



November 20, 2023

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 an increase in OHHA bi-monthly assessments for 2024 and there will be an increase in the bi-monthly special assessment.

- **The bi-monthly OHHA assessment will increase to be \$135.00 per unit per bi-monthly billing cycle.**
- **The bi-monthly private drive assessment will increase to be \$70.00 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:

- ~2021 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 determined that maintenance will be deferred on the items listed on the reserve study update.*
- ~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: Emma Waroff**

**14460 Charter Oak Blvd.**

**Salinas, CA 93907**

~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 Emma Waroff*

*15830 Avery Lane*

*Prunedale, 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

## 2024 Oak Hills HOA Budget

	2024 Budget	2024 assessments
4010 Assessments	217890	\$135 bimonthly
4080 Fines	600	
4085 Collection Fees	2000	
4090 Late Fees	2240	
Total Income	222730	
5020 Accounting Service	27275	
5050 Community Event	2500	
5060 Legal Fees	3500	
5070 Licenses/Permits	1635	
5090 Taxes	700	
5130 Postage	500	
5140 Printing	0	
5150 Office Expense	2000	
5170 Greenbelt Mainten	30000	
5250 Mileage	800	
5260 Membership	800	
5280 Website	0	
5610 Insurance	12255	
6105 Landscaping	38000	
6205 Utilities	22000	
6230 Telephone	4325	
6740 Maintenance	3500	
7010 Payroll	41000	
7020 Payroll Expense	4835	
7510 Pool Maintenance	15000	
Total Expenses	210625	
8010 Reserve Account	12105	
Total expenses and reserve funding	222730	
8020 Arrowleaf	1680	\$70 bimonthly
8030 Clover	1260	\$70 bimonthly
8040 Sandbur	2160	\$90 bimonthly
8050 Shadow Oak	5880	\$70 bimonthly
Total Private Drive Funding	10980	

All reserves to be funded at levels recommended by Reserve Study

## Oak Hills Homeowners Association

### OHHA Insurance Summary 2024

Coverage	Carrier	Policy #
General Liability	\$3,000,000	Farmers 60700-33-69
Property	\$470,000	Farmers 60700-33-69
Directors & Officers	\$2,000,000	Farmers 60700-33-69
Fidelity Bond	\$500,000	Farmers 60700-33-69

### 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:

U.S. MAIL.  
PERSONAL ELECTRONIC MAIL, (When selected by the Member).  
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 Directors 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 HOA Policies

The Architectural Review Policy requires that homeowners receive approval from the Board for changes in the appearance of structures that are visible from the street. This includes fences. The policy and application can be found on the website at [www.oakhillshoa.org](http://www.oakhillshoa.org).

The following policies are also posted on the website at [www.oakhillshoa.org](http://www.oakhillshoa.org):

Greenbelt Vehicle Access

Landscape Rules and Regulations

Signage

Rules for Use of Pool and Hot Tub Access Key

Party in the Pool or Park

Tennis Court Use

# Oak Hills Fine Schedule

Violation of the Architectural Review Policy	\$100 - \$200/month
Greenbelt Vehicle Access	\$50/occurrence
Landscape Rules and Regulations	\$50/month
Pool and Hot Tub Use and Access of the incident	\$0-\$500 depending on the severity Use of the pool and hot tub may also be suspended
Tennis Court Use of the incident	\$0-\$200 depending on the severity Use of the tennis courts may also be suspended

# 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 / Renovation	1979
Fiscal Year	January 1 - December 31
Last Reserve Study	4/7/23
General Budget/Reserves	Shared Operating and Reserve Expenses
Reserve Study Type	Reserve Study with On-Site Inspection
Reserve Percent Funded	119%
Overall Condition	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 30 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](http://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 in and/or renovated in 1979 and became an active Homeowner Association in 1979. An on-site visual inspection of the common reserve components was performed on April 7, 2023 by Golden Consulting Group.

The percent funded for Oak Hills Homeowners Association at Fiscal Year Ending, December 31, 2022 is estimated at 119%. 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 2024 and continuing thru fiscal year 2053. 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. 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 reserve components is estimated at approximately \$616,978.

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 \$44,006 a year. The estimated fully funded accrued amount or the aged components is approximately \$219,501. This is calculated Life Expectancy minus Remaining Life times (x) annual reserve contribution. The recommended annual reserve contribution for fiscal year beginning, January 1, 2023, should be increased from \$10,421 to \$12,105 or \$3.75 per unit per month a 16% increase from previous year with annual increases each year starting in fiscal year 2023 to ensure the capital improvements/maintenance obligations of the Association.

Golden Consulting Group uses a 3.00% 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 20 years is 3.0%.

