December 13, 2019

Dear Homeowner,

As required by the Civil Code, the Board of Directors have reviewed the current year's budget compared to income and have determined that there will be **NO** increase in the bi-monthly assessments for 2020.

- **The bi-monthly assessment will continue to be $120.00 per unit per bi-monthly billing cycle.**
- **The bi-monthly special assessment will continue to be $40.00 per unit per bi-monthly billing cycle.**

ANNUAL BUDGET REPORT

The new Civil Code §5300 creates new minimum disclosure requirements by consolidating various disclosures under the new "Annual Budget Report", which consists of the following Statements or Disclosures:

~2020 Operating Budget – *Enclosed* ~Summary of Reserves – *Enclosed* ~Reserve Funding Plan – *Enclosed*
~Assessment and Reserve Funding Disclosure Summary Form – *Enclosed*
~Major Component Repair Statement

In accordance with Civil Code § 5300(b)(4) and as of the date of this letter the Board has not determined to defer any maintenance and will undertake replacement of any major component with a remaining life of 30 years or less as scheduled.

~Anticipated Special Assessment

In accordance with Civil Code § 5300(b)(5) and as of the date of this letter the Board does not Anticipate that a special assessment will be required to repair, replace or restore any major components or to provide adequate reserves.

~Reserve Funding Mechanism Statement

In accordance with Civil Code §5300(b)(6) the Board uses regular assessments to fund reserves to repair or replace major components.

~Procedures for Calculating Reserves Statements – *(Included in Reserve Funding Disclosure Summary)*
~Outstanding Loan Statement

In accordance with Civil Code section 5300(b)(7) The Association does not have any outstanding loans.

~Insurance Summary – *Enclosed*

A copy of the full reserve study is available upon request

ANNUAL POLICY STATEMENT

In an effort to clarify requirements relating to policy disclosures, new Civil Code § 5310 consolidates the various requirements. The Annual Policy Statement is a disclosure of the following:

~Association's Designate Recipient to receive official communication – *Civil Code §§ 5310(a)(1), 4035*

Board of Directors
Attn: Michelle McLeod
PO Box 689
Castroville, CA 95012

~Right of Notice to Two Addresses

As provided in Civil Code § 4040(b) Upon receipt of a request by a member, pursuant to § 5620, Identifying a secondary address for delivery of notices of the following types, the association shall deliver an additional copy of those notices to the secondary address identified in the request.

~General Notice Location – *Pursuant Civil Code §§ 5310(a)(3), 4045(a)(3), The location designated for posting of the General Notice is:* **Pool House Bulletin Board**

~Right to Receive General Notice by Individual Delivery

As provided in Civil Code §4045(b) documents designated by the Civil Code as requiring General Delivery or General Notice will be delivered using one of the methods detailed in Civil Code §4045(a). If a member of the Association wishes to receive these general notice documents by individual delivery, they must make such a request to the Association, and the Association will comply with the request.

~Right to Receive Board Minutes

In accordance with Civil Code § 4950(b) the minutes or summary of minutes of the Board meeting, other than an executive session are available to members within 30 days of the meeting.

~Assessment Collection Policy – *Enclosed*
~Notice Assessment and Foreclosure Default Policy – *Enclosed*
~Dispute Resolution Procedure Summary (IDR & ADR) – *Enclosed*
~Assessment Collection Policy – *Enclosed*
~Overnight Payment Mailing Address – *Civil Code §§ 5310(a)(11)*

Oak Hills Homeowner's Association
c/o Michelle McLeod
9744 Arrowleaf Trl
Salinas, CA 93907

The Board of Directors is obligated to uphold and enforce the CC&R's which in turn requires the Board to maintain, preserve and enhance the value and lifestyle of the Association and its property for the benefit of all Owners.

PLEASE REVIEW ALL OF THE ENCLOSED DOCUMENTS CAREFULLY.

Sincerely,
Oak Hills Homeowner's Association
Board of Directors
Enclosures

OAK HILLS HOMEOWNERS ASSOCIATION
2020 Budget

	Jan - Dec 2020
Income	
Income-Assessment Fee	200,790.00
Other Income	750.00
Total income	201,540.00
Account Funding	
Special Projects	4,200.00
Reserve Account	24,780.00
Arrowleaf Private Drive	960.00
Clover Private Drive	630.00
Sandbur Private Drive	2,160.00
Shadow Oak	3,360.00
Total Account Funding	36,090.00
Total Operating Income	165,450.00
Expense	
Accounting Services	10,000.00
Community Events	2,000.00
Greenbelt Maintenance	30,000.00
Insurance	12,800.00
Landscaping	22,000.00
Legal Fees	6,000.00
Maintenance	2,500.00
Membership/Education	1,000.00
Mileage	2,100.00
Office Expenses	2,000.00
Office Supplies	1,000.00
Payroll	40,000.00
Payroll Taxes	3,600.00
Pool Maintenance & Supplies	3,500.00
Postage Expenses	3,000.00
Printing	1,000.00
Taxes	1,000.00
Telephone	900.00
Utilities	20,000.00
Web Site	1,050.00
Total Expenses	165,450.00
Net Income	0.00

Reserve Balance as of December11, 2019 $259,987.61

Oak Hills Homeowners Association

Insurance Summary

	Coverage	Insurance Carrier	Policy #
General Liability	$3,000,000	Scottsdale Insurance Co.	CPS3157497
Commercial Property	$ 165,583	Hub International Ins	2858131
Directors & Officers	$3,000,000	Continental Casualty Co.	0598977389
Bond	$ 500,000	Traveler's	0106812949

INSURANCE

This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 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 provisions 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 does 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.

NOTICE TO MEMBERS

IN ACCORDANCE WITH CIVIL CODE SECTION 1363.05 (e0, ASSOCIATION MEMBERS ARE ADVISED OF THEIR RIGHT TO RECEIVE MINUTES OF DIRECTOR'S MEETINGS WITHIN 30 DAYS FOLLOWING THE MEETING. MINUTES ARE SENT TO MEMBERS IN THE FOLLOWING FORMAT:

1. U.S. MAIL.
2. PERSONAL ELECTRONIC MAIL, (When selected by the Member).
3. POSTED ON THE ASSOCIATION WEBSITE

Extract from California Civil Code § 5730
Notice Regarding Assessments and Foreclosure

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as non-judicial foreclosure. For liens recorded on or after January 1, 2006, an association may not use judicial or non-judicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars ($1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars ($1,800) or more than 12 months delinquent, an association may use judicial or non-judicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 Part 5 of Division 4 of the Civil Code. When using judicial or non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) Chapter 8 of Part 5 Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code).

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise. An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 5665 of the Civil Code)

The board of the directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code).

ALTERNATIVE DISPUTE RESOLUTION

Beginning January 1, 1994, California law provides that when the owner of a separate interest (a Homeowner) or the common interest development (CID)/association brings an action: a) solely for declaratory relief or injunction relief; or

b) either of those in conjunction with a claim for monetary damages; (Other than Association Assessments, not to exceed $5,000)

relating to the enforcement of the governing documents of the association, they shall endeavor to submit the matter to alternative dispute resolution (ADR).

What this means, in general, is that in those prescribed types of disputes, before filing a lawsuit, an attempt must be made to settle. This must be done in a semi technical manner. The method of beginning the attempt at ADR is to serve on the opposing party a Request for Resolution. With certain exceptions, the law requires a certificate be filed with any civil action, certifying compliance with the above stated requirements.

