

WOODFIELD COMMUNITY ASSOCIATION

Managed by Optimum Professional Property Management, Inc. (ACMF®)

ACCREDITED COMMUNITY MANAGEMENT FIRM

"Making a Difference....TOGETHER"

www.optimumpm.com

MAILED
DATE 11/11/15

DATE: November 10, 2015
TO: All Members of Woodfield Community Association
FROM: Your Board of Directors
SUBJECT: Annual Budget Report Fiscal Year January 1, 2016 to December 31, 2016

SCANNED

As required by Civil Code §5300, please find the following enclosed:

- Operating Budget
- Reserve Study Summary, Assessment and Reserve Funding Disclosure Summary and Adopted Reserve Funding Plan
- Insurance Disclosure
- Annual Policy Statement

Your Board of Directors has undertaken a thorough review of the operating expenses and future anticipated needs with the goal of providing for efficient operations and for funding adequate reserves to meet long-term requirements. As a result of this review, the Board determined that the projected expenses for 2016 cannot be met with the current income being collected. *Therefore, as of JANUARY 1, 2016 the regular monthly assessment will increase by \$10.00 from \$240.00 to \$250.00 per unit.*

PLEASE NOTIFY YOUR AUTOMATIC BILL PAYMENT SERVICE, IF ANY, OF THE NEW PAYMENT AMOUNT unless you are currently using the ACH program through Optimum in which case the bank is automatically notified of the new assessment amount.

Your assessment includes reserve funding of \$15,824.75 per month, which is the amount recommended in the most recent reserve study update by Foresight Financial services dated 09/18/15 that shows reserves funded at 59% in 2016 and 79% in five (5) years if funding \$15,824.75 per month. The Board adopted the enclosed Reserve Funding Plan that shows reserves funded at 79% in five (5) years based on the approved monthly reserve funding of \$15,824.75. The Board of Directors has not made any decisions to defer maintenance of any major components.

Please be advised that the Board of Directors is not currently considering a Special Assessment or bank loan to repair, replace or restore any major components or to fund the reserves for fiscal year 2016. Furthermore, the Association currently does not have any outstanding bank loans

California Civil Code §5300(b)(9): Enclosed is a summary of the Association's property, earthquake (if applicable), flood (if applicable), general liability and fidelity bond policies.

Please retain this information with your association documents. If you have any questions, please contact Optimum Professional Property Management, Inc. (ACMF®) at (714) 508-9070.

Thank you. We sincerely appreciate your continued support of our efforts to protect, maintain and enhance our property values.

O922 WOODFIELD COMMUNITY ASSOCIATION

INSURANCE DISCLOSURE

California Civil Code § 5300 requires that community associations provide the homeowners with a summary of the association's property, general liability, and earthquake and flood insurance policies carried by the association. Our association carries the following coverage:

1. PROPERTY INSURANCE (COMMON AREAS ONLY):

Insurer/Agent: Farmers Insurance Exchange / Berg Insurance Agency (949) 830-4590
Policy Limit: \$28,920,000 – Bare Walls Policy
Deductible: \$5,000 Policy Expires: 10/15/16

2. GENERAL LIABILITY (COMMON AREAS ONLY):

Insurer/Agent: Farmers Insurance Exchange / Berg Insurance Agency (949) 830-4590
Policy Limit: \$1,000,000 occ / \$2,000,000 agg Policy Expires: 10/15/16
Umbrella Insurer: Firemans Fund Insurance Co. / Berg Insurance Agency (949) 830-4590
Umbrella Limit: \$15,000,000 Policy Expires: 10/15/16

3. FIDELITY BOND:

Insurer/Agent: The Hartford Fidelity & Bonding / CID Insurance (800) 922-7283
Policy Limit: \$1,075,000
Deductible: \$10,000 Policy Expires: 08/30/16

Management Company Fidelity Coverage:

Insurer: The Hartford Fidelity & Bonding
Policy Limit: \$250,000
Aggregated Limit: \$62,250,000 Policy Expires: 08/30/16

4. INDIVIDUAL LIABILITY POLICIES AND LOSS ASSESSMENT COVERAGE

It is very important that you explore your own risks with a knowledgeable insurance agent and purchase coverage to protect you from any liability of an accident occurring in your own home, the common area and/or any exclusive use common area (such as patios, garages, carports, balconies), if any, and to protect you from any liability or insurance gaps in coverage between the association's coverage and your own. We also ***strongly recommend that you also inquire about Loss Assessment Coverage***. The cost of an endorsement for loss assessment is very minimal and provides protection to individual homeowners for any extraordinary special assessments, such as excess liability over the association's insurance proceeds or an extraordinary expense incurred by the association and allocated to the owners, through a special assessment (such as a special assessment to pay for rebuilding costs which exceed insurance proceeds from an earthquake or fire loss).

5. STATUTORY DISCLOSURE

This summary of the association's policies of insurance provides only certain information, as required by subdivision (b) (9) of Section 5300 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 provision 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 may 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.