<b>PERCENT FUNDED</b>	<b>119%</b>
Current US Inflation Rates: 2000-2021	3.00%
Estimated Interest Rate Reserve Account(s)	1.90%
<b>Annual Reserves Required (Based on Straight Line Funding Method)</b>	<b>\$44,006</b>
Reserve Account Balance as of December 31, 2023	\$255,448
2023 Reserve Contribution (March-December)	\$8,684
2023 Average Interest Rate on Reserve Account @ 1.9%	\$5,019
<b>2023 Anticipated Reserve Expenditures</b>	<b>-\$29,465</b>
Estimated Reserve Balance as of FYE, December 31, 2023	\$261,545
Fully Funded Accrued Reserve Amount as of FYE, December 31, 2023	\$219,501
<b>Reserve Balance - Fully Funded Balance Surplus:</b>	<b>\$42,044</b>
<b>Reserve Balance - Fully Funded Balance Surplus Per Unit</b>	<b>\$156</b>

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 **December 31, 2023** and any future reserve contributions minus any anticipated reserve expenditures.

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.

**IMPORTANT NOTICE FOR ALL ASSOCIATIONS WITH EXTERIOR BALCONIES, DECKS OR STAIRS**

**EXTERIOR ELEVATED ELEMENTS "EEE" INSPECTION REPORT**

N/A

Applicable

Civil Code 5551: Common interest developments: Requires an inspection of exterior elevated elements (EEE) and associated waterproofing elements, as defined, including decks and balconies, for buildings with 3 or more multifamily dwelling units. The first inspection shall be completed by January 1, 2025, and then every nine years thereafter in coordination with the reserve study inspection pursuant to Section 5550. All written reports shall be maintained for two inspection cycles as records of the association. At least once every nine years, the board of an association of a condominium project shall cause a reasonably competent and diligent visual inspection to be conducted by a licensed structural engineer or architect of a random and statistically significant sample of exterior elevated elements for which the association has maintenance or repair responsibility. See Civil Code 5551 in its entirety.

Balconies and decks, called "Exterior Elevated Elements" ("EEE") in the statute, are common features in most multifamily buildings in California. Buildings containing three or more multi-family dwelling units are covered by the Balcony Bill. The bill covers not just "balconies" or "decks" and their associated supports and railings, but all "exterior elevated elements" – which is notably broadly defined to include "balconies, decks, porches, stairways, walkways, and entry structures that extend beyond exterior walls of the building and which have a walking surface that is elevated more than 6 feet above ground level, are design for human occupancy or use, and rely in whole or in substantial part on wood or wood-based products for structural support or stability of the exterior elevated element – and "all associated waterproofing elements." The new statute applies to multifamily units with 3 or more units.

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 manufacture's user guide.

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 examine 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 2023: 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: 2023**

0  
0  
0  
0  
0  
0  
0  
0

**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 2024 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 deferral, replacement and/or repair of the reserve components.

**The Anticipated Reserve Expenditures are as follows for Fiscal Year: 2024**

Paint Maintenance Shed	\$792
Paint Chemical Shed	\$656
Paint Exterior Pool House	\$5,436
Paint Pool House Doors	\$290
Paint Window Bars	\$290
Trash Cans - Cement	\$810
Spa Jet Pump 2	\$1,000
Reserve Contingency	\$2,096

**Anticipated Reserve Expenditure Total For FYE: 2023 \$11,370**

# OAK HILLS HOMEOWNERS ASSOCIATION

## Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2023

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: \$219,501 based in whole or in part on the last reserve study or update prepared by Golden Consulting Group as of May 2023. The projected reserve fund cash balance is \$261,545 resulting in the reserves being 119% 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
2024	\$12,105	\$267,263	\$263,507	101%
2025	\$13,558	\$270,788	\$305,028	89%
2026	\$15,185	\$240,423	\$335,273	72%
2027	\$17,007	\$256,369	\$332,025	77%
2028	\$19,047	\$181,032	\$371,846	49%

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 1.90% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00% 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 - Clover

## General Association Information

This Reserve Study and Cash Flow Analysis have been prepared for the board and their members. Oak Hills Homeowners Association- CLOVER TRAIL located in Monterey County in the city of Salina, CA. Each owner receives title to his unit, a membership in the Oak Hills Homeowners Association- CLOVER TRAIL, 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 - Clover
Address of Association	9816 Clover Trail
City of Association	Salinas
County of Association	Monterey
Number of Units	3
Built / Renovation	1979
Fiscal Year	January 1 - December 31
Last Reserve Study	2020
General Budget/Reserves	Shared Operating and Reserve Expenses
Reserve Study Type	Reserve Study with On-Site Inspection
Reserve Percent Funded	113%
Overall Condition	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 30 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 - Clover

## Percent Funding of Reserves

The Oak Hills Homeowners Association- CLOVER TRAIL was originally built in and/or renovated in 1979 and became an active Homeowner Association in 1979. An on-site visual inspection of the common reserve components was performed on April 7, 2023 by Golden Consulting Group.

