

Introduction

This is the 2019 budget for the Emery Bay Village Homeowners Association. It includes descriptions of the budget. Selected budget items are included, as are comments from the Treasurer.

Purpose

This document describes and explains the Emery Bay Village 2019 budget to the homeowners and directors.

Treasurer's comments

Summary of This Year

These are the highlights and significant events in 2018:

1. Upgraded carport lights to LEDs to save money on electricity and bulb replacement.
2. Completed repairs on the carports
3. Guest bike rack project was completed
4. Architectural research for a Clubhouse interior upgrade project and possible bike storage
5. Drainage upgrade along ECCL boarder to prevent flooding was completed.

Looking Ahead to 2019

We anticipate completing a number of projects in 2019.

1. Concrete and asphalt repairs, including landscape remediation.
2. Continuing work on an EV charging station.
3. Geotechnical engineer to address drainage and foundation stability issues.

Execution and Management of Budgeted Projects

We have reserve projects to maintain our buildings, landscaping, roads and hardscape, and to keep Emery Bay Village a pleasant place to live. We budget for those projects over time as wear accumulates. When maintenance is delayed it incurs a debt to future homeowners in the form of more repairs and more expensive repairs.

Over the past few years we have been successful in budgeting for our maintenance projects. However, execution of the projects needs more work and input by homeowners—we need participation in Committees and need homeowners to alert us when items are worn or damaged. This continues to be a problem. Deferred maintenance is a form of debt. We are familiar with the idea that owing money is debt. We should also keep in mind that delaying maintenance work is also a form of debt. If we do not properly maintain our property, we must live with the deterioration. In addition, delayed maintenance can make the repairs costlier by allowing the problems to get worse.

It is also critical that projects we do execute be diligently supervised; we cannot just hand the project to the vendor. Successful projects require attention from a homeowner throughout the whole project. We depend on our vendors to perform work and for expertise in many areas. Because Committee members and Board members who deal with the vendors change frequently, we also depend on the vendors to maintain continuity. The vendors are often the only ones who know what should be done, when it should be done, and how it should be done. This is a situation ripe for exploitation. Board and Committee members who interact with vendors must guard against this.

Emery Bay Village HOA
2019 Budget

To manage our vendor relationships and to control our finances we must keep detailed and complete documents of all bids or quotes and of all invoices and bills. This will allow us to track what work is expected, when, and at what cost. Any changes must be authorized by the Board before the work begins. Complete documents will also allow us to keep a historical record that will be useful for the next homeowner who works on any project.

The Budget Process

Who Created This Budget?

The 2019 budget was prepared by the Budget Committee. This year, the Budget Committee was Matt Johnson, the association Treasurer; Michelle Siegel, the association Secretary; Eric Stilan, the association Vice President and Michael Ball, board member-at-large.

Resources

We relied heavily on records and documents of past work and expenses from previous years. It is critical to keep good clear records of all work done by vendors and what we paid for that work. It is very helpful to have real data when making the budgets. In addition, the Reserve Study prepared by SMA Reserves, LLC, including an on-sight inspection, provided crucial data for preparing our reserve budget.

Process of Creating a Budget

Our budgeting process is to first identify needs, and then estimate costs. We started by identifying the known recurring costs in our operating budget, and then we identified the funding needs for our reserve component maintenance. Once we had a clear list of what needed to be funded, we determined the costs. We iterated over this process until we arrived at this budget proposal.

Budget Proposal

Operating Fund

What Is the Operating Budget?

The Operating budget is an annual budget. It runs from January to December. It is intended to cover yearly recurring costs, such as utilities, landscaping costs, and management fees.

Proposed Operating Budget

The operating budget for 2019 is \$460,995. This compares to \$454,886 in 2018. The increase is due to adding an additional line item to the operating budget.

For several years the Board Secretaries have been taking notes and providing the minutes. It would cost the Association several thousand dollars a year to have this done by management. We have not budgeted for this service since we expect future Secretaries will also take notes and produce minutes. This reduces homeowners' assessments.

The Association needs to have a contingency plan line item in the operating budget to account for unexpected events and delinquencies in regular assessment collections. For 2019, \$10,000 is budgeted.