0922 WOODFIELD COMMUNITY ASSOCIATION
Fiscal Year January 1, 2016 to December 31, 2016
Approved Budget

		<u>Annual</u>	<u>Monthly</u>	<u>Per Unit /</u> <u>Per Month</u>
<u>INCOME</u>				
4000	REGULAR ASSESSMENTS (163 UNITS)	\$ 489,000.00	\$ 40,750.00	\$ 250.00
4005	PRIOR YERAS EQUITY	8,743.92	728.66	4.47
TOTAL INCOME		\$ 497,743.92	\$ 41,478.66	\$ 254.47
<u>EXPENSES</u>				
<u>UTILITIES</u>				
5220	CABLE / INTERNET	\$ 660.00	\$ 55.00	\$ 0.33
5225	ELECTRICITY	8,021.68	668.47	4.10
5235	GAS	3,892.00	324.33	1.98
5245	WATER	68,721.00	5,726.75	35.13
TOTAL		\$ 81,294.68	\$ 6,774.55	\$ 41.56
<u>SWIMMING POOLS</u>				
6210	POOL/SPA SERVICE CONTRACT	\$ 4,800.00	\$ 400.00	\$ 2.45
6215	POOL/SPA EXTRAS	7,200.00	600.00	3.68
6242	HEALTH DEPARTMENT FEES	495.96	41.33	0.25
TOTAL		\$ 12,495.96	\$ 1,041.33	\$ 6.38
<u>LANDSCAPE MAINTENANCE</u>				
7210	LANDSCAPE SERVICE CONTRACT	\$ 92,876.40	\$ 7,739.70	\$ 47.48
7215	LANDSCAPE EXTRAS	1,029.00	85.75	0.52
7220	IRRIGATION REPAIRS	4,132.00	344.33	2.11
7221	BACKFLOW DEVICES	236.00	19.67	0.12
7232	TREE SERVICE	9,065.00	755.42	4.63
TOTAL		\$ 107,338.40	\$ 8,944.87	\$ 54.87
<u>CONTRACTS, MAINTENANCE & REPAIRS</u>				
7510	JANITORIAL SERVICE CONTRACT	\$ 4,080.00	\$ 340.00	\$ 2.08
7525	PEST CONTROL	3,300.00	275.00	1.68
7540	LIGHT SERVICE CONTRACT	1,020.00	85.00	0.52
7545	LIGHT REPAIRS & SUPPLIES	4,104.96	342.08	2.09
7560	PARKING PATROL	4,800.00	400.00	2.45
7565	ACCESS GATE CONTROL	660.00	55.00	0.33
7614	COMMON AREA REPAIRS	4,800.00	400.00	2.45
7655	ROOF REPAIRS	2,700.00	225.00	1.38
TOTAL		\$ 25,464.96	\$ 2,122.08	\$ 13.01
<u>ADMINISTRATION</u>				
8210	FEDERAL TAX	\$ 880.00	\$ 73.33	\$ 0.44
8215	FRANCHISE TAX	300.00	25.00	0.15
8216	PROPERTY TAX	21.00	1.75	0.01
8220	AUDIT/TAX RETURNS	900.00	75.00	0.46
8222	RESERVE STUDY	1,380.00	115.00	0.70
8225	LICENSES & FILING FEES	35.00	2.92	0.01
8226	BANK CHARGES	98.00	8.17	0.05

O922 WOODFIELD COMMUNITY ASSOCIATION
Fiscal Year January 1, 2016 to December 31, 2016
Approved Budget

		<u>Annual</u>	<u>Monthly</u>	<u>Per Unit / Per Month</u>
ADMINISTRATION (Cont'd)				
8365	LEGAL SERVICE	3,818.00	318.17	1.95
8368	BAD DEBT EXPENSE	5,760.00	480.00	2.94
8410	INSURANCE: PROPERTY & LIABILITY	26,382.00	2,198.50	13.48
8411	INSURANCE: WORKERS COMP	522.00	43.50	0.26
8412	INSURANCE: FIDELITY BOND	822.96	68.58	0.42
8414	INSURANCE: UMBRELLA POLICY	1,650.00	137.50	0.84
8440	PROFESSIONAL MANAGEMENT	27,360.00	2,280.00	13.98
8450	PRINTING/MAILING/SUPPLIES	7,211.00	600.92	3.68
8460	CAI BUCK-A-DOOR PROGRAM	162.96	13.58	0.08
8495	OPERATING CONTINGENCY	1,165.00	97.08	0.59
8499	MISC ADMINISTRATION	2,785.00	232.08	1.42
	TOTAL	\$ 81,252.92	\$ 6,771.08	\$ 41.54
RESERVE DEPOSITS				
9120	PAINTING	\$ 24,544.08	\$ 2,045.34	\$ 12.54
9130	ROOFS	61,092.96	5,091.08	31.23
9135	PAVED SURFACES	16,099.08	1,341.59	8.23
9140	POOL/SPA	7,194.00	599.50	3.67
9164	CLUBHOUSE	7,933.92	661.16	4.05
9165	LIGHTING	3,516.96	293.08	1.79
9176	FENCING	6,531.00	544.25	3.33
9180	IRRIGATION	45,439.08	3,786.59	23.23
9200	TENNIS COURTS	2,623.92	218.66	1.34
9300	CONTINGENCY	14,922.00	1,243.50	7.62
	TOTAL	\$ 189,897.00	\$ 15,824.75	\$ 97.08
	TOTAL EXPENSES/RESERVE DEPOSIT	\$ 497,743.92	\$ 41,478.66	\$ 254.47

EXECUTIVE SUMMARY

RESERVE ANALYSIS

WOODFIELD COMMUNITY ASSOCIATION

DECEMBER 31, 2015

<i>COMPONENT</i>	<i>CURRENT REPLACEMENT COST</i>	<i>REMAINING LIFE</i>	<i>USEFUL LIFE</i>	<i>PROJECTED RESERVES 12/31/15</i>	<i>MONTHLY FUNDING REQUIREMENT</i>	<i>IDEAL RESERVE</i>
<u>BUILDING ELEMENTS</u>						
<u>ROOFING COMPONENTS;</u>						
Shingle Roofs	\$799,500	13	30	\$165,039	\$4,067.08	\$453,050
Flat Roofs	167,900	13	15	8,155	1,024.00	22,387
Category Total	\$967,400			\$173,194	5,091.08	\$475,437
<u>PAVED SURFACES</u>						
Streets - Seal Coat	16,530	4	4	0	344.42	0
Streets - Asphalt Overlay	299,145	25	25	0	997.17	0
Category Total	\$315,675			\$0	1,341.59	\$0
<u>FENCES & GATES</u>						
<u>WROUGHT IRON;</u>						
6' Pool / Perimeter Fences	56,300	14	20	6,153	298.50	16,890
4' Pool / Perimeter Fences	5,270	3	20	1,632	101.08	4,480
<u>CHAIN LINK;</u>						
Tennis Court Fence	12,250	5	25	3,570	144.67	9,800
Category Total	\$73,820			\$11,355	544.25	\$31,170
<u>PAINT</u>						
STUCCO	147,600	5	10	26,884	2,011.92	73,800
TRIM	123,000	1	5	123,000	0.00	98,400
<u>WROUGHT IRON;</u>						
6' Pool / Perimeter Fences	12,836	1	3	12,836	0.00	8,557
4' Pool / Perimeter Fences	942	1	3	942	0.00	628
<u>OTHER PAINTING;</u>						
Clubhouse Interior	2,650	6	8	242	33.42	663
Category Total	\$287,028			\$163,904	2,045.34	\$182,048
<u>LIGHTING</u>						
<u>BUILDING LIGHTING;</u>						
Exterior Fixtures	1,500	1	20	1,500	0.00	1,425
<u>LANDSCAPE LIGHTING;</u>						
Pole Fixtures	48,600	11	25	9,914	293.08	27,216
Flood Fixtures	2,550	1	15	2,550	0.00	2,380
Category Total	\$52,650			\$13,964	293.08	\$31,021
<u>LANDSCAPE</u>						
<u>GENERAL LANDSCAPE;</u>						
Tree Replacement Reserve	10,000	1	2	10,000	0.00	5,000
Landscape Reserve	165,700	1	35	165,700	0.00	160,966
Masonry Reserve	6,000	1	10	6,000	0.00	5,400
Category Total	\$181,700			\$181,700	0.00	\$171,366

