	\$7,313
05.03	tile roof (2 units per year)	\$17,911	1	0	\$17,911
Grand Total:		\$641,125			\$438,857

Category Summary - Next FY

<i>Category</i>	<i>Current Cost</i>	<i>Useful Life (Min - Max)</i>	<i>Remaining Life (Min - Max)</i>	<i>Fully Funded Balance</i>
01 Coat/Paint/Stain	\$128,810	5 - 10	2 - 3	\$91,166
02 Equipment	\$19,115	10 - 30	0 - 7	\$15,089
03 Pavement	\$345,896	5 - 999	0 - 998	\$280,259
04 Restoration	\$26,638	2 - 5	0 - 1	\$24,060
05 Roofs	\$120,667	1 - 30	0 - 29	\$28,283

Grand Total: \$641,125

\$438,857

Component Details

Reserve Component		Quantity	Unit of Measure	Unit Cost	Source Code	Rplc %	Cont %	Extended Cost
01	Coat/Paint/Stain							
01.01	stucco,paint UL: 10 RL: 3	51	units	\$1,796.82	3	100%	5%	\$96,219
01.02	trim/gate,paint UL: 5 RL: 4 fy2017- \$28,000	51	units	\$538.56	3	100%	5%	\$28,839
02	Equipment							
02.01	electric meter pedestal UL: 30 RL: 3	1	each	\$2,917.48	6	100%	5%	\$3,063
02.02	fixtures,light,bollards UL: 20 RL: 1 walkways	5	each	\$950.07	10	100%	5%	\$4,987
02.03	irrigation backflow preventers UL: 15 RL: 1	3	each	\$1,656.10	10	100%	5%	\$5,216
02.04	irrigation controllers UL: 10 RL: 8	3	each	\$1,680.04	10	100%	5%	\$5,292
03	Pavement							
03.01	asphalt,major rehab UL: 20 RL: 1	50,000	each	\$4.00	10	100%	5%	\$209,973
03.02	asphalt,major rehab,parking UL: 20 RL: 14	16,000	each	\$4.00	3	100%	5%	\$67,139
03.03	asphalt,repairs UL: 10 RL: 4 parking/streets	66,000	sq ft	\$0.73	3	100%	5%	\$50,471
03.04	asphalt,sealcoat/slurry UL: 5 RL: 4 50,000 sq ft fy2017-completed \$8,000	1	each	\$4,904.75	3	100%	5%	\$5,149
03.05	asphalt,sealcoat/slurry,prking UL: 5 RL: 4 16,000 sq ft fy2017	1	each	\$2,942.85	3	100%	5%	\$3,089
03.06	concrete flatwork-unfunded UL: 999 RL: 999	1	each	\$0.01	10	100%	5%	\$0
04	Restoration							
04.01	landscape,rehab UL: 5 RL: 1	1	each	\$18,657.73	3	100%	5%	\$19,590

Component Details

Reserve Component		Quantity	Unit of Measure	Unit Cost	Source Code	Rplc %	Cont %	Extended Cost
04	Restoration							
04.02	tree removal UL: 2 RL: 1	1	each	\$1,206.44	10	100%	5%	\$1,266
04.03	tree trimming UL: 2 RL: 0 fy2018- Scheduled to be completed. Cost unknown at this time.	1	each	\$4,767.86	3	100%	5%	\$5,006
05	Roofs							
05.01	gutters/downspouts UL: 30 RL: 0 fy2018- Scheduled to be completed. Cost unknown at this time.	13,800	lin ft	\$6.15	10	100%	5%	\$89,113
05.02	low slope roof, #5441-5451 UL: 15 RL: 6 4 unit bldg (#5441-5451)	25	square	\$405.75	10	100%	5%	\$10,650
05.03	tile roof (2 units per year) UL: 1 RL: 1 total roof area for the entire complex is approx 1,100 square	2	units	\$8,280.53	10	100%	5%	\$17,389

Grand Total: 18

Field Report

This Level 3 Reserve Study Update (no Site-Visit) does not include the benefit of a "Site-Visit" to access the current condition of each reserve item under consideration.

