



November 10, 2017

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 to increase the bi-monthly assessments by \$10 in order for the Association to be able to meet monthly operating expenses starting January 1, 2018.

**The monthly assessment will be \$120.00 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:

~2018 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: Steven Naslund***

***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 Steven Naslund*

*9907 Pampas Path*

*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



November 10, 2017

Dear Homeowners,

It's hard to believe that we are fast approaching the end of 2017, and the beginning of 2018. Enclosed in this mailing you will find a copy of the 2018 operating budget and other mandatory disclosures for your review. Please retain these for future reference.

This year has proven to be quite unique given the amount of rain and wind that we received after so many years of drought. Our expense for Greenbelt Maintenance has far exceeded our annual budget allotment due to the amount of tree removal around our neighborhoods and Greenbelts. Next year, it will be necessary to continue to work on tree removal, stump grinding and the disposal of the large rounds. We also hope to plant trees to replace those that have fallen and the ones that are diseased. The Board has also brought in Cal Fire to do some fire preventative work in several of the greenbelts around Oak Hills.

The Board has met its fiduciary responsibility in balancing our budget, funding our reserve and special accounts for replacement and repair of our physical assets. Continuing to meet these responsibilities along with the current and future costs associated with the greenbelt maintenance and fire safety, the Board finds it necessary to increase the bi-monthly HOA fees to \$120 per billing cycle. Our last increase was over 10 years ago. As you are aware, you are part of 5 homes that share a common private drive. A separate Reserve Study was done for this private drive and based on the recommendation from this study, your bi-monthly fees for the Sandbur Place Private Drive will remain the same at \$50.00 per billing cycle. Please refer to page 2 of the Sandbur Place Private Drive disclosure document.

The Board is working on the CCR's and Bylaws and will present them to you next year for your review and approval.

The Board also wants to express its appreciation to the many volunteers and appointees who represent our community in working with community boards and commissions (TAMC, CSA-45, etc.). We also thank those who have consented to participate in committees to help us perform the tasks needed to keep the OHHA connected with the needs and opinions of our members.

The Board invites you to e-mail us with your concerns and comments. We also encourage you to consider filling the two vacant seats on the Board.

The Board thanks you for your support, and we will continue to work in the Association's best interest.

Sincerely,

Cathy Garza  
President, Oak Hills Homeowner's Association

P.O. Box 689 Castroville, CA 95012

[www.oakhillshoa.org](http://www.oakhillshoa.org)

Office Ph. 831 633-0103

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# OAK HILLS HOMEOWNERS ASSOCIATION

## 2018 Budget

	<u>Jan - Dec 2018</u>
Income	
Income-Assessment Fee	200,130
Other Income	500
Total income	<u>200,630</u>
Account Funding	
Special Projects	4,200
Reserve Account	24,720
Arrowleaf Private Drive	960
Clover Private Drive	630
Sandbur Private Drive	1,500
Shadow Oak	3,360
Total Account Funding	<u>35,370</u>
Total Operating Income	<u><u>165,260</u></u>
Expense	
Accounting Services	9,000
Community Events	2,000
Greenbelt Maintenance	30,000
Insurance	12,800
Landscaping	22,000
Legal Fees	10,000
Maintenance	2,500
Membership/Education	900
Mileage	2,100
Office Expenses	1,200
Office Supplies	800
Payroll	40,000
Payroll Liabilities	3,500
Pool Maintenance & Supplies	3,500
Postage Expenses	3,000
Printing	2,100
Taxes	500
Telephone	800
Utilities	17,960
Web Site	600
Total Expenses	<u>165,260</u>
Net Income	<u><u>0</u></u>

Reserve Balance as of October 31, 2017 \$306,092

## Oak Hills Homeowners Association

### Insurance Summary

	<u>Coverage</u>	<u>Insurance Carrier</u>	<u>Policy #</u>
General Liability	\$3,000,000	Scottsdale Insurance Co.	CPS2631166
Commercial Property	\$ 206,000	Liberty Mutual	BFO57252402
Directors & Officers	\$3,000,000	Continental Casualty Co.	0598977389
Fidelity	\$ 500,000	Hub International Ins	4762J7214

### 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 (e), 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 statute 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 (1<sup>st</sup>) 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 duly adopted resolution of the Board of Directors. Owners will receive a revised policy at least thirty (30) days prior to its implementation.