EXECUTIVE SUMMARY

RESERVE ANALYSIS

WOODFIELD COMMUNITY ASSOCIATION

DECEMBER 31, 2015

<i>COMPONENT</i>	<i>CURRENT REPLACEMENT COST</i>	<i>REMAINING LIFE</i>	<i>USEFUL LIFE</i>	<i>PROJECTED RESERVES 12/31/15</i>	<i>MONTHLY FUNDING REQUIREMENT</i>	<i>IDEAL RESERVE</i>
<u>IRRIGATION</u>						
<i>SYSTEM COMPONENTS;</i>						
Controller Vaults	13,500	3	15	3,934	265.75	10,800
Electric Meter Cabinets	9,600	1	20	3,322	523.17	9,120
Backflow Devices	5,500	6	15	1,202	59.67	3,300
System Upgrade	19,000	1	35	6,724	1,023.00	18,457
<i>CONTROLLERS;</i>						
Electronic	34,500	1	12	11,520	1,915.00	31,625
Category Total	\$82,100			\$26,703	3,786.59	\$73,302
<u>POOL/SPA</u>						
<i>COMPONENTS & EQUIPMENT;</i>						
Pool - Plaster & Tile	15,000	6	12	2,732	170.42	7,500
Pool - Gas Heater	3,600	1	12	3,600	0.00	3,300
Pool - Filter	1,350	1	10	1,350	0.00	1,215
Spa - Plaster & Tile	4,000	9	10	146	35.67	400
Spa - Gas Heater	3,200	1	12	3,200	0.00	2,933
Spa - Filter	1,250	1	10	1,250	0.00	1,125
Pumps & Motors	2,750	2	5	601	89.50	1,650
Incidentals	1,500	2	5	328	48.83	900
Mastic	2,700	4	4	0	56.25	0
Deck	46,000	25	25	0	153.33	0
<i>RELATED ELEMENTS;</i>						
Barbeques	2,400	6	8	219	30.33	600
Furnishings	3,500	1	6	3,500	0.00	2,917
Access System	1,200	6	8	109	15.17	300
Category Total	\$88,450			\$17,035	599.50	\$22,840
<u>RECREATION ROOMS</u>						
<i>CLUBHOUSE CONTENTS;</i>						
HVAC System	5,750	9	20	1,152	42.58	3,163
Furnishings	7,500	8	10	546	72.42	1,500
Doors	6,075	1	25	6,075	0.00	5,832
Vinyl Floor	1,080	1	20	1,080	0.00	1,026
Carpet	3,600	8	10	262	34.75	720
Water Heater	750	4	10	164	12.25	450
Remodel	5,000	18	20	182	22.33	500
Restroom Remodel	8,750	1	20	3,028	476.83	8,313
Category Total	\$38,505			\$12,490	661.16	\$21,504
<u>FITNESS FACILITIES</u>						
<i>TENNIS COURTS;</i>						
Pad Resurface	7,920	4	5	577	153.00	1,584
Net Replacement	1,000	4	5	73	19.33	200
Screen Replacement	2,400	4	5	175	46.33	480
Category Total	\$11,320			\$825	218.66	\$2,264

EXECUTIVE SUMMARY

RESERVE ANALYSIS

WOODFIELD COMMUNITY ASSOCIATION

DECEMBER 31, 2015

<i>COMPONENT</i>	<i>CURRENT REPLACEMENT COST</i>	<i>REMAINING LIFE</i>	<i>USEFUL LIFE</i>	<i>PROJECTED RESERVES 12/31/15</i>	<i>MONTHLY FUNDING REQUIREMENT</i>	<i>IDEAL RESERVE</i>
<u>OTHER</u>						
<i>COMMON AREA;</i>						
Contingency (5%)	23,472	1	1	8,550	1,243.50	23,472
Category Total	\$23,472			\$8,550	1,243.50	\$23,472

GRAND TOTALS:

\$2,122,120

\$609,720

\$15,824.75

\$1,034,424

Less Projected Available Reserves

609,720

Ideal Reserve Deficiency (Over Funding)*

\$424,704

Percent Funded To Ideal Reserve

59%

Deficiency (Over Funding) Per Unit

\$2,605.55

*A positive result indicates an Ideal Reserve Deficiency while a (negative balance) reflects an Over Funded Condition.

NOTE: Monthly Funding Requirement is predicated on the Current Reserve Method of funding.

NOTE: This schedule reflects summary data only, for supporting details and/or additional information please refer to the complete Reserve Study Report

Revision 1

PERCENT FUNDED PROJECTIONS

CURRENT RESERVE METHOD	2015	2016	2017	2018	2019	2020
Projected Ideal Reserve	\$1,034,424	\$773,601	\$931,359	\$1,071,093	\$1,200,021	\$1,191,072
Projected Available Reserves	609,720	377,663	573,481	750,089	915,144	941,208
<i>Monthly Funding \$15,824.75</i>						
Ideal Reserve Deficiency (Over Funding)*	\$424,704	\$395,938	\$357,879	\$321,004	\$284,877	\$249,865
Percent Funded To Ideal	59%	49%	62%	70%	76%	79%

* A positive result indicates an Ideal Reserve Deficiency while a (negative balance) reflects an Over Funded Condition.