Please be advised that the statement above is intended to be only the broadest of interpretations and merely to advise that such a law exists. There are a number of other factors involved, including attorney's fees; arbitration or mediation costs; and the results of not conforming to this law (*Civil Code § 5825 through 5965).*

The California legislature has also provided that each year your Association must send out a summary of this law and that summary must specifically include the following excerpt of the law:

"Failure by any member of the association to comply with the pre-filing requirements of § 5930 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".

As you can see, failure to comply with this law may prejudice your rights. We strongly urge each one of you to carefully read the statue and consult with an attorney prior to commencing any litigation regarding the enforcement of the governing documents.

INTERNAL DISPUTE RESOLUTION PROCEDURE

The California Legislature has adopted new regulations codified in *Civil Code Sections 5900 through 5920,* which require Associations to adopt fair, reasonable and expeditious dispute resolution procedures, effective January 1, 2005. This separate and apart from, and precedes, the formal ADR (Alternative Dispute Resolution) requirements set forth in *Civil Code Section 5925 through 5965.* The Association has adopted the following procedures as required under such law:

1. The Association or an Owner may invoke the procedures 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 an 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 are met:
    a. The agreement is not in conflict with law or the Association's governing documents.
    b. The agreement is consistent with the authority granted by the Board of Director's to the designated Board member or is ratified by the Board.

7. Owners will not be charged a fee to participate in the process.

OAK HILLS HOMEOWNERS ASSOCIATION
DELINQUENT ASSESSMENT COLLECTION POLICY

Prompt payment of assessments by all owners is critical to the financial health of the Association and to protect, maintain and enhance the property values of our homes. Your Board of Directors takes very seriously its obligations under the CC&Rs and the California Civil Code to enforce the owners' obligations to pay assessments, and as such, asks that you please read the following practices and policies:

Due Date

- Regular assessments are due in advance on the first (1st) day of each assessment period and become delinquent if not received, in full, by the Association within forty-five (45) days after the due date. Special Assessments and Individual Special Assessments are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received by the Association within (45) days after the specified due date.

Late Fees

- A late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars ($10.00), whichever is greater, unless the Declaration specifies a late charge in a smaller amount, in which case any late charge imposed shall not exceed the amount specified in the Declaration, shall be due on any such delinquent assessment, unless the Declaration specifies a late charge in a small amount, in which case the late charge imposed shall not exceed the amount specified in the Declaration or the Civil Code.

Interest

- Interest on all sums imposed in accordance with California Civil Code 1366, including the delinquent assessment, reasonable fees and costs of collection, and reasonable attorneys' fees, at an annual interest rate not to exceed twelve percent (12%), or the amount allowed by law, shall be due commencing One Hundred Eighty (180) days after the assessment becomes due, unless the Declaration specifies the recovery of interest at a rate of a lesser amount, in which case the lesser rate of interest shall apply.

Payments

- All such amounts and all other assessments and related charges thereafter due to the Association until all such amounts are paid, must be paid in full and the Association shall not be required to accept any partial or installment payments from the date of the institution of an action to enforce the payment of delinquent amounts in the time that all such amounts are paid in full.

Application of Payments

- All payments received by the Association, regardless of the amount paid, will be directed to the oldest assessment balances first, until which time all assessment

balances are paid, and then to late charges, interest and costs of collection (including attorneys' fees) unless otherwise specified by written agreement.

Pre-Lien

- At least thirty (30) days prior to recording a lien on the separate interest property, the Association must provide the owner, in writing, by certified mail all of the information as required by California Civil Code 1365.1. Attorneys' fees and costs in the collection of a past due account will be charged to the delinquent owner.

Dispute Resolution

- An owner who is in receipt of a Pre-Lien Notice may request and the Association will comply to participate in a dispute resolution program. The owner may choose Internal Dispute Resolution (IDR) in which the owner will "meet and confer" with the Board or their representatives or they may choose Alternative Dispute Resolution (ADR) with a neutral party to mediate. The cost of ADR will be as provided by law.

Notice of Delinquent Assessment (Lien)

- If an owner does not request dispute resolution within thirty (30) days from the date of the mailing of the Pre-Lien Notice, or upon the conclusion of dispute resolution, the Board shall vote in an open meeting to determine whether a Notice of Delinquent Assessment shall be recorded. Any decision to record a Notice of Delinquent Assessment must be approved by a majority of the Board and shall be recorded in the minutes of that meeting. A copy of the Notice of Delinquent Assessment will be mailed by certified mail to all record owners of the separate interest no later than ten (10) calendar days following the date of its recordation.

Payment Plan

- An owner may make a formal written request to meet with the Board to discuss a payment plan for the debt described in the Pre-Lien Notice. The Board shall meet with the owner, in executive session, within forty-five (45) days of the postmark of the notice, if the request is mailed within fifteen (15) days of the date of the postmark of the notice, unless there is no regularly scheduled Board meeting within that period.

Foreclosure

- Delinquent Assessments, which comply with the provisions of California Civil Code 1367.4, can be collected using Judicial or Non-Judicial Foreclosure of the owner's separate interest property.

Redemption

- Property foreclosed upon by the Judicial or Non-Judicial process is subject to the right of redemption as provided by law.

Remedies

- In addition, to and/or in place of any other remedy specified in this Collection Policy, the Association shall be entitled to bring an action at law against the owner personally responsible for the payment of the amount due.

Attorneys' Fees and Costs

- The Association shall be entitled to charge the owner for the reasonable costs of collection, including without limitation, attorneys' fees, in addition to the late charges imposed in accordance with the Collection Policy.

Returned Check Charge

- The Association shall charge a "returned check charge"; our current fee is twenty-five dollars ($25.00) for all checks returned as "non-negotiable", "insufficient funds" or for any other reason.

Mailing Address

- All above-referenced notices will be mailed to the record owner(s) at the mailing addresses provided in writing to the Association by such owner(s). It is the owner's responsibility to inform the Association, in writing of their current mailing address or secondary address.

Payment Address

- The mailing address for the overnight payment of assessments is the same as that for routine assessment payments unless otherwise noted.

Policy Revision

- The policies and practices outlined shall remain in effect until such time as they may be changed or modified or amended by a daily adopted resolution of the Board of Directors. Owners will receive a revised policy at least thirty (30) days prior to its implementation.

Greenbelt Vehicle Access Policy
For The Oak Hills Homeowner's Association

The Oak Hills Homeowner's Association is responsible for preserving the natural beauty of the greenbelt as well as the safety and security of our neighbors. Any prior permission given by the Board to pass over the greenbelt area is revoked. Future access to pass over the greenbelt area will be made only in accordance with this Policy.

No motorized vehicles will be allowed to pass over the Oak Hills Homeowner's Association property without the prior written permission of the Board of the Oak Hills Homeowner's Association. This policy applies to all Oak Hills Homeowner's Association property including, but not limited to, all parkways, greenbelt access paths, and the greenbelt.

OHHA maintenance vehicles and contractors providing maintenance for the OHHA are permitted to drive in the greenbelt.

The Board of the Oak Hills Homeowner's Association recognizes that there are occasional needs to access homeowner's property through the greenbelt for maintenance needs. Written permission for this access must be obtained from the Board by contacting the office by phone or email.

Failure to gain prior written permission from the OHHA Board may result in fines and/or legal action.