The percent funded for Oak Hills Homeowners Association- CLOVER TRAIL at Fiscal Year Ending, December 31, 2023 is estimated at 113%. 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 2024 and continuing thru fiscal year 2053. 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- CLOVER TRAIL is overall in GOOD CONDITION. 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 reserve components is estimated at approximately \$18,357.

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 \$1,168 a year. The estimated fully funded accrued amount or the aged components is approximately \$10,758. This is calculated Life Expectancy minus Remaining Life times (x) annual reserve contribution. The recommended annual reserve contribution for fiscal year beginning, January 1, 2024, should be increased from \$1,080 to \$1,260 or \$35 per unit per month a 17% increase from previous year with annual increases each year starting in fiscal year 2024 to ensure the capital improvements/maintenance obligations of the Association.

Golden Consulting Group uses a 3.00% 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 20 years is 3.0%.

<b>PERCENT FUNDED</b>	<b>113%</b>
Current US Inflation Rates: 2000-2021	3.00%
Estimated Interest Rate Reserve Account(s)	0.10%
<b>Annual Reserves Required (Based on Straight Line Funding Method)</b>	<b>\$1,168</b>
Reserve Account Balance as of December 31, 2022	\$11,685
2023 Reserve Contribution	\$1,080
2023 Average Interest Rate on Reserve Account @ .10%	\$13
<b>2023 Anticipated Reserve Expenditures</b>	<b>-\$650</b>
Estimated Reserve Balance as of FYE, December 31, 2023	\$12,128
Fully Funded Accrued Reserve Amount as of FYE, December 31, 2023	\$10,758
<b>Reserve Balance - Fully Funded Balance Surplus:</b>	<b>\$1,370</b>
<b>Reserve Balance - Fully Funded Balance Surplus Per Unit</b>	<b>\$457</b>

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 **December 31, 2022** and any future reserve contributions minus any anticipated reserve expenditures.



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.

**IMPORTANT NOTICE FOR ALL ASSOCIATIONS WITH EXTERIOR BALCONIES, DECKS OR STAIRS**

**EXTERIOR ELEVATED ELEMENTS "EEE" INSPECTION REPORT**       N/A       Applicable

Civil Code 5551: Common interest developments: Requires an inspection of exterior elevated elements (EEE) and associated waterproofing elements, as defined, including decks and balconies, for buildings with 3 or more multifamily dwelling units. The first inspection shall be completed by January 1, 2025, and then every nine years thereafter in coordination with the reserve study inspection pursuant to Section 5550. All written reports shall be maintained for two inspection cycles as records of the association. At least once every nine years, the board of an association of a condominium project shall cause a reasonably competent and diligent visual inspection to be conducted by a licensed structural engineer or architect of a random and statistically significant sample of exterior elevated elements for which the association has maintenance or repair responsibility. See Civil Code 5551 in its entirety.

Balconies and decks, called "Exterior Elevated Elements" ("EEE") in the statute, are common features in most multi-family buildings in California. Buildings containing three or more multi-family dwelling units are covered by the Balcony Bill. The bill covers not just "balconies" or "decks" and their associated supports and railings, but all "exterior elevated elements" – which is notably broadly defined to include "balconies, decks, porches, stairways, walkways, and entry structures that extend beyond exterior walls of the building and which have a walking surface that is elevated more than 6 feet above ground level, are design for human occupancy or use, and rely in whole or in substantial part on wood or wood-based products for structural support or stability of the exterior elevated element – and "all associated waterproofing elements." The new statute applies to multifamily units with 3 or more units.

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 manufacture's user guide.

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 examine 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 2023: 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: 2023**

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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 2024 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: 2024**

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None \$0

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**\$0**

# OAK HILLS HOMEOWNERS ASSOCIATION - Clover

## Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2023

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 Monthly Assessment for Fiscal Year Beginning January 1, 2024	\$0.00 Per Month
The Operating Assessment Per Unit Per Month is	\$0.00 Per Month
The Reserve Assessment Per Unit Per Month is	\$35.00 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 - Clover

## Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2023

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: \$10,758 based in whole or in part on the last reserve study or update prepared by Golden Consulting Group as of April 2023. The projected reserve fund cash balance is \$12,128 resulting in the reserves being 113% 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
2024	\$1,260	\$13,401	\$11,925	112%
2025	\$1,440	\$6,022	\$13,486	45%
2026	\$1,620	\$7,650	\$5,863	130%
2027	\$1,800	\$9,459	\$7,066	134%
2028	\$1,980	\$10,718	\$8,269	130%

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 0.10% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00% 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.

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