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## LANDSCAPE RULES AND REGULATIONS FOR OAK HILLS HOMEOWNERS ASSOCIATION (OHHA)

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





## **Agreements and Rules for Use of Pool and Hot Tub Access**

### **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."

8/9/2013



## Pool/Hot Tub Guest Policy

To be used on the occasion when a member of the Oak Hills Homeowners Association wishes to bring more than the allowed five (5) guests per visit rule.

To make arrangements for this exception to the rule, call the Oak Hills Administrator phone number, 831-633-0103, leave message containing the following information:

- Homeowners Name
- Oak Hills Address
- Phone
- Email
- How many total guest you plan on bringing (including the allowable five)
- Date(s) your guests will be accompanying ~~you to the pool/hot tub~~
- Approximate time(s) of use

8/9/2013



## OHHA SIGNAGE POLICY

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.

4/27/2016

# OAK HILLS HOMEOWNERS ASSOCIATION



## RESERVE STUDY

Based On Fiscal Year Ending December 31, 2017

For Fiscal Year Beginning January 1, 2018

30 Year Maintenance Funding Plan For Fiscal Year 2018 - 2047



Prepared By  
Brenda Ohm, RS, PRA  
on  
9/20/2017



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

# OAK HILLS HOMEOWNERS ASSOCIATION

## General Association Information

This Reserve Study and Cash Flow Analysis have been prepared for the board and their members. **OAKHILLS HOMEOWNERS ASSOCIATION** located in **MONTEREY COUNTY** in the city of **SALINAS, CA**. Each owner receives title to his unit, a membership in the **OAKHILLS 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	2014
General Budget/Reserves	Shared Operating and Reserve Expenses
Reserve Study Type	Reserve Study with On-Site Inspection
Reserve Percent Funded	220%
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 with any requested changes, errors or discrepancies within the Study. Golden Consulting Group will act within 48 hours to address any requested changes, errors or discrepancies within the study. The reserve study should be reviewed and approved by the board within 45 days of the receipt of the reserve study.

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 percent funded for **OAKHILLS HOMEOWNERS ASSOCIATION** is estimated at Fiscal Year End, December 31, 2017 is **220%**. 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 will 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 2038 and continuing thru fiscal year 2047. By using the enclosed 30 Year Reserve Study Funding Plan, a Special Assessment will not likely be necessary to fund the reserves.

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.

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%.

<b>PERCENT FUNDED</b>	<b>220%</b>
Current US Inflation Rate (15 Year Average)	2.50%
Estimated Interest Rate Reserve Account	0.03%
<b>Annual Reserves</b> (which are based on replacement cost divided by life expectancy)	<b>\$27,443</b>
Reserve Account Balance as of July 31, 2017	#####
2017 Reserve Contribution (Aug-Dec)	\$10,292
2017 Anticipated Reserve Interest @ .03	\$94
<b>2017 Reserve Expenditures (Aug-Dec)</b>	<b>\$0</b>
Estimated Reserve Balance as of FYE December 31, 2017	\$313,251
Estimated Accrual Reserve Balance as of FYE December 31, 2017	\$142,659
Reserve Account SURPLUS:	\$170,591
Reserve Account SURPLUS On A Per Unit Basis:	\$634

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 July 31, 2017 and any future reserve contributions minus any anticipated reserve expenditures.

The information included in the reserve study was based on the information provided, the onsite visual inspection and any other supporting documents which would be included within the study. Based on the enclosed current reserve study worksheet funding plan in order to ensure the associations projected reserve expenditures the association should approve annual increases starting in fiscal year 2038 and continuing thru fiscal year 2047.