STRAIGHT LINE METHOD	2015	2016	2017	2018	2019	2020
Projected Ideal Reserve	\$1,034,424	\$773,601	\$931,359	\$1,071,093	\$1,200,021	\$1,191,072
Projected Available Reserves	609,720	453,448	720,083	962,320	1,187,586	1,268,206
<i>Monthly Funding \$22,108.76</i>						
Ideal Reserve Deficiency (Over Funding)*	\$424,704	\$320,153	\$211,276	\$108,773	\$12,435	(\$77,134)
Percent Funded To Ideal	59%	59%	77%	90%	99%	106%

* A positive result indicates an Ideal Reserve Deficiency while a (negative balance) reflects an Over Funded Condition.

PRESENT LEVEL OF FUNDING	2015	2016	2017	2018	2019	2020
Projected Ideal Reserve	\$1,034,424	\$773,601	\$931,359	\$1,071,093	\$1,200,021	\$1,191,072
Projected Available Reserves	609,720	353,112	518,407	658,292	780,181	756,391
<i>Monthly Funding \$13,789.00</i>						
Ideal Reserve Deficiency (Over Funding)*	\$424,704	\$420,489	\$412,952	\$412,802	\$419,840	\$434,682
Percent Funded To Ideal	59%	46%	56%	61%	65%	64%

* A positive result indicates an Ideal Reserve Deficiency while a (negative balance) reflects an Over Funded Condition.

PROPOSED LEVEL OF FUNDING	2015	2016	2017	2018	2019	2020
Projected Ideal Reserve	\$1,034,424	\$773,601	\$931,359	\$1,071,093	\$1,200,021	\$1,191,072
Projected Available Reserves	609,720	377,663	573,481	750,089	915,144	941,208
<i>Monthly Funding \$15,824.75</i>						
Ideal Reserve Deficiency (Over Funding)*	\$424,704	\$395,938	\$357,879	\$321,004	\$284,877	\$249,865
Percent Funded To Ideal	59%	49%	62%	70%	76%	79%

* A positive result indicates an Ideal Reserve Deficiency while a (negative balance) reflects an Over Funded Condition.

WOODFIELD COMMUNITY ASSOCIATION

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

DECEMBER 31, 2015

(1) The current regular assessment per ownership interest is \$250.00 per month.

Note: If assessments vary by size or type of unit please refer to the attached schedule on page __.

(2) Additional regular or special 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:

<i>Date Assessment is Due</i>	<i>Amount per Unit per Month</i>	<i>Purpose of the Assessment</i>
NA	NA	NA

Note: If assessments vary by the size or type of unit please refer to the attached schedule on page __.

(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 members?

<i>Approximate date assessment will be due:</i>	<i>Amount per unit per month:</i>
See note below *	

* The need for, the amount of, and the timing for additional assessments or other contributions to reserves are directly correlated to and expressly conditioned upon, actual and sometimes unforeseen events that will occur over the next 30 years, in conjunction with a variety of other factors that will determine whether improvements can last their estimated useful lives and whether replacement costs have been accurately predicted.

A Reserve Study is periodically prepared for the association as mandated and in compliance with California law to assist in the budgeting for a major repair, refurbishment and/or replacement of association owned improvements and major components that are expressly identified in the Reserve Study ("Major Components") that are properly maintained. While the Reserve Study cannot be used as a guaranty of any of its budgetary conclusions, it is used by the association as a tool to anticipate and estimate how Major Component reserves should be currently funded in an effort to mitigate the need to make additional assessments in the future.

The Reserve Study relies on a variety of assumptions and predicates concerning each Major Component, to generate budgetary estimates, which estimates are based upon industry standards, manufacturer specifications, a program of scheduled maintenance and anticipated environmental conditions and other conditions affecting wear and tear. These estimates are generally accepted in the practice of formulating reserve studies, and include estimates of replacement value and life expectancies of the components as well as assumptions regarding future events.

WOODFIELD
COMMUNITY ASSOCIATION
ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

(CONTINUED)

As a result, any one or more of the statistical components that form the basis of assumptions that are used to project anticipated events and conditions can fail. Therefore the actual replacement cost, useful life and remaining life may vary from the Reserve Study and the variance may be significant. In addition it is impossible to conclude that any mathematically supported and financially prudent funding mechanism adopted by the board of directors and used to fund reserves can guarantee sufficient funds for each Major Component for the next 30 years. It is also impossible to provide a “best or reasonable estimate” of the adequacy of reserve funds or the likelihood and/or risk of, magnitude, or timing of additional assessments for the next 30 years due to the multitude of variables, assumptions and predicates as well as the sheer duration of time. Any such attempt would simply constitute a guess. Additionally, other factors may influence a board of directors in establishing assessments within the association, which may have little to do with the results of a Reserve Study.

The Reserve Study relies upon numerous assumptions and predictions and expressly excludes a comprehensive analysis of factors and future events that are essential in determining the structural tolerances and actual useful life of a component. The Reserve Study findings can easily be invalidated by changes in any of the assumptions or the occurrence of any events typically excluded from the analysis, such as weather, environmental, seismic and geological impacts, quality of construction and installation, possible construction and/or other manufacturing defects or failures, acts of vandalism, the actual useful life and/or actual wear and tear of a component, the actual replacement cost of a component, economic and inflationary factors or the future availability of labor and materials at current or future price estimates. In addition, the Reserve Study does not include a comprehensive analysis or an engineering analysis of Major Components.