A table detailing the budget follows:

2019 Operating Budget:

Emery Bay Village HOA
2019 Budget

Administration

Annual Accounting	\$ 1,850	
Management	\$ 40,000	
Meeting Refreshments	\$ 200	
Office Expenses	\$ 2,500	
Legal Miscellaneous	\$ 2,500	
Website	\$ 200	
Community Events	\$ 300	
Licenses/Memberships	\$ 1,000	
Insurance	\$ 25,466	
Earthquake Insurance	\$ 78,000	
Insurance-Workers comp	\$ 1,880	
Total Administration		\$ 153,895

Maintenance

General Repairs	\$ 20,000	
Interior Repairs	\$ 4,000	
Gutter Cleaning	\$ 5,400	
Plumbing	\$ 25,000	
Custodial	\$ 4,000	
Lighting Maintenance	\$ 3,000	
Clubhouse Maintenance	\$ 2,000	
Total General Maintenance		\$ 63,400

Emery Bay Village HOA
2019 Budget

Landscaping

Landscaping	\$ 55,000	
Landscape Architect	\$ 4,000	
Irrigation Repair	\$ 6,000	
Emergency Tree Work	\$ 3,000	
Spraying	\$ 4,500	
Irrigation Water	\$ 18,000	
Tree Trimming	\$ 10,000	
Special Projects	\$ 15,000	
Total Landscape		\$ 115,500

Utilities

Trash Removal	\$ 27,000	
Miscellaneous	\$ 200	
PG&E	\$ 11,000	
Water	\$ 80,000	
Contingency	\$ 10,000	
Total Utilities/Miscellaneous		\$ 128,200

2019 Regular Assessment

The 2019 budget meets all our anticipated operating costs and funds the reserve fund to the amount recommended by the reserve study. This will cover the cost of all the wear and tear on our property in 2019 but will not bring our reserve fund to fully funded. At the end of 2019 our reserves will be 60% funded. To increase the funding percentage, we should consider a special assessment or raising the regular assessment.

Emery Bay Village HOA
2019 Budget

Model Type	2018	2019	Change	%
Model A and B	\$ 397.01	\$ 423.54	\$ 26.53	6.7%
Model C	\$ 429.23	\$ 445.86	\$ 16.64	3.9%
Model D	\$ 434.78	\$ 449.71	\$ 14.93	3.4%
Model E	\$ 458.11	\$ 465.88	\$ 7.77	1.7%

Reserve Fund

What Is a Reserve Fund Budget?

The reserve fund budget is the money allocated to repair components of our built infrastructure. Those include all our buildings and carports, the asphalt and sidewalks (hardscape), and our trees. The reserve budget is created with the help of a reserve study prepared by a certified reserve company. This year we again used SMA Reserves, LLC.

How Was the Reserve Budget Created?

The reserve study identifies specific components, identifies their replacement cost, and calculates their useful life and remaining life. This information is used to calculate when a component needs to be maintained or replaced and how much that will cost. That is used to calculate how much money to set aside for each component every year. That is summed to calculate the reserve budget.

Reserve Fund Budget for 2019

In 2019, we will make a \$135,125 reserve contribution, as recommended in our reserve study. This will cover the reserve costs for 2019 however, it will not add enough money to the reserve fund to bring us to fully funded by the end of the year.

Emery Bay Village HOA
2019 Budget

Appendix 1

The 2019 Emery Bay Village operating budget:

	Description	Var		Sub total	Totals	Equal	variable
Revenue	Assessments			\$ 596,120	\$ 596,120		
	Special. Assessments x	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Operating Cash Forwarded			\$ -	\$ -	\$ -	\$ -
	Total of Special and Cash Forward			\$ -	\$ -	\$ -	\$ -
	Total Revenue			\$ 596,120	\$ 596,120	\$ -	\$ -
	Description	Var		Sub total	Totals	Equal	variable
Expenses	Administration					\$ -	\$ -
	Annual Accounting	\$ 1,850				\$ 1,850	\$ -
	Management	\$ 40,000				\$ 40,000	\$ -
	Meeting Refreshments	\$ 200				\$ 200	\$ -
	Office Expenses	\$ 2,500				\$ 2,500	\$ -
	Legal Miscellaneous	\$ 2,500				\$ 2,500	\$ -
	Website	\$ 200				\$ 200	\$ -
	Community Events	\$ 300				\$ 300	\$ -
	Licenses/Memberships	\$ 1,000				\$ 1,000	\$ -
	Insurance x	\$ 25,466				\$ -	\$ 25,466
	Earthquake Insurance x	\$ 78,000				\$ -	\$ 78,000
	Insurance-Workerscomp	\$ 1,880				\$ 1,880	\$ -
	Total Administration			\$ 153,895	\$ 153,895		
	Maintenance						
	General Maint						\$ -
	General Repairs	\$ 20,000				\$ 20,000	\$ -
	Interior Repairs	\$ 4,000				\$ 4,000	\$ -
	Gutter Cleaning	\$ 5,400				\$ 5,400	\$ -
	Plumbing	\$ 25,000				\$ 25,000	\$ -
	Custodial	\$ 4,000				\$ 4,000	\$ -
	Lighting Maintenance	\$ 3,000				\$ 3,000	\$ -
	Clubhouse Maintenance	\$ 2,000				\$ 2,000	\$ -
	Total General Maint			\$ 63,400			
	Landscaping						
	Landscaping	\$ 55,000	\$ -	\$ -		\$ 55,000	\$ -
	Pest Control	\$ -	\$ -	\$ -		\$ -	\$ -
	Landscape Architect	\$ 4,000	\$ -	\$ -		\$ 4,000	\$ -
	Irrigation Repair	\$ 6,000	\$ -	\$ -		\$ 6,000	\$ -
	Bed & Shrub Maintenance	\$ -	\$ -	\$ -		\$ -	\$ -
	Emergency Tree Work	\$ 3,000	\$ -	\$ -		\$ 3,000	\$ -
	Mulch	\$ -	\$ -	\$ -		\$ -	\$ -
	Spraying	\$ 4,500	\$ -	\$ -		\$ 4,500	\$ -
	Irrigation Water	\$ 18,000	\$ -	\$ -		\$ 18,000	\$ -
Small Trees	\$ -	\$ -	\$ -		\$ -	\$ -	
Tree Trimming	\$ 10,000	\$ -	\$ -		\$ 10,000	\$ -	
Soil Aeration	\$ -	\$ -	\$ -		\$ -	\$ -	
Special Projects	\$ 15,000	\$ -	\$ -		\$ 15,000	\$ -	
Total Landscape			\$ 115,500				
Total Maintenance			\$ 178,900	\$ 178,900			
Utilities/Misc							
Trash Removal	\$ 27,000				\$ 27,000	\$ -	
Miscellaneous	\$ 200				\$ 200	\$ -	
Pge	\$ 11,000				\$ 11,000	\$ -	
Water	\$ 80,000				\$ 80,000	\$ -	
Contingency	\$ 10,000				\$ 10,000	\$ -	
Total Utilities/Misc			\$ 128,200	\$ 128,200		\$ -	
Sub Total Expenses				\$ 460,995	\$ 357,530	\$ 103,466	
Reserves contributions				\$ 135,125	\$ -	\$ -	
Total Expenses				\$ 596,120	\$ 357,530	\$ 103,466	

SMA RESERVES



Owner's Summary

The following Owner's Summary is intended to disclose pertinent information regarding the status of Emery Bay Village Homeowners Association. The reserve fund is a separate fund, setup by the Association, for the repair, replacement, restoration, or maintenance of major components for which the Association is required to maintain.

Emery Bay Village Homeowners Association

Reserve Study Update
With On-site Visual Inspection

November 29, 2018

**Reserve Study for Fiscal Year:
01/01/2019 through 12/31/2019**

SMA RESERVES

2059 Camden Ave. Suite 151

San Jose, CA 95124

PH: (408) 306-0145

www.smareserves.com

Emery Bay Village Homeowners Association

Emeryville, CA

Report Date: 11/29/2018

Fiscal Year End: 12/31/2018

Status of the Reserve Fund as of December 31, 2018

Reserve Fund Cash Balance as of July 31, 2018	710,792.50
Anticipated Interest Revenue prior to December 31, 2018	2,979.49
Anticipated Reserve Fund Contribution prior to December 31, 2018	169,253.42
Anticipated Reserve Fund Expenditures prior to December 31, 2018	0.00
Projected Reserve Fund Cash Balance	883,025.41
Projected Fully Funded Balance	1,466,105.56
Percent Funded	60%
Average Reserve Fund Surplus / (Deficit) per Member	(5,206.07)

FYE balance includes one time transfer of \$120,000

Five Year - Cash Flow Funding Plan Summary

Fiscal Year Ending	Reserve Contribution	Special Assessment	Percent Funded
2019	135,125	0	50%
2020	155,394	0	32%
2021	178,703	0	36%
2022	205,508	0	30%
2023	221,949	0	32%

Community Information

Fiscal Year Start	January 1, 2019
Fiscal Year End	December 31, 2019
Community Type	Condominium
Number of Units	112
Year Built	1980
Last Inspected	October 16, 2018

Computation Parameters

Inflation Rate	3.00%
Interest Rate	1.00%
Threshold Factor	5.00%
Prior Year Fund Contribution	117,500

Summary Notice: This five year funding plan summary is provided in accordance with California Civil Code Section 5570. The full reserve study plan is available and will be provided, by the Association, to any member upon request.