Based on the physical analysis reserve worksheet the annual straight line reserves for FYE, December 31, 2017 is \$27,443. The recommended annual reserve contribution for beginning fiscal year, January 1, 2018 **could remain the same at \$24,700 or \$7.65 per unit per month a zero % increase.**

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 2017: The board has chosen to defer maintenance and/or replacement of the anticipated reserve expenditures.

<b>The Anticipated Reserve Expenditures were as follows for Fiscal Year:</b>		<b>2017</b>
Asphalt Seal & Repair		Deferred: Fair to Poor Condition
Paint Pool Equip Room		Deferred: Cycle Paint
Barb Wire 4'		Deferred: Fair to Poor Condition
Irrigation System		Deferred: Inspect & Repair as needed
Drinking Fountains		Unknown: Working
Swing Chair Chain		Replaced in 09/2016 for \$640.
Map Information Sign		Deferred: Fair Condition
Reserve Study		Completed

The board has deferred maintenance on the above components. The Board may want to consider changing the maintenance cycles for example from once every 5 years to once every 10 years. The board should take into consideration the age of the road, amount of traffic usage and the current condition of the road. Please note if the board does not regularly maintain the road with seal and repair - remove and/replace may be inevitable.

It is our recommendation that all anticipated reserve expenditures scheduled for fiscal year 2018 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.

<b>The Anticipated Reserve Expenditures are as follows for Fiscal Year:</b>		<b>2018</b>
Asphalt Seal & Repair	Inspect, Repair & Seal & Stripe	\$5,823
Paint Spa Room	Paint Cycle	\$828
Paint Pool Equip Room	Paint Cycle	\$730
Sliding Glass Door @ Spa Room	Inspect, Repair or Replace	\$2,500
Barb Wire 4'	Inspect, Repair or Replace	\$9,614
Irrigation System	Inspect, Repair or Replace	\$2,000
Drinking Fountains	Inspect, Repair or Replace	\$350
T-101 Timers	Inspect, Repair or Replace	\$230
Map Information Sign	Inspect, Repair or Replace	\$1,250
Reserve Contingency	Use as Needed	\$887
<b>Total Estimated Reserve Expenditures</b>		<b>\$24,211</b>

# OAK HILLS HOMEOWNERS ASSOCIATION

## Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2017

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.

1. The Regular Assessment is: includes operating & reserves	\$0.00 Per Month
The Operating Assessment Per Unit Per Month is	\$0.00 Per Month
The Reserve Assessment Per Unit Per Month is	\$7.65 Per Month

The Monthly Variable Assessment is as follows:

Unit Number	Monthly Assessment	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 ☒ 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 ☒ No

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



# OAK HILLS HOMEOWNERS ASSOCIATION

## Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2017

Civil Code §5570

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: \$142,659 based in whole or in part on the last reserve study or update prepared by Golden Consulting Group as of September 2017. The projected reserve fund cash balance is \$313,251 resulting in the reserves being 220% 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
2018	\$24,700	\$313,833	\$168,305	186%
2019	\$24,700	\$333,337	\$171,537	194%
2020	\$24,700	\$337,738	\$193,813	174%
2021	\$24,700	\$339,066	\$201,838	168%
2022	\$24,700	\$326,392	\$207,484	157%

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 2.5% 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 from 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