The Reserve Study Industry strongly recommends every association/client to conduct a reasonable competent and diligent visual inspection of the accessible areas of the reserve components in which the association/client is obligated to repair, replace, restore or maintain as part of its reserve study at least every three (3) years. This visual inspection should be done by qualified personnel with knowledge in all construction trades (e.g. licensed General Contractor).

Please reference the Parameters section found on page 4 of this report for the 'Most Recent On-Site Inspection Date' to ensure compliance with this recommendation.

Assumptions

Appendix A

The parameters and assumptions under which this study was completed, is based on information provided by the association/client, its representatives, its management company (as applicable), its contractors, other contractors, specialists and independent consultants, the State Department of Real Estate (or other state agency, as applicable), the Community Associations Institute (CAI), construction pricing and estimating manuals, and the preparer's own experience gained in the preparation of reserve study reports.

The reserve funding program reflects assumptions about future events. Some may not materialize, and unanticipated events/circumstances may develop. Therefore, the actual component cost and/or remaining life of a reserve component may vary from the reserve funding program. The preparer of this report does not express an opinion on the probability that actual item cost and/or remaining life may or may not approximate the reserve funding program.

It is assumed, unless otherwise indicated to the preparer, that all reserve items have been constructed properly, and that each estimated useful life will approximate that of the norm per industry standards and manufacturers specifications. Arbitrary estimates may have been used on reserve components with an indeterminable but potential liability to the association. The decision for the inclusion of these reserve components, and other assets considered or not, is ultimately left to the association/client.

The remaining life of the reserve components does not have a variance factor for unusual weather or natural disasters. It is assumed that a reasonable schedule of maintenance/repair will be conducted. The level of maintenance/repair any particular component receives may serve to prolong or shorten that components useful life. The actual life of any given component may vary due to quality of construction, original design, workmanship, intensity of use, maintenance/repair, and unusual weather. This study only addresses the maintenance and replacement of those reserve components listed, the associated costs/lives, and a reserve funding program.

Various percentage rate factors are generally used in the Cash Flow Analysis. A low-conservative net effective interest rate is normally used to compensate for any applicable federal and state taxes imposed. The annual inflation rate is normally determined using the national "CPIU", the Consumer Price Index for all urban consumers in the United States. Because it is difficult to accurately predict these factors over time, it is vital to update them annually.

Life-of-the-project items (e.g. building foundation/structure, concrete pavement, utilities, etc.) are generally excluded from this report. However, if the association has reason to expect the component to wear out or fail before the project does and if, due to the age of the units, the item may wear out within thirty (30) years, then that item should be included as a reserve component. Generally excluded are minor expenses which may be funded by a contingency and/or general maintenance/repair fund. Also excluded are expenses incurred due to natural disasters, accidents, or other occurrences, which are more properly insured for.

Calculations

Appendix B

1) Allocation % =

Reserve Allocation (Component Method) / Total Reserve Allocation (Component Method) x 100

2) Current Cost =

Extended Cost (for a component without subcomponents)

-or-

Sum of subcomponent Extended Costs (for a component with subcomponents)

3) Extended Cost =

Quantity x Unit Cost x Replacement % x (1+Contingency Rate)

4) Fully Funded Balance =

Current Cost / Useful Life x (Useful Life - Remaining Life)

5) FY End Balance (same as Next FY Start Balance) =

Initial or current fiscal year-

Current Reserve Balance + Interest Earned + Reserve Allocation to Fund + Special Assessment to Fund + Funds Due from Operating - Approved Funds to Disburse - Disbursements

Subsequent fiscal years-

FY Start Balance + Interest Earned + (Reserve Allocation (from previous year) x (1 + Reserve Allocation Rate)) - Disbursements