For these reasons, the Reserve Study is not able to accurately predict or even reasonably estimate, what additional assessments or other contributions will be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years. However, presuming that the association does in fact fund its reserve accounts at the levels recommended in the Reserve Study, presuming that all of the assumptions and predicates of those items and components examined by the Reserve Study, as more fully identified and described in the Reserve Study, remain true and correct for the next 30 years, and presuming that those matters not included within the scope of the Reserve Study analysis, or that are deemed immaterial or are expressly excluded from the Reserve Study scope of analysis, never become material or relevant over the following 30 years, there is no reason to conclude that over the following 30 years the association will be required to seek additional assessments or other contributions. Members and prospective homeowner association members are referred to the Reserve Study and the Associations’ final adopted budget for a more comprehensive analysis of the foregoing and the likelihood and/or risk that a future assessment can occur.

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

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$1,034,424, based in whole or in part on the last reserve study or update prepared by Foresight Financial Services, Inc. as of December 31, 2015, Revision 1. The projected reserve fund cash balance at the end of the current fiscal year is \$609,720, resulting in reserves being 59% funded at this date.

(7) Please refer to the “Projected Reserve Fund Balances” provided on the following page (page 3 of 3).

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 interest rate earned on reserve funds was 1.5% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.0%

**WOODFIELD
COMMUNITY ASSOCIATION**

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY
(CONTINUED)

PROJECTED RESERVE FUND BALANCES

APPROVED RESERVE FUNDING PLAN

Year	2015	2016	2017	2018	2019	2020
Required Ideal Reserve *	\$1,034,424	\$773,601	\$931,359	\$1,071,093	\$1,200,021	\$1,191,072
Projected Available Reserves	\$609,720	\$377,663	\$573,481	\$750,089	\$915,144	\$941,208
Percent Funded To Ideal	59%	49%	62%	70%	76%	79%

PRIOR LEVEL OF FUNDING**

Year	2015	2016	2017	2018	2019	2020
Required Ideal Reserve *	\$1,034,424	\$773,601	\$931,359	\$1,071,093	\$1,200,021	\$1,191,072
Projected Available Reserves	\$609,720	\$353,112	\$518,407	\$658,292	\$780,181	\$756,391
Percent Funded To Ideal	59%	46%	56%	61%	65%	64%

WOODFIELD COMMUNITY ASSOCIATION

DECEMBER 31, 2015

REVISION 1

- * Estimated based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code.
- ** Per Civil Code Section 5550, based only on assessments already approved and other known revenues prior to the adoption of the new budget and reserve funding plan.

NOTE: The association's board of directors has relied on information, opinions, reports and statements presented to it by vendors, contractors, reserve study specialists, CPAs and/or other professionals and is relying upon this information, financial data and reports pursuant to Corporations Code 7231 in providing the association membership the information contained in this Assessment And Reserve Funding Disclosure Summary. The information contained within the reserve study includes assumptions regarding future events based on information supplied to the association's board of directors from said professionals. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this Disclosure Summary. Therefore, the actual replacement cost and remaining life may vary from the reserve study and the variation may be significant. Additionally, inflation and other economic events may impact the accuracy of the reserve study, particularly over a thirty year period of time which could impact the accuracy of the reserve study and the funds available to meet the association's obligation for repair and/or replacement of major components during the next thirty (30) years. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods, or other acts of God cannot be accounted for and are excluded when assessing life expectancy of the components. The reserve study only includes items that the Association has a clear and express responsibility to maintain pursuant to the association's CC&R's. 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.

WOODFIELD
COMMUNITY ASSOCIATION

APPROVED RESERVE FUNDING PLAN SUMMARY

DECEMBER 31, 2015

PROJECTED ANNUAL RESERVE FUNDING	APPROVED SPECIAL ASSESSMENT	YEAR	CHANGE IN RESERVE FUNDING	PROJECTED RESERVE FUND BALANCE
\$165,468		2015		
189,897	\$0	2016	\$24,429	\$377,663
195,594	0	2017	5,697	573,481
201,462	0	2018	5,868	750,089
207,506	0	2019	6,044	915,144
213,731	0	2020	6,225	941,208
220,143	0	2021	6,412	992,160
226,747	0	2022	6,604	1,190,993
233,549	0	2023	6,802	1,399,006
240,556	0	2024	7,006	1,614,013
247,773	0	2025	7,217	1,860,556
255,206	0	2026	7,433	1,871,045
262,862	0	2027	7,656	2,120,288
270,748	0	2028	7,886	884,616
278,870	0	2029	8,122	1,060,293
287,236	0	2030	8,366	1,112,805
295,853	0	2031	8,617	1,165,555
304,729	0	2032	8,876	1,459,792
313,871	0	2033	9,142	1,713,522
323,287	0	2034	9,416	1,980,491
332,986	0	2035	9,699	2,300,041
342,975	0	2036	9,990	2,353,584
353,264	0	2037	10,289	2,685,398
363,862	0	2038	10,598	3,047,647
374,778	0	2039	10,916	3,390,831
386,022	0	2040	11,243	2,631,528
397,602	0	2041	11,581	2,777,680
409,530	0	2042	11,928	3,185,223
421,816	0	2043	12,286	3,153,516
434,471	0	2044	12,654	3,548,110
447,505	0	2045	13,034	3,951,613

3.0% Projected Annual Increase In Reserve Funding

3.0% Annual Inflation Rate

NOTE: This schedule reflects summary data only, for supporting details and/or additional information please refer to the complete Reserve Study Report which is available upon request.

WOODFIELD COMMUNITY ASSOCIATION

ANNUAL POLICY STATEMENT

Civil Code §5310(a)

The name and address of the person designated to receive official communications directed by a Member to the Association is Shannon Thornhill, Director of Association Management, Optimum Professional Property Management, Inc., 17731 Irvine Boulevard, Suite 212, Tustin, CA 92780. A member may make a written request identifying up to two (2) addresses for delivery of the Annual Policy Statement, Annual Budget Summary or Report, annual financial review (audit) and notices related to delinquent assessments and foreclosure via trustee's sale. The Association has designated the bulletin board at the community clubhouse as the location for posting general notices for the membership.

Members may request to receive general notice by individual delivery. Methods of individual delivery include first-class mail or other methods, such as fax or email that have been agreed upon by the requesting member and the Association.