Fine schedule:

First offense – Warning
Further offenses –$50 per occurrence

Adopted by the Board on September 24, 2018.

LANDSCAPE RULES AND REGULATIONS
FOR OAK HILLS HOMEOWNERS ASSOCIATION

The CC&R's of the Oak Hills Homeowners Association are established and agreed upon in order to enhance and protect the value, desirability, and attractiveness of property in the Oak Hills Homeowner's Association. Therefore, the OHHA Board has approved the following Rules and Regulations:

FRONT YARDS AND PARKWAYS:

- Landscaping visible to a passerby must be maintained to a standard to be determined by the OHHA Board or by the Landscape Committee based on the following criteria:
- Yards must be maintained so that weeds and grasses will be no taller than 8 inches.
  A. This standard will not be applied to ornamental grasses, drought tolerant plantings such as succulents, and other landscaping plants which are designed to be kept in a natural state.
  B. This standard will not be applied to landscaping under improvement if in the opinion of the Landscape Committee a reasonable effort is being made to improve the appearance of the property in a timely manner.
  C. No vehicles may be parked on landscaping.
- Bushes and trees must not protrude onto or overhang the walkway so as to impede pedestrian traffic.
- Fences must be maintained and not leaning, falling or otherwise in disrepair.
- No sheds or storage structures shall be erected in front yards so as to be visible from the sidewalk.
- Discarded items, brush piles, and refuse may not be stored in view of any passerby.

VIOLATIONS:

- Once it is determined a violation of these standards exists, a certified letter will be sent notifying the homeowner and requesting that the homeowner correct the violation within 30 days.
- If the homeowner takes no action, another certified letter will be sent giving the homeowner at least ten day notice of a hearing before the OHHA Board.
- At the hearing, the homeowner or homeowner's counsel will be allowed to speak to the OHHA Board concerning the alleged violation and to provide documentation for the OHHA Board to consider.
- A written notice of the OHHA Board's decision on whether to impose the fine of $50.00 will be delivered to the homeowner within 15 days.
- A fine of $50.00 will be assessed if no action is taken for each month thereafter.
- An appeal process is available for homeowners who feel any penalty has been unjustly assessed to their property. Homeowners disputing fines may contact by mail or email, the OHHA Administrator or President to schedule an executive board meeting. Should a meeting with the executive board fail to result in a solution satisfactory to both parties, a mediator may be hired, with the costs to be paid by the losing party.

OHHA Fine Schedule – effective 1-11-17

Failure to maintain landscaping in accordance with the OHHA Landscaping Rules and Regulations----------$50 per month

SIGNAGE POLICY
FOR THE OAK HILLS HOMEOWNERS ASSOCIATION

No signage may be erected or displayed, other than temporary signs for such activities as a property sale, rental, open house, garage sale, political, etc.

Temporary signage/balloons must be removed within 24 hours of event.

Signage should not present a nuisance nor be considered a nuisance within the neighborhood: that signage may not be more than four (4) square feet in size, vertical or horizontal.

Board of Directors reserves the right to approve, remove, or prohibit the placement of any signage on Association/Greenbelt property.

Party in the Pool or Park Facility Agreement

Date of Party: _____ Beginning Time: _____ Ending Time: _____

Facilities to be used: _____ Number of Guests: _____

Applicant Name (if not Homeowner): _____Applicant Contact #: _____

Homeowner's Name: _____ Homeowner Contact #: _____

Property Address: _____ Email: _____

Rules

1. Be advised that permission to use the facilities for your event does not give you or your guests exclusive use of the facilities during your event. Members of the Oak Hills Homeowners' Association have a right to use the facilities at all times.
2. The applicant who signs this agreement agrees to be present at the event with the guests at all times.
3. Alcohol, glass bottles or dogs are not allowed in the park, pool or hot tub areas.
4. No climbing on trees or fences in the park/pool areas.
5. All existing pool rules are in effect and must be followed at all times.
6. All guests must be supervised at all times while around the pool area. Applicants are responsible for their and their guests' behavior and any damages that may result as a consequence thereof.
7. The pool, park and hot tub areas are to be left in the same condition they were found.
8. All party supplies such as barbeques, awnings, umbrellas, tables, chairs and coolers are to be set up in the park area only.
9. A refundable $100 security/cleaning deposit is required. Deposits will be refunded, or portions thereof, after an inspection check of the facilities is complete, and returned within five (5) days.

Please keep this document with you at the event for the After Party Inspection.

Applicant's Name (printed): _____ Contact # _____

Applicant Signature: _____ Date: _____

OHHA Approval: _____ Date: _____

* *

AFTER PARTY INSPECTION – Must be signed by Board Member for deposit return

Item to verify	✓Ok	Item to verify	✓Ok
Personal property removed		Men's & Women's restroom clean	
Trash picked up		Spa/Hot Tub Area clean	
Chairs returned to usual spot		Checked for damage	
Chairs (9 Upright, 20 Lounge)		Tables (1 Square, 2 Round)	
Life preservers (2)		Pool Net (1)	

OHHA Signature:	Deposit Return (circle): Full Partial (Explain in comments):	Date:
Comments:		

Key #: _____
Date Issued: _____

Agreements and Rules for Use of Pool and Hot Tub Access Key

Agreements:

1. No person under 18 will be allowed to use the key for admittance to the hot tub.
2. You may not lend your key to any person outside of your immediate family/household.
3. Upon sale or transfer of title to your lot, you will give your key to the Administrator of the Oak Hills Homeowners Association or you will be assessed a $25.00 replacement fee.
4. I acknowledge that the Pool and Hot Tub facility is monitored by a security camera at all times for the purpose of aiding in the prosecution for trespassing and vandalism.

Pool & Hot Tub Facility Rules:

1. Only residents of the Oak Hills Homeowner's Association and their guests are permitted within these facilities.
2. Homeowners are responsible for their own, their renters' and their guests' behavior, to include any damages or consequences that may result thereof.
3. Guests must be accompanied by a legal age adult resident (18) of the Oak Hills Homeowner's Association. No more than 5 guests per household are permitted. Exceptions to this rule require prior approval of the OHHA Board.
4. Residents must be at least 14 years old to enter or use pool and hot tub facility without a legal age adult resident (18) of the Oak Hills Homeowner's Association.
5. Private use of these facilities is strictly prohibited. No private parties that exclude other residents from the pool or hot tub area are allowed.
6. Shower before entering the pool or hot tub water.
7. Only swimwear is to be worn in the pool or hot tub water. No street clothes.
8. Running, jumping, fighting, or any conduct which causes undue disturbance on or about the pool or hot tub area is prohibited.
9. No person within the pool area shall behave in such a manner as to jeopardize the safety or health of him/herself or others or the safety of the recreation facility property. Such behavior, including abusive or profane language, shall be grounds for expulsion.
10. Loud music, loud noise*, pets, smoking, use of tobacco products, alcohol, glass containers, and chewing gum are prohibited in the pool or hot tub area. Service dogs are allowed.
11. Infants and toddlers must wear swim diapers under their swimsuits.
12. Children less than 48" tall and all children considered "weak swimmers" must be accompanied in the water by an adult.
13. No diving in the shallow end of the pool. Shallow area is 4 feet of water or less.
14. The use of skate boards, bicycles, scooters, wheeled footwear or any other similar conveyance is prohibited within the pool or hot tub facility.
15. Food and drinks are prohibited within 6 feet of the pool. No food or drink in the hot tub area, but water in a plastic container is allowed. No littering. Please dispose all trash in the proper receptacles.