6) Interest Earned=

Initial fiscal year-

Current Reserve Balance x (Interest Rate (net effective)/12 x Number of funding months remaining in current fiscal year)

Subsequent fiscal years-

FY Start Balance x Interest Rate (net effective)

7) Percent Funded =

(FY Start Balance / Fully Funded Balance) x 100

8) Reserve Allocation (Component Method) =

Current Cost / Useful Life

Definitions

Abbreviations

bldgs = <i>buildings</i>	lf or lin ft = <i>lineal feet</i>	sy or sq yd = <i>square yard</i>
ea = <i>each</i>	RL = <i>remaining life</i>	UL = <i>useful life</i>
FY = <i>fiscal year</i>	sf or sq ft = <i>square feet</i>	% = <i>percent</i>
	(100 sq ft = 1 square)	

1) Age

The approximate age of the complex. This parameter is provided for information only.

2) Allocation %

A percentage of the total Reserve Allocation. See Calculations- APPENDIX B.

3) Allocation Increase Rate

Expressed as a percentage rate that reflects the increase of a given year's Reserve Allocation over the previous year's Reserve Allocation and utilized only in the Cash Flow Analysis.

4) Base Year

The year in which the governing documents were recorded and/or the buildings constructed (average year may be used for phases built over a period of time), and utilized to determine the approximate complex age. This parameter is provided for information only.

5) Common Interest Development (CID)

Defined by shared property and restrictions in the deed on use of the property. A CID is governed by a mandatory Association of homeowners which administers the property and enforces its restrictions. The Association Board is responsible for repairing, replacing, or maintaining the common areas, other than the exclusive use common areas, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. The following are two typical CID subdivision types:

- A) Condominium- In general, the recorded owner has title to the unit (or airspace). They are typically responsible for the interior of their individual unit/garage, all utilities that service their unit and any exclusive use common area associated with their unit (e.g. balcony, doors/windows, patio yard, etc.).
- B) Planned Development- In general, the recorded owner has title to the lot. They are typically responsible for the maintenance and repair of any structure or improvement located on their respective lot.

Note- CIDs & subdivision types are general and may not apply or may vary, based on your local.

6) Component Inventory

The task of selecting and quantifying reserve items. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of established association precedents, and discussion with appropriate association representatives.

7) Condition Assessment

The task of evaluating the current condition of the component based on observed or reported characteristics and normally documented in the field report for a Level 1 or Level 2 Reserve Study.

Definitions

8) Contingency Rate

Expressed as a percentage rate that reflects a factor added to the unit cost to prepare for an event that is liable to occur, but not with certainty.

9) Current Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore a reserve component to its original functional condition. Sources utilized to obtain estimates may include: the association, its contractors, other contractors, specialists and independent consultants, the State department of Real Estate (or other state department as applicable), construction pricing and estimating manuals, and the preparer's own experience and/or database of costs formulated in the preparation of other reserve study reports. See Calculations- APPENDIX B.

10) Disbursement

The funds expected to be paid or expended from the Reserve Balance.

11) Extended Cost

See Calculations- APPENDIX B.

12) Fiscal Year (FY)

A 12-month period for which an organization plans the use of its funds. There are two distinct types:

A) *Calendar Fiscal Year (ends December 31)*

B) *Non-Calendar Fiscal Year (does not end December 31)*

13) Full Funded Balance (FFB)

Total Accrued Depreciation. An indicator against which the FY Start Balance can be compared.

The balance that is in direct proportion to the fraction of life "used up" of the cost.

See Calculations- APPENDIX B.

14) Funding Goal

Independent of methodology utilized, the following represents the basic categories of funding plan goals:

A) *Baseline Funding*- Maintaining a Net Reserve Balance at or near zero.

B) *Full Funding*- Maintaining a Reserve Balance at or near Percent Funded of 100%.

C) *Statutory Funding*- Maintaining a specified Reserve Balance/Percent Funded per statutes.

D) *Threshold Funding*- Establishing and maintaining a set Net Reserve Balance or Percent Funded.

