

Date: October 20, 2018  
To: Members of Crest at Calavera Hills Homeowners Association  
From: The Board of Directors  
Re: Fiscal Year 2019 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. **Due to increasing service professional rates primarily due to the minimum wage law changes and costs of doing day to day business operations, the board has made to the decision to increase the monthly assessment dues from \$275.00 to \$285.00 beginning January 1, 2019.** 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, Erik Runsvold, Property Advantage, by telephone at 760-585-1791 or by email to [Agough@propadvantage.com](mailto:Agough@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](http://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, 2019 to December 31, 2019 prepared on an accrual basis.

**There will be an increase to \$285.00 monthly for the 2019 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 73.68% 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 summary.

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.
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 October of 2015.
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