*Loud music or loud noise is defined by Monterey County Ordinance 10.60: "any sound equal or greater than 85 dbA at 50 feet from source."

I/we have read and understand the Agreements and Rules stated above and I/we agree to abide by them. Should I/we fail to do so, I/we understand that the use of our key will be revoked for a period of time to be specified by the Board. THERE WILL BE A $25.00 FEE FOR EACH REPLACEMENT KEY.

I/we acknowledge that there is no lifeguard on duty at the pool or hot tub facility, and use of these facilities is at our own risk.

_____ _____

Homeowner Printed Name Homeowner Signature

_____

Property Address (Residence Address in Oak Hills Homeowners Association)

OAK HILLS HOMEOWNERS ASSOCIATION

RESERVE SUMMARY/UPDATE ANNUAL DISCLOSURE

For Fiscal Year Beginning January 1, 2020

Based On Fiscal Year Ending December 31, 2019

30 Year Maintenance Funding Plan For Fiscal Year 2020 - 2049

Prepared By
Brenda Ohm, RS, PRA
on
10/22/2019

Golden Consulting Group
965 East Yosemite Avenue
Suite 22
Manteca, Ca 95336
Phone: (877) 697-6977
Fax: (925) 264-2091

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OAK HILLS HOMEOWNERS ASSOCIATION

General Association Information

This Reserve Study and Cash Flow Analysis have been prepared for the board and their members. Oak Hills Homeowners Association located in Monterey County in the city of Salinas, CA. Each owner receives title to his unit, a membership in the Oak Hills Homeowners Association, and an undivided percentage interest as tenant in common in the common area on which their unit is located. The Board of Directors is accountable to the membership for the management and operation of the association. The reserve study and/or update summary and its recommended funding plan provides financial guidance which is often indispensable and shows due diligence from the board and its members.

Name of Association	OAK HILLS HOMEOWNERS ASSOCIATION
Address of Association	14460 Charter Oak Blvd
City of Association	Salinas
County of Association	Monterey
Number of Units	269
Built Date	1973
Fiscal Year	January 1 - December 31
Last Reserve Study	2017
General Budget/Reserves	Shared Operating and Reserve Expenses
Reserve Study Type	Update Only
Reserve Percent Funded	172%
Overall Condition	Well Maintained
Management Company	Self-Managed

The board is hereby requested to review and notify Golden Consulting Group within 30 days after the receipt of the study or update with any requested changes, errors or discrepancies within the report. Golden Consulting Group will act within 48 hours to address any requested changes, errors or discrepancies within the study or update. The reserve study or update should be reviewed and approved by the board within 45 days of the receipt of the report.

The board is cautioned to understand that the funding plan has projected the current funds on hand and has increased the contributions in accordance to the thirty (30) year cash flow analysis as required by Davis-Stirling Act. It is impossible to project thirty (30) years into the future to ascertain the cost of repair or replacement of any of the components, let alone the value of money, changing building code requirements and other unknowns. Golden Consulting Group has estimated and projected future cost of repairs and replacement of those components for the Board of Directors of the above Homeowners Association.

For more information: See Davis-Stirling.com **Reference & Reprinted by Adams Kessler, PLC**

Board Alterations to Study and/or Updates

Question: I'm on our board and we just completed reviewing our reserve study. There are items on the list with a life that equals or exceeds the estimated life of the buildings. We wanted them removed, but the analyst refused. Doesn't our board have the authority to remove components?

Answer: Not really. That's like asking an attorney to change his legal opinion because the board disagrees with it. Or telling a CPA to change his audit report because directors don't like what he found. A reserve specialist is a professional who prepares a report based on his own observations and calculations--it's his report to the board.

Adjustments. Accordingly, boards have no "right" to dictate changes to an independent professional's report. However, adjustments can be made to draft opinions/reports by attorneys, CPAs and reserve specialists if the adjustments are reasonable and the professional agrees. For example if something is unclear or is missing and needs to be addressed by the professional, it can be included in the final report.

Funding. Although reserve specialists establish the list of major components, the board can choose not to fund particular items if it complies with Davis-Stirling disclosure requirements, i.e., the report must disclose:
Whether the board of directors of the association has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement. (Civ. Code §5300(b)(4))

Accordingly, a reserve study could list components in the inventory and then eliminate them from funding calculations with a note that funding was removed at the board's request.

30-Year+ Life. Including components in the Study with useful life of over 30 years with no funding creates a “marker” for future inclusion in the funding plan when the life expectancy falls below 30 years. This is especially important when it comes to plumbing systems since they are hidden in walls and frequently overlooked by boards--until they fail and large special assessments are needed.

OAK HILLS HOMEOWNERS ASSOCIATION

Percent Funding of Reserves

The Oak Hills Homeowners Association was originally built and/or renovated in 1973 became an active Homeowner Association in 1973. An on-site visual inspection of the common reserve components was performed on August 30, 2017 by Golden Consulting Group.

The percent funded for Oak Hills Homeowners Association is estimated at Fiscal Year End, December 31, 2019 is 172%. Golden Consulting Group has based this method of calculation by dividing the actual reserve account balance as of fiscal year end by the estimated amount required in the reserve fund at the end of the current fiscal year. Based on the enclosed current 30 Year Reserve Study Funding Plan it is estimated that the reserve account balance SHOULD BE sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years.

However in order to ensure the association's projected reserve expenditures the association should approve annual increases starting in fiscal year 2020 and continuing thru fiscal year 2049. By using the enclosed 30 Year Reserve Study Funding Plan, a Special Assessment WILL NOT likely be necessary to fund the reserves.

In general, the Oak Hills Homeowners Association is overall in GOOD CONDITION and its recommended to inspect and repair or replace any reserve components that starting to fail. The baseline funding strategy sets a funding goal of keeping enough cash to maintain the association's reserve components always. The approximate replacement/repair costs for Association is estimated at approximately $505,225.

Golden Consulting Group has estimated the projected average future cost of repairs and replacement of those components for the Association. The annual reserves are based on a straight- line approach: Replacement Costs divided by Life Expectancy per each component. Based upon the Golden Consulting Group's calculations the annual reserve contribution would be approximately $31,063 a year. The estimated fully funded accrued amount or the aged components is approximately $156,076. This is calculated Life Expectancy minus Remaining Life times (x) annual reserve contribution. The recommended annual reserve contribution for fiscal year beginning, January 1, 2020 should be increased from $26,160 to $27,438 or $17 per unit Bi-monthly a 4.9% increase from previous year with annual increases of $0.50 per unit per month each year starting in fiscal year 2020 to ensure the capital improvements/maintenance obligations of the Association.

Golden Consulting Group uses a 2.5% annual cpi inflation rate to calculate the 30 year funding maintenance plan. However, based on the inflation rates listed below the average inflation rate over the last 18 years is 2.2%.

PERCENT FUNDED	**172%**
Current US Inflation Rates: 2000-2018	2.50%
Estimated Interest Rate Reserve Account	1.53%
Annual Reserves Required (Based on Straight Line Funding Method)	$31,063
Reserve Account Balance as of August 31, 2019	$255,840
2019 Reserve Contribution (Sept-December)	$8,720
2019 Average Interest Rate on Reserve Account @ 1.53%	$1,360
2019 Reserve Expenditures	**$0**
Estimated Reserve Balance as of FYE December 31, 2019	$268,070
Fully Funded Accrued Reserve Amount as of FYE, December 31, 2019	$156,076
Reserve Balance - Fully Funded Balance Surplus:	$111,994
Reserve Balance - Fully Funded Balance Surplus Per Unit	$416

The estimated reserve account balance does not take into consideration any monies owed to the reserve fund and/or any delinquent accounts. The estimated reserve balance only includes actual cash on hand located in the reserve account as of August 31, 2019 and any future reserve contributions minus any anticipated reserve expenditures.