15) Funding Method (or Funding Plan)

An association's plan to provide income to the reserve fund to offset expected disbursements from that fund. The following represents two (2) basic methodologies used to fund reserves:

A) *Cash Flow Method*- A method of developing a reserve funding plan where allocations to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

B) *Component Method*- A method of developing a reserve funding plan where the total reserve allocation is based on the sum of allocations for individual components.

Definitions

16) Funding Plan

The combined Funding Method & Funding Goal.

17) FY End Balance (same as next FY Start Balance)

The balance in reserves at end of applicable fiscal year. See Calculations- Appendix B.

18) FY Start Balance (same as prior year FY End Balance)

The balance in reserves at start of applicable fiscal year.

19) Inflation Rate

Expressed as a percentage rate that reflects the increase of this year's costs over the previous year's costs. Also known as a 'cost increase factor'.

20) Interest Earned

The annual earning of reserve funds that have been deposited in certificates of deposit (CDs), money market accounts or other investment vehicles. See Calculations- Appendix B.

21) Interest Rate

The ratio of the gain received from an investment and the investment over a period of time (usually one year), prior to any federal or state imposed taxes.

22) Interest Rate (net effective)

The ratio of the gain received from an investment and the investment over a period of time (usually one year), after any federal or state imposed taxes.

23) Levels of Service

A) Level 1 Reserve Study (Full or Comprehensive)- A Reserve Study in which the following five Reserve Study tasks are performed:

- a) Component Inventory
- b) Condition Assessment (based upon on-site visual observations)
- c) Life and Valuation Estimates
- d) Fund Status
- e) Funding Plan

B) Level 2 Reserve Study (Update, With-Site-Visit/On-Site Review)- A Reserve Study update in which the following five tasks are performed:

- a) Component Inventory
- b) Condition Assessment (based upon on-site visual observations)
- c) Life and Valuation Estimates
- d) Fund Status
- e) Funding Plan

**Note- Updates are reliant on the validity of prior Reserve Studies.*

Definitions

C) Level 3 Reserve Study (Update, No-Site-Visit/Off-Site Review)- A Reserve Study update with no on-site visual observations in which the following three tasks are performed:

- a) Life and Valuation Estimates
- b) Fund Status
- c) Funding Plan

**Note- Updates are reliant on the validity of prior Reserve Studies.*

24) Percent Funded

A comparison of the Fully Funded Balance to the FY Start Balance expressed as a percentage, and used to provide a 'general indication' of reserve strength. See Calculations- APPENDIX B.

25) Quantity

The number or amount of a particular reserve component or subcomponent.

26) Remaining Life (RL)

The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year (but have not been approved) have a remaining life of "zero".

27) Replacement %

A percentage of the total replacement for a particular reserve component or subcomponent. This parameter is normally 100%.

28) Reserve Allocation

The amount to be annually budgeted towards reserves based on a Funding Plan.

29) Reserve Component (or subcomponent)

The individual line items in the reserve study, developed or updated in the physical analysis that form the building blocks of the reserve study. They typically are:

- A) association responsibility,
- B) with limited useful life expectancies,
- C) predictable remaining useful life expectancies,
- D) above a minimum threshold cost,
- E) and, as required by statutes.

30) Restoration

Defined as *to bring back to an unimpaired or improved condition*. General types follow:

- A) Building- In general, funding utilized to defray the cost (in whole or part) of major building components that are not necessarily included as line items and may include termite treatment.
- B) Irrigation System- In general, funding utilized to defray the cost (in whole or part) of sectional irrigation system areas including modernization to improve water management.
- C) Landscape- In general, funding utilized to defray the cost (in whole or part) of sectional landscape areas including modernization to improve water conservation & drainage.

Definitions

31) Risk Factor

The associated risk of the availability of reserves to fund expenditures by interpreting the Percent Funded parameter as follows:

- A) 70% and above- *LOW*
- B) 31% to 69%- *MODERATE*
- C) 30% and below- *HIGH*

32) Source Code

The source of information utilized to obtain cost and/or life estimates.