Component Inventory Detail Report

Emery Bay Village Homeowners Association

Report Date: 11/29/2018

Emeryville, CA

Fiscal Year End: 12/31/2018

See General Information for Definitions

	R.L.	U.L.	Def.	Quantity	Unit Cost	PM&A	Anticipated Total Cost
BUILDING SYSTEMS							
Exterior Lighting							
1	10	20		16 Each	2,175.96	5.00%	36,556
2	10	20		20 Each	1,487.34	5.00%	31,234
3	23	25		3 Each	294.46	5.00%	928
4	0	25	1	5 Each	294.46	5.00%	1,546
5	10	25		28 Each	153.74	5.00%	4,520
6	22	25		8 Each	411.09	5.00%	3,453
7	0	25	1	1 Each	92.24	5.00%	97
8	0	25	1	2 Each	122.99	5.00%	258
9	0	25	1	61 Each	197.02	5.00%	12,619
10	0	25	1	5 Each	184.48	5.00%	969
11	0	25	1	124 Each	122.99	5.00%	16,013
12	0	25	1	5 Each	184.48	5.00%	969
13	12	25		239 Each	153.74	5.00%	38,581
Floor Coverings							
14	0	15		320 Sq.Ft.	5.22	5.00%	1,754
15	0	10		1920 Sq.Ft.	1.99	5.00%	4,012

Component Inventory Detail Report

Emery Bay Village Homeowners Association

Report Date: 11/29/2018

Emeryville, CA

Fiscal Year End: 12/31/2018

See General Information for Definitions

	R.L.	U.L.	Def.	Quantity	Unit Cost	PM&A	Anticipated Total Cost
Furnishings, Community Center							
16				2 Each	6,376.01	5.00%	13,390
17				82 Each	92.24	5.00%	7,942
18				40 Sq.Ft.	40.57	5.00%	1,704
19				1 Each	1,459.14	5.00%	1,532
20				10 Each	273.18	5.00%	2,868
21				18 Ln.Ft.	162.31	5.00%	3,068
22				18 Ln.Ft.	133.31	5.00%	2,520
Furnishings, Kitchen							
23				16 Ln.Ft.	162.31	5.00%	2,727
24				28 Ln.Ft.	133.31	5.00%	3,919
25				40 Sq.Ft.	40.57	5.00%	1,704
26				1 Each	1,197.53	5.00%	1,257
27				1 Each	1,484.91	5.00%	1,559
28				1 Each	1,430.08	5.00%	1,502
29				3 Each	722.23	5.00%	2,275
Furnishings, Restroom							
30				2 Each	4,057.46	5.00%	8,521
Metal, Replace							
31				330 Ln.Ft.	43.05	5.00%	14,917
32				320 Ln.Ft.	21.52	5.00%	7,231
33				400 Ln.Ft.	43.05	5.00%	18,081

Component Inventory Detail Report

Emery Bay Village Homeowners Association

Report Date: 11/29/2018

Emeryville, CA

Fiscal Year End: 12/31/2018

See General Information for Definitions

	R.L.	U.L.	Def.	Quantity	Unit Cost	PM&A	Anticipated Total Cost
Miscellaneous							
34 Fire And Safety Exit Signs	9	20		5 Each	245.98	5.00%	1,291
35 Fire Extinguisher w/Case	0	15	1	2 Each	317.64	5.00%	667
36 Metal Mailboxes	27	30		1 Fund	22,970.83	5.00%	24,119
37 Storage Door Replacement (18% of 112 total)	4	5		20 Each	1,125.96	5.00%	23,645
38 Wood/Metal Directional and Warning Signs	5	12		1 Fund	2,167.84	5.00%	2,276
Painting							
39 Buildings, Trim	0	5	1	22766 Sq.Ft.	1.21	5.00%	28,924
40 Carport, Fence	0	5	1	19536 Sq.Ft.	0.82	5.00%	16,820
41 Carports, Under Roof	0	5	1	25993 Sq.Ft.	0.82	5.00%	22,380
42 Community Center, Interior	0	10	1	1920 Sq.Ft.	2.84	5.00%	5,725
43 Community Center, Siding	2	5		4110 Sq.Ft.	0.82	5.00%	3,539
44 Community Center, Trim	2	5		617 Sq.Ft.	0.99	5.00%	641
45 Exterior Doors, Glass w/Wood	5	10		5 Each	64.57	5.00%	339
46 Interior Doors, Community Center	0	10	1	10 Each	64.57	5.00%	678
47 Masonry Recycling Enclosure	5	10		468 Sq.Ft.	0.76	5.00%	373
48 Metal Balcony Railing 3'	0	5	1	1680 Sq.Ft.	0.99	5.00%	1,746
49 Metal Hand Rail	0	5	1	320 Ln.Ft.	1.64	5.00%	551
50 Metal Stair Railing, 3'	0	5	1	400 Ln.Ft.	3.98	5.00%	1,672
51 Siding (Certainteed)	5	10		156432 Sq.Ft.	1.00	5.00%	164,254
52 Unit Entry Doors	5	10		112 Each	64.57	5.00%	7,593
53 Unit Storage Doors	5	10		112 Each	64.57	5.00%	7,593