Based on Fiscal Year Ending December 31, 2017

For Fiscal Year Beginning January 1, 2018

Reserve Study Type:	Reserve Study with On-Site Inspection			
Fiscal Year	January 1 - December 31			
Built Date:	1973			
Number Of Units	269			
Last Reserve Study Prepared:	2014			
Current US Inflation Rates: 1999-2016	2.50%			
2017 Annual Reserve Contribution	\$2,058	Monthly	Annual	\$24,700
Reserve Account Balance as of July 31, 2017	\$302,865			
2017 Reserve Contribution (Aug-Dec)	\$10,292			
2017 Anticipated Reserve Interest @ .03	\$94			
<b>2017 Reserve Expenditures (Aug-Dec)</b>	<b>\$0</b>			
<b>Estimated Reserve Balance as of FYE December 31, 2017</b>	<b>\$313,251</b>			
Estimated Accrual Reserve Balance as of FYE December 31, 2017	\$142,659			
<b>PERCENT FUNDED</b>	<b>220%</b>			
Reserve Account SURPLUS:	\$170,591			
Reserve Account SURPLUS On A Per Unit Basis:	\$634			
<b>Annual Reserves based on straight line Full-Funding Method (replacement cost divided by life expectancy)</b>	<b>\$27,443</b>			
2018 Annual Reserve Contribution	Recommended			\$24,700
2018 Monthly Reserve Contribution	\$2,058			
2018 Monthly Reserve Contribution Per Unit	\$7.65			
Annual Reserve Contribution (Increase/Decrease)	0%			

### 30 YEAR RESERVE FUNDING PLAN

Fiscal Year Ending 31-Dec	Projected Annual Reserve Contribution	Projected Per Unit Per Month	Anticipated Reserve Expenditures	Estimated Interest 0.03%	Estimated Reserve Fund Balance @ FYE	Estimated Accrued Reserve @ FYE	Estimated Reserve % Funded
2018	\$24,700	7.65	\$24,211	\$94	\$313,833	\$168,305	186%
2019	\$24,700	7.65	\$5,296	\$100	\$333,337	\$171,537	194%
2020	\$24,700	7.65	\$20,401	\$101	\$337,738	\$193,813	174%
2021	\$24,700	7.65	\$23,473	\$102	\$339,066	\$201,838	168%
2022	\$24,700	7.65	\$37,472	\$98	\$326,392	\$207,484	157%
2023	\$24,700	7.65	\$30,372	\$96	\$320,816	\$200,980	160%
2024	\$24,700	7.65	\$42,815	\$91	\$302,792	\$201,436	150%
2025	\$24,700	7.65	\$3,481	\$97	\$324,108	\$191,960	169%
2026	\$24,700	7.65	\$30,298	\$96	\$318,605	\$216,474	147%
2027	\$24,700	7.65	\$25,970	\$95	\$317,430	\$219,050	145%
2028	\$24,700	7.65	\$10,762	\$99	\$331,467	\$225,699	147%
2029	\$24,700	7.65	\$8,682	\$104	\$347,589	\$244,574	142%
2030	\$24,700	7.65	\$8,901	\$109	\$363,498	\$265,401	137%
2031	\$24,700	7.65	\$46,498	\$103	\$341,802	\$286,226	119%
2032	\$24,700	7.65	\$37,442	\$99	\$329,159	\$279,938	118%
2033	\$24,700	7.65	\$20,477	\$100	\$333,483	\$280,883	119%
2034	\$24,700	7.65	\$9,715	\$105	\$348,572	\$293,992	119%
2035	\$24,700	7.65	\$49,468	\$97	\$323,902	\$314,890	103%
2036	\$24,700	7.65	\$27,664	\$96	\$321,034	\$309,824	104%
2037	\$32,280	10.00	\$34,145	\$96	\$319,265	\$319,530	100%
2038	\$38,736	12.00	\$61,405	\$89	\$296,685	\$325,615	91%
2039	\$45,192	14.00	\$56,823	\$86	\$285,140	\$315,394	90%
2040	\$51,648	16.00	\$86,803	\$75	\$250,060	\$309,005	81%
2041	\$58,104	18.00	\$53,374	\$76	\$254,867	\$286,028	89%
2042	\$64,560	20.00	\$42,701	\$83	\$276,809	\$283,224	98%
2043	\$71,016	22.00	\$13,159	\$100	\$334,766	\$287,059	117%
2044	\$77,472	24.00	\$14,336	\$119	\$398,021	\$307,263	130%
2045	\$83,928	26.00	\$276,254	\$62	\$205,757	\$327,162	63%
2046	\$90,384	28.00	\$48,118	\$74	\$248,097	\$212,776	117%
2047	\$96,840	30.00	\$200,090	\$43	\$144,890	\$216,118	67%