The mailing address for the overnight payment of assessments is 17731 Irvine Boulevard, Suite 212, Tustin, California 92780.

Board meeting minutes other than executive session minutes are available to members upon request. Members may request such minutes by providing written notice to the Association to Optimum Professional Property Management.

COLLECTION POLICY

Prompt payment of assessments by all owners is critical to the financial health of the Association and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the CC&Rs and California Civil Code to enforce the members' obligation to pay assessments. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. Therefore, pursuant to the CC&Rs and Civil Code §4040, 5310(a)(7), and 5650 through 5740, the following are the Association's assessment collection practices and policies, which Optimum Professional Property Management has been directed to strictly enforce without exception. Owners are advised that you do not have a legal right to withhold assessments, or any portion thereof, on the grounds that the owner is entitled to recover money or damages from the Association or for any alleged failure of the Association to maintain the common area (Park Places Estates HOA v. Nabor (1994) 20 Cal. App. 4th 427).

1. Regular monthly assessments are due and payable on the first (1st) day of every month and are due **whether or not a billing statement is received.** If a statement is not received, mail your check payable to WOODFIELD COMMUNITY ASSOCIATION to P.O. Box 15524, Santa Ana, CA 92735-0524. Overnight payments are accepted Monday through Friday at 17731 Irvine Boulevard, Suite 212, Tustin CA 92780.
2. All other assessments, including Special Assessments, are due and payable on the date specified by the Board in the notice of assessment.
3. Assessments, late charges, interest and collection costs, including attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied (Civil Code §5650(a) and 5660), and continue as a personal obligation of the owner even after foreclosure.
4. Unpaid assessments are delinquent 15 days after they are due (Civil Code §5650(b)), (CC&Rs Art V, Sec. 1). Any installment of annual assessments and special assessments not received within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges, shall bear interest commencing **30 days** from the due date until paid at the rate of **10%** per annum (CC&Rs Art. V, Sec. 1).

PROCEDURES FOR COLLECTION OF PAST DUE ASSESSMENTS

1. **15 DAYS PAST DUE:** LATE CHARGE of **\$10.00 plus a \$10.00 late statement fee** will be assessed to the owner's account for any assessment that is not received on or before the 15th of the month (Civil Code §5650(b)(2), CC&Rs Art. V, Sec. 1). PAST DUE STATEMENT is mailed to the owner notifying them of the delinquency.
2. **45 DAYS PAST DUE:** NOTICE OF INTENT TO RECORD ASSESSMENT LIEN letter is mailed as required by Civil Code §4040 and 5650 through 5740 via Certified and First Class Mail to the owners of record at the address of record with the Association stating the intent to either lien the property or file a legal action (at the Association's discretion) if payment in full is not received within 30 days. If legal action is taken, the letter may be titled NOTICE OF INTENT TO COMMENCE COLLECTION ACTION. DELINQUENT PROCESSING FEE of \$150.00 will be assessed to the owner's account.

LIEN PROCESSING ACTIONS

1. After issuing the NOTICE OF INTENT TO RECORD ASSESSMENT LIEN letter, the Board of Directors shall decide in an open meeting of the Board to file a lien against the property.
2. **NO SOONER THAN 75 DAYS PAST DUE:** A LIEN for the amount of any delinquent assessments, late charges, interest and costs of collection, will be recorded against the owner's real property if the amount set forth in the NOTICE OF INTENT TO RECORD ASSESSMENT LIEN is not received within 30 days of the postmark of said letter and said lien was approved by the Board. A copy of the lien will be sent to the owner(s) at his/her address of record via certified and first class mail. The lien may be enforced in any manner permitted by law, including without limitation, a small claims judgment, judicial or non-judicial foreclosure. LIEN PROCESSING FEE of \$300.00 will be assessed to the owner's account which includes the Lien Release Fee.
3. **NO SOONER THAN 15 DAYS AFTER THE LIEN HAS BEEN RECORDED:** PRE ATTORNEY LETTER will be mailed to the owner requesting payment in full within thirty (30) days. A fee of \$100.00 will be assessed to the owner's account.
4. **NO SOONER THAN 30 DAYS AFTER THE PRE ATTORNEY LETTER HAS BEEN MAILED:** ACCOUNT IS REFERRED TO COLLECTION ATTORNEY at the expiration of thirty (30) days following Pre Attorney Letter. The lien may be enforced in any manner permitted by law, including but not limited to, judicial or non-judicial foreclosure (Civil Code §5700(a)). The owner will also be responsible for all reasonable costs of collection, including attorney's fees to collect any delinquent sums (Civil Code §5650(b)(1)). ATTORNEY PACKAGE FEE of \$300.00 will be assessed to the owner's account.

LEGAL ACTION

The Association, at any point during the collection process may REFER THE MATTER TO THE COLLECTION ATTORNEY to file a legal action in court to collect the past due assessments owing. The owner will be responsible for, including, but not limited to, any delinquent assessments, late charges, interest, attorneys' fees, collection fees plus all court costs. If Association decides to pursue collection in small claims court, a \$750.00 fee plus all court costs will be charged to the owner's account. If a judgment is obtained in court the judgment may be reported to the credit reporting agencies. In addition, all costs of collection shall be considered due and payable and added to the judgment. Assessments owing after the date of the judgment will remain due and payable according to the collection policy set forth herein. THE COLLECTION ATTORNEY may seek any and all methods of collecting the judgment, including but not limited to wage garnishment and levying bank accounts.

OWNERS RIGHTS REGARDING PAST DUE ASSESSMENTS

Owners have the right under California law to dispute the debt. Said dispute must be in writing in accordance with the Association's meet and confer program required by Article 3 (commencing with Section §5900) of Chapter 10 of the Civil Code. If it is ever proven that the Owner did in fact pay the assessments on time, the Owner will not be liable for any late charges, interest and costs of collection.