- 0- Actual Cost
- 1- Arbitrary Estimate
- 2- Architect/Engineer
- 3- Association
- 4- Bid/Proposal
- 5- Builder/Developer
- 6- Contractor
- 7- Cost Estimating Manual
- 8- Industry Standard
- 9- Manufacturer
- 10- Prior Reserve Study
- 11- Reserve Study Firm
- 12- Specialist/Expert
- 13- Vendor/Rep

33) Unit Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore an individual "unit of measure" of a reserve component or subcomponent to its original functional condition.

34) Unit of Measure

A system of units used in measuring a reserve component or subcomponent (i.e. each, lineal feet, square feet, etc.).

35) Useful Life (UL)

Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve item can be expected to serve its intended function if properly constructed and maintained in its present application or installation.

RESERVE FUNDING PLAN

{Pursuant to California Civil Code Sec. 5550(b)(5)}

It is the intention of the Board of Directors to fund reserves either by regular or special assessment on the dates and in the amounts recommended in the then current Reserve Study.

The full reserve study plan is available to any member upon request.

OUTSTANDING LOANS

{ Pursuant to California Civil Code Section 5300(b)(8) }

The Association has no outstanding loans.

ADDITIONAL DISCLOSURES

Notification of right to second address

Civil Code 4040 (b)

Owners can submit a request to have collection notices mailed to a secondary mailing address. The request must be in writing and mailed to the association in a manner that indicates the association has received it. The association must then send additional copies of any notices required under Civil Code Section 4040 (b) to the second address provided.

Rental Restrictions

Civil Code 4740

The governing documents of the Association contain the following rental restrictions – None

General Notice Location

Civil Code 4045 (a) (3)

General notices will be posted on the bulletin board near the mailboxes.

Right to Receive General Notice by Individual Delivery

Civil Code Section 4045 (b)

Owners can submit a request to have general notices mailed to the address last shown in the association's records. The request must be in writing and mailed to the association in a manner that indicates the association has received it.

Safety & Security Disclaimer to Members: The association does not undertake to provide security or privacy for the property, the owners, the residents, any invitees, or any persons or property located within the development, nor does the association make any representations or warranties concerning the security, privacy and/or safety of the property, the owners, the residents, any invitees, or any persons or property located within the development, irrespective of whether there are any access control devices installed and operated in the common area of the development or access control personnel employed or engaged by the association.

Date		Description		Amount	
1912	Jan 1	Balance		100.00	
	Jan 15	Received from A. B. C.		50.00	
	Feb 1	Paid to D. E. F.		25.00	
	Feb 15	Received from G. H. I.		75.00	
	Mar 1	Paid to J. K. L.		30.00	
	Mar 15	Received from M. N. O.		100.00	
	Apr 1	Paid to P. Q. R.		40.00	
	Apr 15	Received from S. T. U.		60.00	
	May 1	Paid to V. W. X.		20.00	
	May 15	Received from Y. Z. A.		80.00	
	Jun 1	Paid to B. C. D.		15.00	
	Jun 15	Received from E. F. G.		90.00	
	Jul 1	Paid to H. I. J.		35.00	
	Jul 15	Received from K. L. M.		110.00	
	Aug 1	Paid to N. O. P.		45.00	
	Aug 15	Received from Q. R. S.		70.00	
	Sep 1	Paid to T. U. V.		25.00	
	Sep 15	Received from W. X. Y.		120.00	
	Oct 1	Paid to Z. A. B.		55.00	
	Oct 15	Received from C. D. E.		95.00	
	Nov 1	Paid to F. G. H.		30.00	
	Nov 15	Received from I. J. K.		105.00	
	Dec 1	Paid to L. M. N.		40.00	
	Dec 15	Received from O. P. Q.		115.00	
	Total			1000.00	