# OAKHILLS SANDBUR PLACE PRIVATE DRIVE

## RESERVE STUDY

Based On Fiscal Year Ending December 31, 2017  
For Fiscal Year Beginning January 1, 2018

30 Year Maintenance Funding Plan For Fiscal Year 2018 - 2047



Prepared By  
Brenda Ohm, RS, PRA  
on  
9/21/2017



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

# OAKHILLS-SANDBUR PLACE PRIVATE DRIVE

## General Association Information

This Reserve Study and Cash Flow Analysis have been prepared for the board and their members. OAKHILLS HOMEOWNERS ASSOCIATION - SANDBUR PLACE PRIVATE DRIVE located in MONTEREY COUNTY in the city of SALINAS, CA. Each owner receives title to his unit, a membership in the OAKHILLS HOMEOWNERS ASSOCIATION - SANDBUR PLACE PRIVATE DRIVE, 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	OAKHILLS-SANDBUR PLACE PRIVATE DRIVE
Address of Association	Sandbur Drive
City of Association	Salinas
County of Association	Monterey
Number of Units	5
Built Date	1979
Fiscal Year	January 1 - December 31
Last Reserve Study	2014
General Budget/Reserves	Shared Operating and Reserve Expenses
Reserve Study Type	Update Only
Reserve Percent Funded	744%
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 with any requested changes, errors or discrepancies within the Study. Golden Consulting Group will act within 48 hours to address any requested changes, errors or discrepancies within the study. The reserve study should be reviewed and approved by the board within 45 days of the receipt of the reserve study.

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.

# OAKHILLS-SANDBUR PLACE PRIVATE DRIVE

## Percent Funding of Reserves

The percent funded for OAKHILLS HOMEOWNERS ASSOCIATION - SANDBUR PLACE PRIVATE DRIVE is estimated at Fiscal Year End, December 31, 2017 is 744%. 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 will 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 continue annual reserve contribution starting in fiscal year 2018 and continuing through 2047. By using the enclosed 30 Year Reserve Study Funding Plan, a Special Assessment will not likely be necessary to fund the reserves.

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.

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%.

<b>PERCENT FUNDED</b>	<b>744%</b>
Current US Inflation Rates: 1999-2015	2.50%
Estimated Interest Rate Reserve Account	0.03%
Annual Reserves (which are based on replacement cost divided by life expectancy)	\$566
Reserve Account Balance as of July 31, 2017	\$7,968
2017 Reserve Contribution (Aug-Dec)	\$450
2017 Anticipated Reserve Interest @ .03	\$3
<b>2017 Reserve Expenditures (Aug-Dec)</b>	<b>\$0</b>
Estimated Reserve Balance as of FYE December 31, 2017	\$8,421
Estimated Accrual Reserve Balance as of FYE December 31, 2017	\$1,132
Reserve Account SURPLUS:	\$7,289
Reserve Account SURPLUS: On A Per Unit Basis:	\$1,458

The information included in the reserve study was based on the information provided, the onsite visual inspection and any other supporting documents which would be included within the study. Based on the enclosed current reserve study worksheet funding plan in order to ensure the associations projected reserve expenditures the association should approve annual reserve contributions starting in fiscal year 2018 and continuing thru fiscal year 2047.

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 July 31, 2017 and any future reserve contributions minus any anticipated reserve expenditures.

Based on the physical analysis reserve worksheet the annual straight line reserves for FYE, December 31, 2017 is \$566. The recommended annual reserve contribution for beginning fiscal year, January 1, 2017 could be decreased from \$900 to \$600 or \$10 per unit per month a 33% decrease.

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 2017: The board has chosen to defer maintenance and/or replacement of the anticipated reserve expenditures.

The Anticipated Reserve Expenditures were as follows for Fiscal Year:		2017
Asphalt Seal and Repair	Deferred: Not needed at this time	
Asphalt Overlay	Not Funded	
Concrete Repairs/Replace Sidewalks	Deferred: Not needed at this time	

The board has deferred maintenance on the above componets. The Board may want to consider changing the maintenance cycles from once every 5 years to once every 10 years. The board should take into consideration the age of the road, amount of traffic usage and the current condition of the road. Please note if the board does not regularly maintain the road with seal and repair - remove and/replace may be inevitable.