PAYMENT PLANS FOR PAST DUE ASSESSMENTS

Owners have the right to request a payment plan in writing by postmarking said request within fifteen (15) days of the postmark of the NOTICE OF INTENT TO RECORD ASSESSMENT LIEN LETTER. In addition to requesting a payment plan, owners also have the right to request a meeting with the Board of Directors in executive session to discuss the payment plan. Payment plans will be approved on a case-by-case basis. Accounts that have an approved payment plan shall be assessed \$25.00 a month for payment plan monitoring. The submission of a payment plan request to the Association does not delay the collection proceedings – a lien will be recorded against the property as a condition of the payment plan in accordance with the Association's collection policy. Should the owner default on the payment plan, collection will continue in accordance with the Association's collection policy. Upon receipt of payment in full, the lien will be released. Furthermore, a payment plan does not constitute a waiver by the Association of any default, and does not relieve the owner of the obligation to pay all assessments, late charges, collection costs, and interest when due. The homeowner should submit the request in writing, and should describe in the request any circumstances, which the owner wishes the Association to consider. The owner should attach to the request copies of all documents the owner wishes the Association to consider. The owner should also attach to the proposed payment plan a cashier's check for the amount of the first payment as proposed in the payment plan. If the owner wishes to submit a payment plan request after the owner has been contacted by the Association's attorney regarding the delinquent account, the request for a payment plan with all attachments should be submitted by the owner directly to that attorney. The Association shall charge a fee of \$25.00 if the owner defaults on the payment plan then proceed with resuming the collection policy.

Nothing herein limits or otherwise affects the Association's right to proceed in any other lawful manner to collect any delinquent sums owed to the Association.

The Association will charge \$25.00 to the owner for any returned payment.

* Fees are subject to change without notice.

Proposed 11/16/09, Mailed with December Billing Statement, ADOPTED 01/11/10

NOTICE OF 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 nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial 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 nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial 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 nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area 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) of Chapter 8 of Part 5 of 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, the owner 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 interest 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 exists. (Section 5665 of the Civil Code)

The board 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)”

DISCIPLINE POLICY AND SCHEDULE OF PENALTIES

EXTRAORDINARY ASSESSMENTS

FOR INFRACTIONS AGAINST THE CC&Rs, BY-LAWS, AND RULES AND REGULATIONS OF THE WOODFIELD COMMUNITY ASSOCIATION.

The basis in the By-Laws and CC&Rs for the Board of Directors to promulgate and enforce extraordinary assessments are as follows:

Article V. Powers and Duties of the Board of Directors

Section 1 Powers

The Board of Directors shall have power to:

Conduct, manage, and control the affairs and business of the Association, and to make and enforce such Rules and Regulations therefore consistent with the Law, with the Articles of Incorporation, the Declaration, and/or By-Laws, as the Board may deem necessary or admissible.

Assessments:

The Board of Directors may issue a warning or assess fines for each violation of these Rules and Regulations, weighing the gravity and history of the violation. Assessment will be \$50.00, per violation, per occurrence. Non-resident violators will be considered trespassers, to be removed from the premises by the Police, if necessary. For violations of the CC&Rs and By-Laws, an assessment will be made against the owner of the property where the host resides.

Before invoking any assessment, the Board of Directors shall give the violator a Notice of Hearing and an opportunity to be heard. Any assessment imposed which remains unpaid for a period of ten days or more after its due date, will result in collection proceeding pursuant to Article IV of the Declaration.

VIOLATION PROCEDURE

General Violations:

A formal notice will be sent to the owner notifying them of the violation. The Board of Directors will verify that the violation is not continuing after the violation date set forth in said notice. Homeowners should return the violation response to the management company stating whether or not they have complied with the notice.

If the violation continues after the violation date, or is repeated within 12 months, the Board of Directors will send a notice of hearing concerning said violation. The member will be given fifteen (15) days advance notice of the hearing to defend his/her position. The following are penalties that may be imposed at the discretion of the Board of Directors.

Pool & Spa Violations:

- 1) First Offense: \$50.00 per violation (multiple violations occurring at the same time will be treated separately. For example, if three children under the age of fourteen are found using the pool, two of whom are guests of the third whose family resides within the Woodfield Community, the parent(s) of the resident child would be fined \$150.00 for the three violations. Landlords will be responsible for the tenants).
- 2) Second Offense: \$150.00 per violation (see example contained in #1).
- 3) Third and Subsequent Offenses: \$250.00 per violation (see example contained in #1).

SCHEDULE OF FINE ASSESSMENT

Each Offense – Minimum of \$50.00.

Repeated Violations

Owner/Resident use of the facilities can and will be suspended by the Board of Directors under the conditions found in the CC&Rs.

TENANT VIOLATIONS

Tenants are bound by the Rules and Regulations and CC&Rs and are subject to the enforcement of same by the Board of Directors. The Homeowner will be held responsible for all fines/assessments owed by their tenant. The Homeowner will also be liable for payment of specific assessments resulting from damage caused to Community property by tenants or their guests in the event that the tenant does not reimburse the Association.

Reviewed By Cane, Walker & Harkins

Proposed Date May 16, 2011 / Adopted June 20, 2011

DISPUTE RESOLUTION PROCEDURES

PLEASE TAKE NOTICE THAT: The Board of Directors adopted, at a regular meeting of the Association's Board of Directors, the Policy of Early Dispute Resolution set forth below. The purpose and effect of the Policy is to provide a procedure for facilitating the resolution of disputes between a member and the Association, as required by law.