Component Inventory Detail Report

Emery Bay Village Homeowners Association

Emeryville, CA

Report Date: 11/29/2018

Fiscal Year End: 12/31/2018

See General Information for Definitions

	R.L.	U.L.	Def.	Quantity	Unit Cost	PM&A	Anticipated Total Cost
Roof, Gutters & Downspouts							
54 Buildings, Composition Shingle	22	30		93962 Sq.Ft.	6.96	5.00%	686,674
55 Carports Roof, Built Up	0	18	1	23630 Sq.Ft.	5.92	5.00%	146,884
56 Community Center, Composition Shingle	22	30		2250 Sq.Ft.	6.96	5.00%	16,443
57 Downspouts, Buildings	18	25		4890 Ln.Ft.	8.87	5.00%	45,543
58 Downspouts, Carports	18	25		560 Ln.Ft.	8.87	5.00%	5,216
59 Downspouts, Community Center	18	25		40 Ln.Ft.	8.87	5.00%	373
60 Gutters, Buildings	22	30		4601 Ln.Ft.	9.86	5.00%	47,634
61 Gutters, Carports	22	30		1145 Ln.Ft.	9.86	5.00%	11,854
62 Gutters, Community Center	22	30		95 Ln.Ft.	9.86	5.00%	984
63 Roofing Repair Fund	0	5	1	1 Fund	3,074.68	5.00%	3,228
Stairs, Repair Fund							
64 Landings, Resurface	3	30		384 Sq.Ft.	20.87	5.00%	8,415
65 Landings, Seal	2	5		384 Sq.Ft.	13.81	5.00%	5,568
66 Step/Stringer	6	40		240 Each	144.91	5.00%	36,517
67 Step/Stringer, stain	0	5	1	240 Each	23.20	5.00%	5,846
Wood, Siding and Trim							
68 Building Trim, Wood, Repair Fund	0	5	1	2304 Sq.Ft.	4.64	5.00%	11,225
69 Carport Structural Repairs	19	20		1 Fund	40,000.00	5.00%	42,000
70 Community Center Siding, Wood, Repair Fund	5	10		410 Sq.Ft.	9.27	5.00%	3,991
71 Community Center Trim, Wood, Repair Fund	0	5	1	61 Sq.Ft.	4.64	5.00%	297
72 Hardi-Plank, repair	5	10		2301 Sq.Ft.	9.27	5.00%	22,397

Component Inventory Detail Report

Emery Bay Village Homeowners Association

Emeryville, CA

Report Date: 11/29/2018

Fiscal Year End: 12/31/2018

See General Information for Definitions

	R.L.	U.L.	Def.	Quantity	Unit Cost	PM&A	Anticipated Total Cost
MECHANICAL/ELECTRICAL SYSTEMS							
Furnishings, Community Center							
73 Central Heating Furnace	2	15		1 Each	2,274.50	5.00%	2,388
74 Water Heater, Community Center	3	12		1 Each	1,537.35	5.00%	1,614
Plumbing							
75 Sewer Lines - Inspection & Repair	1	5		1 Fund	10,927.27	5.00%	11,474
SITE SYSTEMS							
Asphalt & Concrete							
76 Asphalt, Overlay w/Interlayer (Petromat or similar)	3	25		43740 Sq.Ft.	2.75	5.00%	126,299
77 Asphalt, Repair Fund, 25%	0	5		10935 Sq.Ft.	5.38	5.00%	61,772
78 Asphalt, Sealcoat	0	5		43740 Sq.Ft.	0.26	5.00%	11,941
79 Concrete Repair Fund Parking/Walkways, Major Fund	0	20		1 Fund	150,000.00	5.00%	157,500
80 Concrete Repair Fund Parking/Walkways, Minor Fund	2	2		1 Fund	5,000.00	5.00%	5,250
Fencing							
81 47th Street Chain Link w/Fill Strips 6' Perimeter	0	30	1	1090 Ln.Ft.	21.52	5.00%	24,630
82 53rd Street Iron Fence	14	25		680 Ln.Ft.	101.58	5.00%	72,528
83 Buildings, 4' Wood Fence	0	15	1	952 Ln.Ft.	27.68	5.00%	27,669
84 Carports, 6' Wood Fence	3	20		1628 Ln.Ft.	33.83	5.00%	57,829
85 Fence, 6' Residence	2	20		246 Ln.Ft.	33.83	5.00%	8,738