It is our recommendation that all anticipated reserve expenditures scheduled for fiscal year 2018 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:		2018
NONE		

Total Anticipated Reserve Expenditures for 2018:	\$0
--	-----

# OAKHILLS-SANDBUR PLACE PRIVATE DRIVE

## Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2017

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.

1. The Regular Assessment is:	\$0.00 Per Month
The Operating Assessment Per Unit Per Month is	\$0.00 Per Month
The Reserve Assessment Per Unit Per Month is	\$15.00 Per Month

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    ☒    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    ☒    No

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



## OAKHILLS-SANDBUR PLACE PRIVATE DRIVE

### Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2017

Civil Code §5570

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: \$1,132 based in whole or in part on the last reserve study or update prepared by Golden Consulting Group as of September 2017. The projected reserve fund cash balance is \$8,421 resulting in the reserves being 744% 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
2018	\$600	\$9,023	\$1,698	282%
2019	\$600	\$9,626	\$2,264	419%
2020	\$600	\$7,255	\$2,830	260%
2021	\$600	\$7,857	\$566	240%
2022	\$600	\$8,460	\$1,132	224%

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 from 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.



## Current US Inflation Rates: 1999-2015

[inflationcalculator.com/inflation/current-inflation-rates/](http://inflationcalculator.com/inflation/current-inflation-rates/)

The Consumer Price Indexes (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

Inflation has been defined as a process of continuously rising prices or equivalently, of a continuously falling value of money.

The latest inflation rate for the United States is 0.7% through the 12 months ended December 2015 as published by the US government in January 2016.

The chart, graph and table below displays annual US inflation rates for calendar years 1999-2016. Rates of inflation are calculated using the current Consumer Price Index published monthly by the Bureau of Labor Statistics (BLS). For 2017, when available, the most recent monthly data (12-month based) will be used in the chart and graph.

Table of Inflation Rates (%) by Month and Year (1999-2016)

Since figures below are 12-month periods, look to the December column to find inflation rates by calendar year. These also appear in the graph and chart above. For example, the rate of inflation in 2015 was 0.7%. The very last column, "Ave," shows the average inflation rate for each year. They are published by the BLS but are rarely discussed in news media, taking a back seat to a calendar year's actual rate of inflation.

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%.

Year	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Average
2016	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	1.6	1.2
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7	0.1
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8	1.6
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5	1.5
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7	2.1
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0	3.2
2010	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2	1.1	1.5	1.6
2009	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7	-0.4
2008	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1	3.8
2007	2.1	2.4	2.8	2.6	2.7	2.7	2.4	2.0	2.8	3.5	4.3	4.1	2.8
2006	4.0	3.6	3.4	3.5	4.2	4.3	4.1	3.8	2.1	1.3	2.0	2.5	3.2
2005	3.0	3.0	3.1	3.5	2.8	2.5	3.2	3.6	4.7	4.3	3.5	3.4	3.4
2004	1.9	1.7	1.7	2.3	3.1	3.3	3.0	2.7	2.5	3.2	3.5	3.3	2.7
2003	2.6	3.0	3.0	2.2	2.1	2.1	2.1	2.2	2.3	2.0	1.8	1.9	2.3
2002	1.1	1.1	1.5	1.6	1.2	1.1	1.5	1.8	1.5	2.0	2.2	2.4	1.6
2001	3.7	3.5	2.9	3.3	3.6	3.2	2.7	2.7	2.6	2.1	1.9	1.6	2.8
2000	2.7	3.2	3.8	3.1	3.2	3.7	3.7	3.4	3.5	3.4	3.4	3.4	3.4
1999	1.7	1.6	1.7	2.3	2.1	2.0	2.1	2.3	2.6	2.6	2.6	2.7	2.2
18 Year Average:													<b>2.2</b>