The enclosed reserve study/update is not a maintenance manual but it does provide some general guidelines regarding the association maintenance obligations. This Reserve Study is a good faith estimate from either plans prior to construction and/or completion and/or existing historical data. The association should conduct or should have conducted a reserve study after its first year of operation to adjust the reserve funding plan for any changes which may have taken place during construction. Although some components may be inspected, serviced and maintained by the Association, it's always advised to have a qualified licensed professional perform the maintenance and care of the product. If you are unsure of the maintenance, please refer to the manufactures user guide.

Showing a reserve deficit/surplus does not necessarily indicate that an association is in good or poor financial condition. The current funding plan will help eliminate the presence of surplus and/or deficit over a period of years. However, funding levels could decrease or increase each year based upon repairs and/or replacements which may be scheduled and for unforeseen replacements, in which annual reserve updates are necessary to account for the changes and/or adjustments.

The enclosed reserve study/update should act as a long-term budgeting tool that evaluates the current financial status and helps develop a maintenance plan for future spending due to the aging and deterioration of the association's reserve components.

During an on-site visual inspection of the reserve components, Golden Consulting Group will visually examined both the both physical appearance and working condition of the component(s). Normally only those components which have an estimated useful life of less than 30 years will be included in the study, in which the Association would be responsible for the maintenance (repaired, replaced, or service).

Any component that is scheduled to be repaired or replaced annually should be included in the operating budget unless the Board of Directors specifies otherwise. This reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of the historical records. No destructive testing has been undertaken nor will the study address any latent defects or life expectancies which are abnormally short due to either improper design and/or installation, unless the Association or members has contracted with an independent consulting to examine and report the findings on specific components. The reserve study is solely based upon the visual condition, maintenance, service and/or the replacement of the reserve components rather than the reconstruction, renovation, or remodeling of the component(s). It is impossible to project thirty (30) years into the future to ascertain the cost of repair or replacement of any of the components, let alone the value of money, changing building code requirements and other unknowns. It's always recommended and advised to have a qualified licensed professional perform the maintenance and care of the components. If you are unsure of the maintenance of a specific reserve component, please refer to the manufacturer guide.

Per Civil Code §5300(b)(4)) The board of directors of the association must disclose if they determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

For Fiscal Year Ending 2019: The board HAS chosen to defer maintenance and/or replacement of the anticipated reserve expenditures. (see study for more information)

The Anticipated Reserve Expenditures were as follows for Fiscal Year:	**2019**
Paint Window Bars	In Progress
Paint Pool Equipment Door	Completed
Paint Restroom Doors	Completed
Sliding Glass Door @ Spa Room	As Needed
Greenbelt Doggy Stations	As Needed
Drinking Fountains	Completed
Bulletin Board @ Pool House	Completed
Map Information Sign	As Needed

Maintenance will only be deferred 1 Year unless the Board of Directors specifies otherwise.

It is our recommendation that all anticipated reserve expenditures scheduled for fiscal year 2020 be inspected, repaired or replaced as indicated by a professional. Fully funded reserve components are components that have reached its useful life and/or exceeded its average life expectancy. The board should inspect and review each component before approving deferment, replacement and/or repair of the reserve components.

The Anticipated Reserve Expenditures are as follows for Fiscal Year:	**2020**
Paint Post and Caps @ Tennis Ct	$6,209
Window Guard 3 x 2	$370
Window Guard 4 x 2	$470
Window Guard 6 x 4	$290
Sliding Glass Door Guard/Gate	$790
Tot Lot Border	$5,850
Metal Benches @ Park	$1,160
Metal Benches @ Pool House	$580
Picnic Table @ Park	$2,630
Reserve Study	$1,260
Reserve Contingency	$800
Anticipated Reserve Expenditure Total For FYE: 2020	**$20,409**

OAK HILLS HOMEOWNERS ASSOCIATION

Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2019

Civil Code §5570

California Civil Code Section §5570 requires that this Assessment and Reserve Funding Disclosure Summary be prepared pursuant to section §5570, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to California Civil Code section 5300.

The Regular Bi-Monthly Assessment for Fiscal Year Beginning Jan 1, 202(	$120.00	Bi-Monthly
The Operating Assessment Per Unit Bi-Monthly is	$103.00	Bi-Monthly
The Reserve Assessment Per Unit Bi-Monthly is	$17.00	Bi-Monthly

The Monthly Variable Assessment is as follows:

Unit Number	Monthly Assessment

Unit Number	Monthly Assessment

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:

Date Assessment is Due	Amount per unit per month	Purpose

3. Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve account balances be sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years?

Yes X No

4. If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members.

Approximate date assessment will be due:	Amount per unit:

5. All major components are included in the reserve study and are included in its calculations.

Yes X No

Major Components:	Useful remaining life in years:	Reason this major component was not included:

6. Based on the method of calculation in (4) of subdivision (b) of Section §5570, the estimated amount required in the reserve fund at the end of the current fiscal year is: $156,076 based in whole or in part on the last reserve study or update prepared by Golden Consulting Group as of October 2019. The projected reserve fund cash balance is $268,070 resulting in the reserves being 172% at this date.

7. Based on the method of calculation in (4) of subdivision (b) of Section §5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, leaving the reserves percent funding at the following:

FYE	Projected Contribution	Projected Cash Balance	Estimated Required	Percent Funded
2020	$27,438	$279,308	$187,139	149%
2021	$27,842	$286,547	$202,738	141%
2022	$28,649	$280,048	$209,657	134%
2023	$29,456	$305,371	$203,089	150%
2024	$30,263	$281,105	$226,616	124%

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before tax estimated interest rate earned on reserve funds is 1.53% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

FUNDING DISCLOSURE SUMMARY

[Civil Code §5300(e)]

(b) For purposes of preparing a summary pursuant to this section:

1. “Estimated remaining useful life” means the time reasonably calculated to remain before a major component will require replacement.

2. “Major component” has the meaning used in section 55530. Components with an estimated remaining useful life of more than thirty (30) years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure.

3. The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to section §5300 this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

4. For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

Due to factors beyond the control of the Directors, including but not limited to the rate of inflation, the rate at which the major components actually deteriorate, unanticipated damage to the major components, fluctuations in material and labor costs and changes in building codes and regulations, the accuracy of the information set forth above is not, and cannot be, guaranteed. Depending upon the accuracy of the present and future assumptions used in providing the information and conclusions set forth in said may not be correct. Therefore, any person reviewing this Assessment and Reserve Funding Disclosure Summary should not, without conducting their own independent investigation and analysis, rely upon the accuracy of the information.

The information in the Assessment and Reserve Funding Disclosure Summary is deemed reliable as of the date of the disclosure, but is not guaranteed. Golden Consulting Group has obtained information, documentation, and materials from the Association and/or agent and this disclosure summary is based upon the accuracy of such information. The Association, by accepting this disclosure summary, agrees to release Golden Consulting Group form any claims, demands or damages and further agrees to indemnify, defend and hold harmless Golden Consulting Group from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this disclosure.