Component Inventory Detail Report

Emery Bay Village Homeowners Association

Report Date: 11/29/2018

Emeryville, CA

Fiscal Year End: 12/31/2018

See General Information for Definitions

	R.L.	U.L.	Def.	Quantity	Unit Cost	PM&A	Anticipated Total Cost
Irrigation							
86 Backflow Preventer Valve, 50%	0	10	1	2 Each	799.42	5.00%	1,679
87 Controller, 24 Station	4	8		1 Fund	2,318.54	5.00%	2,434
88 Valve, Landscaping, 50%	0	8	1	43 Each	276.73	5.00%	12,494
Landscaping							
89 Drainage Enhancement, 33% (phased out in 2021)	0	3		1 Fund	23,185.49	5.00%	24,345
90 Irrigation System Upgrade, 33% (phased out in 2021)	0	3	1	1 Fund	75,352.82	5.00%	79,120
91 Landscaping, replacements / enhancements	0	5	1	1 Fund	11,592.74	5.00%	12,172
92 Tree Trimming / Maintenance Work	0	1		1 Fund	28,289.96	5.00%	29,704
Masonry Wall Repair Fund							
93 6.5' Recycling Enclosure Refurbishment (Walls/Gates/Aluminum Trellis)	25	30		1 Fund	5,463.64	5.00%	5,737
Misc. Site Systems							
94 Bike Racks	29	30		1 Fund	6,000.00	5.00%	6,300
Total							2,409,761

Emery Bay Village Homeowners Association

Emeryville, CA

Report Date: 11/29/2018

Fiscal Year End: 12/31/2018

**Assessment and Reserve Funding Disclosure Summary
For the Fiscal Year Ending December 31, 2019**

(1) The current assessment per ownership interest is variable per month.
Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ____ of the attached summary.

(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:

Date assessment will be due:	Amount per ownership interest month:	Purpose of the assessment:
None		

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ____ of the attached report.

(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

(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 ownership interest:

(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 \$1,466,105.56, based in whole or in part on the last reserve update prepared by SMA Reserves as of November 29, 2018. The projected reserve fund cash balance at the end of the current fiscal year is \$883,025.41, resulting in reserves being 60% funded at this date.

(7) Based on the method of calculation in paragraph (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 is (below), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is (below), leaving the reserve at (below) percent funded. If the reserve funding proved by the association is implemented, the projected reserve fund cash balance in each of those years will be (below), leaving the reserve at (below) percent funded.

FY Ending	Fully Funded Balance	Projected Reserve Fund Balance	Percent Funded
2019	1,388,228	697,535	50%
2020	1,143,233	362,580	32%
2021	1,334,992	476,578	36%
2022	1,314,575	398,140	30%
2023	1,432,514	464,748	32%

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 1.00% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00% per year.

ASSOCIATION DISCLOSURE PURSUANT TO CIVIL CODE SECTION 5600

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 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)

Federal Department of Veterans Affairs Notice

Certification by the Federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is a condominium project. This common interest development not certified by the Federal Department of Veterans Affairs.

This statement is true as of October 1, 2018. Please check the VA website for current information.

Federal Housing Administration Notice

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is a condominium project.

This condominium development is not certified by the Federal Housing Administration.

This statement is true as of October 1, 2018. Please check the FHA web site for current information.

**Emery Bay Village Homeowners Association
Annual Budget Report –2019**

Reserve Budget Disclosure

The Reserve Summary enclosed has been approved by your board of directors. The projection has been prepared using historical data, recent contractor bids, reserve study calculations and/or current industry costs and standards. The reserve study may not include full replacement values of certain infrastructure components such as sewers, piping, electrical and the building structure. The need to replace these items could result in a special assessment.

Reasonable efforts have been made to assure that the report is accurate. However, management assumes no liability for damages which may result from it or from any conditions which this report might fail to disclose. A copy of the full reserve study is available upon request.

The monthly assessment may be increased up to 20% by the board of directors. The board is authorized to revise the monthly assessment during the year up to this limit.

Loans and Special Assessments

- None Planned

As of this writing, the association has outstanding loans as follows:

- None

Delinquency Policy

Assessments are due on the first of each month and are delinquent after the 15th. A late service fee of 10% is assessed if an account is late. In addition, interest charges of 10% per annum are assessed.

If an account becomes 90 days delinquent, the account is referred to a collections company or small claims court for further action. This action includes a letter requesting payment, sending a pre-lien notice listing the fees, penalty procedures and collection practices, the filing of a lien against the property, and proceeding with non-judicial foreclosure action.

