

CREST OF CALAVERA HILLS HOMEOWNERS ASSOCIATION

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Date: November 26, 2014
To: Members of Crest at Calavera Hills Homeowners Association
From: The Board of Directors
Re: Fiscal Year 2015 to 2016 Annual Budget Report and Annual Policy Statement Summaries

Dear Members:

The Board of Directors has worked diligently this past year to stay within the budget and to reduce or maintain monthly costs such as maintenance and utilities. **This hard work has resulted in no increase to the monthly dues which will remain at \$263.00 per month.** Please note, if you are on automatic payment (ACH) with Property Advantage, the dues will continue to be paid directly from your account. If you are not on ACH, a coupon book will be mailed to you soon.

Pursuant to Civil Code section 5320, the Association is providing you with the following summary of the Annual Budget Report and Annual Policy Statement. If you prefer a full copy of the Annual Budget and Policy Reports, please contact your Association Manager, Susan Wiese, Property Advantage, by telephone at 760-585-1703 or Swiese@propadvantage.com with your request. The full report will then be provided to you at no cost.

The following summary of the Annual Budget Report and Annual policy statement contains the names of all of the reports, statements and summaries the Association is required to provide pursuant to law and/or the governing documents.

For additional information please visit the Crest Website at www.thecresthoa.com and enter the password Crest for Access.

Summary of the Annual Budget Report and Annual Policy Statement

- I. Annual Budget Report
 1. Pro Forma Operating Budget for fiscal year starting January 1, 2015 to December 31, 2015 prepared on an accrual basis.

There will be no increase in assessments for the fiscal year.
 2. Summary of the Association's Reserves

Based on the Reserve Study conducted pursuant to Civil Code section 5550(a), the Association's reserves are 47.84% funded.
 3. Summary of the Board Adopted Reserve Funding Plan

The Board's plan is to continue to maintain the reserves fully funded in order to meet the Association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the Board has determined will not be replaced or repaired.
 4. Statement of Deferral/Decision to Not Undertake Repair/Replacement of Major Component(s)

In accordance with Civil Code section 5300(b)(4) and as of the date of this letter, the Board of Directors plans to not defer repairs or replacement of the following major components, see attached reserve study.

5. Statement of Anticipated Special Assessment(s)
As of the date of this letter, the Board of Directors does not anticipate that a special assessment will be required to repair, replace or restore any major components or to provide adequate reserves.
6. Statement of Mechanism of Funding Reserves to Repair or Replace Major Components
The Board of Directors uses the following mechanism or mechanism to fund reserves to repair or replace major components: Please refer to the Executive Summary of the Reserve Report conducted September of 2014.
7. Statement Addressing Procedures Used to Calculate and Establish Reserves
Reserves are calculated pursuant to Civil Code section 5550(a) and the Board had a reserve study last conducted on September 2014.
8. Statement of Association(s) Outstanding Loans
The Association has a total outstanding indebtedness of \$0.
9. Insurance Disclosure Information - The Association currently meets the minimum Civil Code requirements for insurance to provide the statutory limitations from liability for officers and directors with coverage in the amount of \$3 million dollars and for the members if persons are injured on the common area with coverage in the amount of \$3 million dollars.
10. Assessment and Reserve Funding Disclosure Summary
11. Assessment Collection Policy
12. Discipline Policy and Penalty Schedule
13. Architectural Review Committee
14. Summary of Association's Insurance Policy
15. Miscellaneous disclosures as required by law or governing documents

II. Annual Policy Statement

1. Statement of Name and Address of Person Designated to Receive Official Communications on behalf of the Association.
2. Statement of Members' Ability to Have Notices Sent to an Additional Address
3. Statement of the Posting Location for General Notices
4. Notice of Members' Rights to Receive General Notices by Individual Delivery
5. Notice of Members' Right to Minutes
6. Statement of Address for Overnight Payment of Assessments
7. Summary of Association's Dispute Resolution Procedures (ADR and IDR)
8. Statement of Policy for Collection of Delinquent Accounts
9. Statement of Assessment Collection Policies under Civil Code section 5730
10. Statement of Association's Discipline Policy and Schedule of Penalties
11. Preparation of Audit/Review
12. Rental Restrictions
13. Summary of Association's Insurance Policies
14. Summary of Procedures for Architectural Review