OAK HILLS HOMEOWNERS ASSOCIATION

30-YEAR MAINTENANCE & FUNDING RESERVE WORKSHEET

For Fiscal Year Beginning January 1, 2020

Based on Fiscal Year Ending December 31, 2019

Reserve Study Type:	**Reserve Update Only**	Annual Reserves Required (Based on Straight Line Funding Meth	**$31,063**
Fiscal Year	**January 1 - December 31**	Estimated Reserve Balance as of FYE, December 31, 2019	$268,070
Built Date:	1973	Fully Funded Accrued Reserve Amount for Aged Components	$156,076
Number Of Units	269	Reserve Balance - Fully Funded Balance Surplus:	**$111,994**
Current US Inflation Rates: 2000-2018	2.5%	Reserve Balance - Fully Funded Balance Surplus Per Unit	**$416**
2019 Annual Reserve Contribution	$26,160	**PERCENT FUNDED**	**172%**
Reserve Account Balance as of August 31, 2019	$255,840	**RECOMMENDED**	
2019 Reserve Contribution (Sept-December)	$8,720	2020 Annual Reserve Contribution	**$27,438**
2019 Average Interest Rate on Reserve Account @ 1.53%	$1,360.22	2020 Bi-Monthly Reserve Contribution	**$4,573**
2019 Reserve Expenditures	**$0.00**	2020 Bi-Monthly Reserve Contribution Per Unit	**17.00**
Estimated Reserve Balance as of FYE, December 31, 2019	$268,070	2020 Annual Reserve Contribution (Increase/Decrease)	**5%**

30 YEAR FINANCIAL RESERVE FUNDING

Fiscal Year Ending 31-Dec	Reserve Contribution	Projected Per Unit Bi-Monthly	Anticipated Reserve Expenditures	Estimated Interest 1.53%	Estimated Reserve Account Balance @ FYE	Estimated Fully Funded Balance	Estimated Reserve % Funded
2020	$27,438	17.00	$20,409	$4,209	$279,308	$187,139	149%
2021	$27,842	17.25	$24,921	$4,318	$286,547	$202,738	141%
2022	$28,649	17.75	$39,367	$4,220	$280,048	$209,657	134%
2023	$29,456	18.25	$8,734	$4,602	$305,371	$203,089	150%
2024	$30,263	18.75	$58,764	$4,236	$281,105	$226,616	124%
2025	$31,070	19.25	$3,326	$4,725	$313,574	$203,887	154%
2026	$31,877	19.75	$30,465	$4,819	$319,804	$232,713	137%
2027	$32,684	20.25	$26,137	$4,993	$331,343	$237,626	139%
2028	$33,491	20.75	$22,602	$5,236	$347,468	$246,927	141%
2029	$34,298	21.25	$18,716	$5,555	$368,604	$259,753	142%
2030	$35,105	21.75	$26,291	$5,774	$383,192	$276,232	139%
2031	$35,912	22.25	$34,965	$5,877	$390,016	$287,019	136%
2032	$36,719	22.75	$35,780	$5,982	$396,936	$291,544	136%
2033	$37,526	23.25	$19,210	$6,353	$421,605	$296,115	142%
2034	$38,333	23.75	$28,379	$6,603	$438,162	$313,671	140%
2035	$39,140	24.25	$47,241	$6,580	$436,640	$324,924	134%
2036	$39,947	24.75	$27,865	$6,865	$455,587	$323,330	141%
2037	$40,754	25.25	$34,349	$7,068	$469,060	$335,930	140%
2038	$41,561	25.75	$43,223	$7,151	$474,549	$344,631	138%
2039	$42,368	26.25	$56,107	$7,050	$467,860	$348,065	134%
2040	$43,175	26.75	$86,097	$6,502	$431,439	$343,931	125%
2041	$43,982	27.25	$55,742	$6,421	$426,099	$321,914	132%
2042	$44,789	27.75	$53,032	$6,393	$424,249	$319,736	133%
2043	$45,596	28.25	$12,089	$7,004	$464,759	$320,002	145%
2044	$46,403	28.75	$34,808	$7,288	$483,642	$344,819	140%
2045	$47,210	29.25	$182,076	$5,336	$354,112	$356,934	99%
2046	$48,017	29.75	$48,743	$5,407	$358,793	$288,108	125%
2047	$48,824	30.25	$180,806	$3,470	$230,280	$293,656	78%
2048	$49,631	30.75	$182,232	$1,494	$99,173	$230,350	43%
2049	$50,438	31.25	$42,043	$1,646	$109,214	$163,260	67%

OAK HILLS HOMEOWNERS ASSOCIATION- Shadow Oak Private Drive

RESERVE SUMMARY/UPDATE ANNUAL DISCLOSURE

For Fiscal Year Beginning January 1, 2020

Based On Fiscal Year Ending December 31, 2019

30 Year Maintenance Funding Plan For Fiscal Year 2020 - 2049

Prepared By
Brenda Ohm, RS, PRA
on
10/22/2019

Golden Consulting Group
965 East Yosemite Avenue
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Manteca, Ca 95336
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OAK HILLS HOMEOWNERS ASSOCIATION-Shadow Oak Private Drive

General Association Information

This Reserve Study and Cash Flow Analysis have been prepared for the board and their members. Oak Hills Homeowners Association-Shadow Oak located in Monterey County in the city of Salinas, CA. Each owner receives title to his unit, a membership in the Oak Hills Homeowners Association-Shadow Oak, and an undivided percentage interest as tenant in common in the common area on which their unit is located. The Board of Directors is accountable to the membership for the management and operation of the association. The reserve study and/or update summary and its recommended funding plan provides financial guidance which is often indispensable and shows due diligence from the board and its members.

Name of Association	OAK HILLS HOMEOWNERS ASSOCIATION-Shadow Oak
Address of Association	14460 Charter Oak Blvd
City of Association	Salinas
County of Association	Monterey
Number of Units	14
Built Date	1973
Fiscal Year	January 1 - December 31
Last Reserve Study	2017
General Budget/Reserves	Shared Operating and Reserve Expenses
Reserve Study Type	Update Only
Reserve Percent Funded	110%
Overall Condition	Well Maintained
Management Company	Self-Managed

The board is hereby requested to review and notify Golden Consulting Group within 30 days after the receipt of the study or update with any requested changes, errors or discrepancies within the report. Golden Consulting Group will act within 48 hours to address any requested changes, errors or discrepancies within the study or update. The reserve study or update should be reviewed and approved by the board within 45 days of the receipt of the report.

The board is cautioned to understand that the funding plan has projected the current funds on hand and has increased the contributions in accordance to the thirty (30) year cash flow analysis as required by Davis-Stirling Act. It is impossible to project thirty (30) years into the future to ascertain the cost of repair or replacement of any of the components, let alone the value of money, changing building code requirements and other unknowns. Golden Consulting Group has estimated and projected future cost of repairs and replacement of those components for the Board of Directors of the above Homeowners Association.

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Question: I'm on our board and we just completed reviewing our reserve study. There are items on the list with a life that equals or exceeds the estimated life of the buildings. We wanted them removed, but the analyst refused. Doesn't our board have the authority to remove components?

Answer: Not really. That's like asking an attorney to change his legal opinion because the board disagrees with it. Or telling a CPA to change his audit report because directors don't like what he found. A reserve specialist is a professional who prepares a report based on his own observations and calculations--it's his report to the board.