All associated costs and fees are added to the delinquent homeowner's account. Partial payments that are paid by an owner are credited to the oldest delinquent amount. Monthly late service fees will continue. Currently two members is in arrears of their assessment payments. Accounts that have been referred to a collections company may request a payment plan to suspend the collection action. The approval of any payment plan is up to the current board of directors or manager as directed.

If all such amounts have not been received, in full, within thirty (30) days after the recordation of such Lien and the delinquent assessment exclusive of any accelerated assessments, late charges, attorney's fees, fees, interest and costs of collection is greater than Eighteen Hundred Dollars (\$1,800.00) and/or the delinquent assessment is more than Twelve (12) months delinquent, the Association may, without further advance notice, proceed to take any and all additional enforcement remedies as the Association, in its sole discretion, deems appropriate, including, without limitation, non-judicial foreclosure of such Lien, judicial foreclosure, or suit for money damages, all at the expense of the property owner(s). The Association has the right at all times to attempt to collect any delinquent regular or special assessment including accelerated assessments, late charges, attorney's fees, fees, interest and costs of collection by any manner provided by law (including a civil lawsuit) including judicial and nonjudicial foreclosure.

The association is not responsible for mail delivery. Items mailed and not received by the association due to the postal service will not be an acceptable reason for waiver of delinquent fees.

Returned check/credit card charges are subject to a \$34 fee. The mailing address for overnight payment of assessments is the same as that for routine assessment payments.

Insurance Disclosure

The California Civil Code now requires that you be notified yearly of the level of liability insurance in force at your association. Currently, the association has \$1,000,000 per Occurrence/\$2,000,000 General Aggregate of general liability with a \$5,000 deductible and \$1,000,000 of directors and officers' liability coverage.

Since these amounts are within the guidelines set by the Code, homeowners will not be individually liable in certain types of lawsuits brought against the association. Homeowners will continue to be liable for their proportionate share of any special assessment that might be levied to cover the amount of any judgment that exceeds the insurance limits.

The association is insured through Travelers Indemnity Company of CT with a policy limit of \$25,568,882. The deductible is \$5,000. The association pays the deductible if the insurance loss originates in the common area. The association works with its insurance carrier to determine the appropriate insured limit.

The coverage covers portions of your unit as specified in the CCRs.

The directors and officers' coverage is with Great American Insurance Company.

The association has a fidelity insurance policy with Philadelphia Indemnity Insurance Company for \$800,000. There is a \$5,000 deductible.

The Association also carries an Umbrella Liability policy through Great American Insurance Company with limits of \$15,000,000. In addition, the Workers' Compensation coverage is through Pennsylvania manufacturers' Association Insurance with policy limits of \$1,000,000.

The association has earthquake coverage through QBE Insurance Corporation with limits of \$21,603,753. The deductible is 15% per building. This coverage is for the common area and building structural components ONLY. Residents are encouraged to obtain coverage for personal property and displacement costs.

This summary of the association's insurance policies provides only certain information, as required by the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies. Any association member may, upon reasonable notice, review the insurance policies and may obtain a copy of the policies for a fee.

Although the association maintains the insurance policies specified in this summary, the policies may not cover your property, including personal property, or real property improvements to and around your dwelling, or personal injuries, relocation expenses 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.

Walsh Property Management, Inc.

4528. CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525*

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller. A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Document	Civil Code Section Included	Fee for Document	Not Available (N/A) or Not Applicable (N/App)
Articles of Incorporation (or statement that not incorporated)	Section 4525(a)(1)	\$15.00	
CC&Rs	Section 4525(a)(1)	\$20.00	
Bylaws	Section 4525(a)(1)	\$15.00	
Operating Rules	Section 4525(a)(1)	\$15.00	
Age Restrictions, if any	Section 4525(a)(2)		Refer to the Demand
Rental Restrictions, if any	Section 4525(a)(9)	\$0.00	Refer to CC&Rs
Annual Budget Report (or summary, including Reserve Study)	Sections 5300 and 4525 (a)(3)	\$25.00	
Assessment and Reserve Funding Disclosure Summary	Sections 5300 and 4525 (a)(4)	\$0.00	Included in Budget
Financial Statement Review	Sections 5305 and 4525(a)(3)	\$25.00	
Assessment Enforcement Policy	Sections 5310 and 4525(a)(4)		Included in Budget
Insurance Summary	Sections 5300 and 4525 (a)(3)		Included in Budget
Regular Assessment	Section 4525(a)(4)		Refer to the Demand
Special Assessment	Section 4525(a)(4)	\$0.00	Refer to the Demand
Emergency Assessment	Section 4525(a)(4)		Refer to the Demand

Walsh Property Management, Inc.