In accordance with California *Civil Code* Section 5905, the Association provides a fair, reasonable, and expeditious procedure for resolving disputes between the Association and owner involving rights, duties, or liabilities under the Davis Stirling Common Interest Development Act, the Non-profit Mutual Benefit Corporation Law, or the Association's governing documents. The procedure supplements, but does not replace the ADR pre-litigation process summarized in a separate document included within this budget packet entitled Alternative Dispute Resolution Summary. The procedure follows:

- A. Either an owner or the Association may request the other, in writing, to meet and confer to discuss resolution of a dispute. While a homeowner may refuse the Association's request to meet and confer, the Association may not refuse an owner's request to meet and confer.
- B. The Board shall designate a member of the Board to meet and confer with the owner upon the earliest to occur of the following: 1) the first regular Board of Directors meeting held subsequent to the Association's receipt of an owner's written request to meet and confer; 2) the first regular Board of Directors meeting held subsequent to the Association's receipt of an owner's written acceptance to meet and confer; or 3) within forty (40) days following Association's receipt of such request or acceptance from an owner. The Board member so designated shall **not** have authority to bind the Board of Directors or the Association to any agreement or resolution. The Board of Directors may, in its discretion, act sooner than as provided above and schedule a special Board of Directors meeting to act on an owner's request to meet and confer.
- C. The owner, the designated Board member, and any other necessary witnesses or participants shall meet promptly at a time and place mutually convenient for the owner and the Director to explain their positions and to confer in good faith in an effort to resolve the dispute. Maximum reasonable use of available local dispute resolution programs shall be utilized when appropriate to do so, depending upon the nature and complexity of the dispute.
- D. A resolution of the dispute shall be memorialized in writing and signed by the parties. An agreement or resolution reached using this procedure binds the parties and is judicially enforceable only if it is not in conflict with law and if the agreement or resolution is ratified by the Board of Directors.
- E. An owner may not be charged a fee to participate in the process.

Adopted: January 11, 2010

ALTERNATIVE DISPUTE RESOLUTION SUMMARY
(PRE-LITIGATION ADR REQUIREMENTS)
(Effective January 1, 2005)

California Civil Code Sections 5900 through 5965 require community associations and their homeowners to offer to participate in some form of Alternative Dispute Resolution ("ADR") prior to initiating certain types of lawsuits in superior court. ADR means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. ADR may either be binding or non-binding, as may be agreed to by the parties. This Summary of the ADR statutes is being distributed as required by California Civil Code Section 5965.

I. When ADR Must be Offered Prior to Initiating Enforcement Action:

An association or an owner may not file certain lawsuits in superior court unless an effort has been made to submit the dispute to ADR as required by law. Generally, ADR must be offered before filing a civil action or proceeding that seeks:

- A. A judicial declaration of the rights and responsibilities of the parties, only; or
- B. A writ of mandate or a writ of prohibition, only; or
- C. Permanent injunctive relief only; or
- D. Declaratory relief, writ relief, or injunctive relief, combined with a claim for monetary damages of five thousand dollars or less

It is not necessary to offer ADR prior to filing any other type of superior court action, or prior to filing any type of small claims action. Except as otherwise provided by law, the ADR requirement does not apply to an assessment dispute.

II. Compliance Procedures:

The ADR process is initiated by one party serving all other parties with a "Request for Resolution," which shall include:

- A. A brief description of the dispute between the parties;
- B. A request for ADR;
- C. When directed to an owner, the request must be accompanied by a copy of the ADR statutes;
- D. A notice to all parties that they are required to respond within 30 days of receipt, or else the offer of ADR is deemed rejected; and

Service of the Request must be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the intended recipient actual notice of the Request. If the Request is accepted, ADR must be completed within 90 days of the receipt of the acceptance, unless the parties sign a written agreement extending the completion date.

The cost of ADR is to be borne by the parties. Unless the parties agree, no oral or written evidence or statements made in an ADR proceeding, other than arbitration, are admissible as evidence in a later lawsuit.

Each homeowner should consult with his or her own attorney regarding appropriate compliance with the ADR statutes.

III. Failure to Participate in Some Form of ADR Prior to Enforcement Action:

Should a party unreasonably refuse to participate in ADR before the lawsuit is filed, the court may, in its discretion, take this refusal into consideration in determining the amount of attorneys' fees and costs ultimately awarded at trial. In accordance with the disclosure requirement of California Civil Code Section 5965, please be advised that:

"Failure of a member of the Association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law".

REQUIREMENTS FOR ASSOCIATION APPROVAL OF A PHYSICAL CHANGE TO PROPERTY

(Civil Code Section 4760 – 4765)

The California Civil Code requires the Association to publish a notice annually that describes the types of architectural changes that require Association approval. This Summary of Architectural Procedures has been prepared for that purpose. This is only a summary, and Owners are therefore requested to refer to the Association's Declaration of Covenants, Conditions, Restrictions and Reservation of Easements ("CC&Rs") for more detailed architectural modification related information. If you have questions about whether Association approval is required for what you have planned, or about whether there are any standards, guidelines, or requirements for the type of modification you wish to construct or install, please contact management *before* you start work.

A. No Exterior Changes Without Prior Written Approval. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein, including patio covers and antennas, be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Committee (ARC). (CC&Rs Article IV, Section 1)

B. Submission Procedures/Plan Requirements. The Owner's application for architectural modifications shall be submitted only on the Association's architectural application form and shall be submitted only to the Association's managing agent, Optimum Property Management, 17731 Irvine Boulevard, Suite 212, Tustin, CA 92780. Architectural Application forms and documents shall not be submitted directly to any Association Director, Officer, or Committee member. The Application shall include all the information required under the CC&R's and the application materials, including, without limitation, the following: (i) the completed application form, (ii) the requisite copies of plans showing the nature, kind, shape, height, width, color, materials and location of the proposed construction/modifications, and (iii) all applicable application fees, construction deposits, and any other applicable fees and/or deposits the Association may require. Until the Association receives all required plans, specifications, and other information the Committee requires, the Committee may postpone review of any application and plans submitted for approval.

C. Approval Criteria. Approval may be based upon, among other things, the following factors: (i) the construction activity is in conformance with the Architectural Committee rules, (ii) the construction activity will not be detrimental to the appearance of the surrounding area or the Development as a whole, (iii) the appearance of any structure affected thereby will be in harmony with the surrounding structures, (iv) the construction activity and product thereof will not detract from the beauty, wholesomeness and attractiveness of the Development and, (v) the upkeep and maintenance thereof will not become a burden on the Association.

D. Decision Timing. The Committee will notify the Owner of its decision in writing within thirty (30) days after the Association's receipt of all information, plans, and materials required for a complete submission; provided, however, that to be valid and effective any approval must be in writing. No purported oral or verbal approval by the Committee shall be valid or effective.

February 10, 2010