Adjustments. Accordingly, boards have no "right" to dictate changes to an independent professional's report. However, adjustments can be made to draft opinions/reports by attorneys, CPAs and reserve specialists if the adjustments are reasonable and the professional agrees. For example if something is unclear or is missing and needs to be addressed by the professional, it can be included in the final report.

Funding. Although reserve specialists establish the list of major components, the board can choose not to fund particular items if it complies with Davis-Stirling disclosure requirements, i.e., the report must disclose:
Whether the board of directors of the association has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement. (Civ. Code §5300(b)(4))

Accordingly, a reserve study could list components in the inventory and then eliminate them from funding calculations with a note that funding was removed at the board's request.

30-Year+ Life. Including components in the Study with useful life of over 30 years with no funding creates a “marker” for future inclusion in the funding plan when the life expectancy falls below 30 years. This is especially important when it comes to plumbing systems since they are hidden in walls and frequently overlooked by boards--until they fail and large special assessments are needed.

OAK HILLS HOMEOWNERS ASSOCIATION-Shadow Oak Private Drive
Percent Funding of Reserves

The Oak Hills Homeowners Association-Shadow Oak was originally built and/or renovated in 1973 became an active Homeowner Association in 1973. An on-site visual inspection of the common reserve components was performed on August 30, 2017 by Golden Consulting Group.

The percent funded for Oak Hills Homeowners Association-Shadow Oak is estimated at Fiscal Year End, December 31, 2019 is 110%. Golden Consulting Group has based this method of calculation by dividing the actual reserve account balance as of fiscal year end by the estimated amount required in the reserve fund at the end of the current fiscal year. Based on the enclosed current 30 Year Reserve Study Funding Plan it is estimated that the reserve account balance SHOULD BE sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years.

However in order to ensure the association's projected reserve expenditures the association should approve annual increases starting in fiscal year 2020 and continuing thru fiscal year 2049. By using the enclosed 30 Year Reserve Study Funding Plan, a Special Assessment WILL NOT likely be necessary to fund the reserves.

In general, the Oak Hills Homeowners Association-Shadow Oak is overall in GOOD CONDITION and its recommended to inspect and repair or replace any reserve components that starting to fail. The baseline funding strategy sets a funding goal of keeping enough cash to maintain the association's reserve components always. The approximate replacement/repair costs for Association is estimated at approximately $62,085.

Golden Consulting Group has estimated the projected average future cost of repairs and replacement of those components for the Association. The annual reserves are based on a straight- line approach: Replacement Costs divided by Life Expectancy per each component. Based upon the Golden Consulting Group's calculations the annual reserve contribution would be approximately $2,902 a year. The estimated fully funded accrued amount or the aged components is approximately $39,802. This is calculated Life Expectancy minus Remaining Life times (x) annual reserve contribution. The recommended annual reserve contribution for fiscal year beginning, January 1, 2020 should be remain the same at $3,360 or $40 per unit bi-monthly a 0% decrease from previous year with no annual increases to ensure the capital improvements/maintenance obligations of the Association.

Golden Consulting Group uses a 2.5% annual cpi inflation rate to calculate the 30 year funding maintenance plan. However, based on the inflation rates listed below the average inflation rate over the last 18 years is 2.2%.

PERCENT FUNDED	**110%**
Current US Inflation Rates: 2000-2018	2.50%
Estimated Interest Rate Reserve Account	0.03%
Annual Reserves Required (Based on Straight Line Funding Method)	$2,902
Reserve Account Balance as of August 31, 2019	$42,571
2019 Reserve Contribution (September-December)	$1,120
2019 Average Interest Rate on Reserve Account @ .03%	$13
2019 Reserve Expenditures	**$0**
Estimated Reserve Balance as of FYE December 31, 2019	$43,705
Fully Funded Accrued Reserve Amount as of FYE, December 31, 2019	$39,802
Reserve Balance - Fully Funded Balance Surplus:	$3,903
Reserve Balance - Fully Funded Balance Surplus Per Unit	$279

The estimated reserve account balance does not take into consideration any monies owed to the reserve fund and/or any delinquent accounts. The estimated reserve balance only includes actual cash on hand located in the reserve account as of August 31, 2019 and any future reserve contributions minus any anticipated reserve expenditures.

The enclosed reserve study/update is not a maintenance manual but it does provide some general guidelines regarding the association maintenance obligations. This Reserve Study is a good faith estimate from either plans prior to construction and/or completion and/or existing historical data. The association should conduct or should have conducted a reserve study after its first year of operation to adjust the reserve funding plan for any changes which may have taken place during construction. Although some components may be inspected, serviced and maintained by the Association, it's always advised to have a qualified licensed professional perform the maintenance and care of the product. If you are unsure of the maintenance, please refer to the manufactures user guide.

Showing a reserve deficit/surplus does not necessarily indicate that an association is in good or poor financial condition. The current funding plan will help eliminate the presence of surplus and/or deficit over a period of years. However, funding levels could decrease or increase each year based upon repairs and/or replacements which may be scheduled and for unforeseen replacements, in which annual reserve updates are necessary to account for the changes and/or adjustments.

The enclosed reserve study/update should act as a long-term budgeting tool that evaluates the current financial status and helps develop a maintenance plan for future spending due to the aging and deterioration of the association's reserve components.

During an on-site visual inspection of the reserve components, Golden Consulting Group will visually examined both the both physical appearance and working condition of the component(s). Normally only those components which have an estimated useful life of less than 30 years will be included in the study, in which the Association would be responsible for the maintenance (repaired, replaced, or service).

Any component that is scheduled to be repaired or replaced annually should be included in the operating budget unless the Board of Directors specifies otherwise. This reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of the historical records. No destructive testing has been undertaken nor will the study address any latent defects or life expectancies which are abnormally short due to either improper design and/or installation, unless the Association or members has contracted with an independent consulting to examine and report the findings on specific components. The reserve study is solely based upon the visual condition, maintenance, service and/or the replacement of the reserve components rather than the reconstruction, renovation, or remodeling of the component(s). It is impossible to project thirty (30) years into the future to ascertain the cost of repair or replacement of any of the components, let alone the value of money, changing building code requirements and other unknowns. It's always recommended and advised to have a qualified licensed professional perform the maintenance and care of the components. If you are unsure of the maintenance of a specific reserve component, please refer to the manufacturer guide.

Per Civil Code §5300(b)(4)) The board of directors of the association must disclose if they determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

For Fiscal Year Ending 2019: The board HAS NOT chosen to defer maintenance and/or replacement of the anticipated reserve expenditures. (see study for more information)

The Anticipated Reserve Expenditures were as follows for Fiscal Year:	**2019**
None	

Maintenance will only be deferred 1 Year unless the Board of Directors specifies otherwise.

It is our recommendation that all anticipated reserve expenditures scheduled for fiscal year 2020 be inspected, repaired or replaced as indicated by a professional. Fully funded reserve components are components that have reached its useful life and/or exceeded its average life expectancy. The board should inspect and review each component before approving deferment, replacement and/or repair of the reserve components.

The Anticipated Reserve Expenditures are as follows for Fiscal Year:	**2020**
None	$0
Anticipated Reserve Expenditure Total For FYE: 2020	**$0**

OAK HILLS HOMEOWNERS ASSOCIATION-Shadow Oak Private Drive

Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2019

Civil Code §5570

California Civil Code Section §5570 requires that this Assessment and Reserve Funding Disclosure Summary be prepared pursuant to section §5570, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to California Civil Code section 5300.

The Regular BiMonthly Assessment for Fiscal Year Beginning Jan 1, 2020	$160.00	Bi-Monthly
The Operating Assessment Per Unit Bi-Monthly	$120.00	Bi-Monthly
The Reserve Assessment Per Unit Bi-Monthly	$40.00	Bi-Monthly

The Monthly Variable Assessment is as follows:

Unit Number	Monthly Assessment

Unit Number	Monthly Assessment

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:

Date Assessment is Due	Amount per unit per month	Purpose

3. Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve account balances be sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years?

Yes X No

4. If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members.

Approximate date assessment will be due:	Amount per unit:

5. All major components are included in the reserve study and are included in its calculations.

Yes X No

Major Components:	Useful remaining life in years:	Reason this major component was not included:

6. Based on the method of calculation in (4) of subdivision (b) of Section §5570, the estimated amount required in the reserve fund at the end of the current fiscal year is: $39,802 based in whole or in part on the last reserve study or update prepared by Golden Consulting Group as of October 2019. The projected reserve fund cash balance is $43,705 resulting in the reserves being 110% at this date.

7. Based on the method of calculation in (4) of subdivision (b) of Section §5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, leaving the reserves percent funding at the following:

FYE	Projected Contribution	Projected Cash Balance	Estimated Required	Percent Funded
2020	$3,360	$44,578	$42,704	104%
2021	$3,360	$47,952	$43,451	110%
2022	$3,360	$50,786	$46,059	110%
2023	$3,360	$54,163	$48,139	113%
2024	$3,360	$57,540	$50,748	113%

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before tax estimated interest rate earned on reserve funds is 0.03% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

FUNDING DISCLOSURE SUMMARY

[Civil Code §5300(e)]

(b) For purposes of preparing a summary pursuant to this section:

1. “Estimated remaining useful life” means the time reasonably calculated to remain before a major component will require replacement.

2. “Major component” has the meaning used in section 55530. Components with an estimated remaining useful life of more than thirty (30) years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure.

3. The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to section §5300 this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

4. For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

Due to factors beyond the control of the Directors, including but not limited to the rate of inflation, the rate at which the major components actually deteriorate, unanticipated damage to the major components, fluctuations in material and labor costs and changes in building codes and regulations, the accuracy of the information set forth above is not, and cannot be, guaranteed. Depending upon the accuracy of the present and future assumptions used in providing the information and conclusions set forth in said may not be correct. Therefore, any person reviewing this Assessment and Reserve Funding Disclosure Summary should not, without conducting their own independent investigation and analysis, rely upon the accuracy of the information.

The information in the Assessment and Reserve Funding Disclosure Summary is deemed reliable as of the date of the disclosure, but is not guaranteed. Golden Consulting Group has obtained information, documentation, and materials from the Association and/or agent and this disclosure summary is based upon the accuracy of such information. The Association, by accepting this disclosure summary, agrees to release Golden Consulting Group form any claims, demands or damages and further agrees to indemnify, defend and hold harmless Golden Consulting Group from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this disclosure.

OAK HILLS HOMEOWNERS ASSOCIATION-Shadow Oak Private Drive

30-YEAR MAINTENANCE & FUNDING RESERVE WORKSHEET

For Fiscal Year Beginning January 1, 2020

Based on Fiscal Year Ending December 31, 2019

Reserve Study Type:	**Reserve Update Only**	Annual Reserves Required (Based on Straight Line Funding Meth	**$2,902**
Fiscal Year	**January 1 - December 31**	Estimated Reserve Balance as of FYE, December 31, 2019	$43,705
Built Date:	1973	Fully Funded Accrued Reserve Amount for Aged Components	$39,802
Number Of Units	14	Reserve Balance - Fully Funded Balance Surplus:	**$3,903**
Current US Inflation Rates: 2000-2018	2.5%	Reserve Balance - Fully Funded Balance Surplus Per Unit	**$279**
2019 Annual Reserve Contribution	$3,360	**PERCENT FUNDED**	**110%**
Reserve Account Balance as of August 31, 2019	$42,571	**RECOMMENDED**	
2019 Reserve Contribution (September-December)	$1,120	2020 Annual Reserve Contribution	**$3,360**
2019 Average Interest Rate on Reserve Account @ .03%	$13.11	2020 Bi-Monthly Reserve Contribution	**$560**
2019 Reserve Expenditures	**$0.00**	2020 Bi-Monthly Reserve Contribution Per Unit	**$40**
Estimated Reserve Balance as of FYE, December 31, 2019	$43,705	2020 Annual Reserve Contribution (Increase/Decrease)	**0%**

30 YEAR FINANCIAL RESERVE FUNDING

Fiscal Year Ending 31-Dec	Reserve Contribution	Projected Per Unit Per Bi-Month	Anticipated Reserve Expenditures	Estimated Interest 0.03%	Estimated Reserve Account Balance @ FYE	Estimated Fully Funded Balance	Estimated Reserve % Funded
2020	$3,360	40.00	$2,500	$13	$44,578	$42,704	104%
2021	$3,360	40.00	$0	$14	$47,952	$43,451	110%
2022	$3,360	40.00	$541	$15	$50,786	$46,059	110%
2023	$3,360	40.00	$0	$16	$54,163	$48,139	113%
2024	$3,360	40.00	$0	$17	$57,540	$50,748	113%
2025	$3,360	40.00	$0	$18	$60,918	$53,356	114%
2026	$3,360	40.00	$0	$19	$64,298	$55,964	115%
2027	$3,360	40.00	$3,511	$19	$64,165	$58,572	110%
2028	$3,360	40.00	$63,335	$1	$4,192	$60,652	7%
2029	$3,360	40.00	$0	$2	$7,554	$2,714	278%
2030	$3,360	40.00	$0	$3	$10,918	$5,322	205%
2031	$3,360	40.00	$0	$4	$14,282	$7,930	180%
2032	$3,360	40.00	$693	$5	$16,954	$10,538	161%
2033	$3,360	40.00	$0	$6	$20,320	$12,619	161%
2034	$3,360	40.00	$3,446	$6	$20,240	$15,227	133%
2035	$3,360	40.00	$0	$7	$23,607	$17,835	132%
2036	$3,360	40.00	$0	$8	$26,975	$20,443	132%
2037	$3,360	40.00	$784	$9	$29,561	$23,051	128%
2038	$3,360	40.00	$11,055	$7	$21,872	$25,132	87%
2039	$3,360	40.00	$0	$8	$25,239	$20,474	123%
2040	$3,360	40.00	$0	$9	$28,608	$23,082	124%
2041	$3,360	40.00	$4,097	$8	$27,880	$25,690	109%
2042	$3,360	40.00	$887	$9	$30,362	$28,299	107%
2043	$3,360	40.00	$0	$10	$33,732	$30,379	111%
2044	$3,360	40.00	$0	$11	$37,103	$32,987	112%
2045	$3,360	40.00	$0	$12	$40,476	$35,595	114%
2046	$3,360	40.00	$0	$13	$43,849	$38,203	115%
2047	$3,360	40.00	$1,003	$14	$46,220	$40,812	113%
2048	$3,360	40.00	$19,021	$9	$30,567	$42,892	71%
2049	$3,360	40.00	$0	$10	$33,937	$38,235	89%