Document	Civil Code Section Included	Fee for Document	Not Available (N/A) or Not Applicable (N/App)
Other Unpaid Obligations of Seller	Sections 5675 and 4525(a)(4)		Refer to the Demand
Approved Changes to Assessments	Sections 5300 and 4525(a)(4), (8)		Included in Budget
Settlement Notice Regarding Common Area Defects	Sections 4525(a)(6), (7) and 6100		Refer to the Demand
Preliminary List of Defects	Sections 4525(a)(6), 6000 and 6100		Refer to the Demand
Notice(s) of Violations	Sections 5855 and 4525(a)(5)		Refer to the Demand
Required Statement of Fees	Section 4525	\$323.00	aka Demand
Minutes of Regular Board Meetings (conducted over the previous 12 months, if requested)	Section 4525(a)(10)	\$35.00	
Total fees for these documents:		\$ 473.00	

*The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of **Section 4525** shall be charged separately.

This is the minimum document offering required to meet CA statute 4525. You may opt to acquire additional documents including, but not limited to, Meeting Minutes, Reserve Studies, Insurance Declaration Pages, and/or property inspections not mandated by law but helpful to the prospective buyer(s) and/or their agent to make a more informed decision regarding the subject property.

Please note: Other fees including, but not limited to, Transfer Fees, Capital Contributions, Collection fees, etc. may be assessed to each property and will be disclosed on the Statement of Fees (Demand), and are not included within estimated charges outlined within this form.

**Emery Bay Village Homeowners Association
Annual Policy Statement – 2019**

General Notes

- Meeting notices are posted in the common area in the clubhouse window.
- Requests to modify the membership list, to add or delete a second address for delivery of individual notices, a request for individual delivery or to cancel a prior request for personal delivery, a request to opt out of the membership list, a request to receive a full copy of the Annual Budget Report and or the Annual Policy Statement shall be delivered to the person designated.
- The person designated to receive notices is Ilona Walsh. Overnight mail may be sent to 20401 Santa Maria Ave, Castro Valley, CA 94546 or via e-mail at office@walshpm.com.
- Members may request that any late notice be sent to a secondary address. Please contact us in writing to begin this process.
- Copies of the board meeting minutes are available from management. A fee is charged to cover costs.
- Carbon monoxide and smoke detectors are required in each unit.

Rental Restrictions

Leasing of units is not permitted until twenty-four (24) months after the date of purchase. Owners who lease their unit prior to the twenty-four (24) month period are subject to fines.

Rule Enforcement

When an owner (or his/her tenant, invitee or tenant's invitee) is suspected or accused of violating an association rule or CCR provision, the owner will be contacted by management. The owner will be invited to attend a hearing to discuss the complaint. A fine assessment or other assessment could be imposed at this hearing. As a courtesy, management has the option of sending a warning notice to the owner or tenant. The warning letter is optional, and its use is at the discretion of the management agent or board of directors.

Fine Stage 1: Minimal infractions & first hearings:

- \$25-50 penalty plus any added expenses endured by the Association, including but not limited to administrative fees.

Fine State 2: Repeat issues for the same infraction:

- \$50-\$100 penalty plus any added expenses endured by the Association, including but not limited to administrative fees.

Fine Stage 3: Continued lack of compliance:

- \$200 initial fine and possible daily fines (\$5-\$25) assessed until violation is resolved; plus any added expenses endured by the Association, including but not limited to administrative fees.

Siding related violations: \$50 fines per week until the issue has been corrected. Any cost to restore common area to its original condition or to ensure that the building is watertight it at the owner's expense.

Rental Restriction Violation Enforcement & Fines:

Penalties

1. Violation where the Owner does not physically reside in the Unit for at least two (2) years after the Owner originally purchased or acquired the Unit will result in a \$1,000.00 per month and/or any partial month penalty.

- a. Fines will be retroactive from the month tenants/lessees occupy the unit.
- b. Fines apply up until tenants vacate the property, or through the end of the 24th month of ownership.
- c. Tenants exceeding the two (2) per bedroom
- d. Unit is rented or leased for less than 60 days

2. Violation for the following will result in a \$100 per month fine:

- a. Owner does not provide the Manager of the Association with the name(s) and telephone number(s) of the person(s) to whom he has leased his Unit

Enforcement

If any of the above policies or rules is deemed in violation, the Board and the management company will proceed as follows:

1. Homeowner of units that are in violation of the FIRST AMENDMENT TO THE FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS REGARDING A PLAN OF CONDOMINIUM OWNERSHIP FOR EMERY BAY VILLAGE HOMEOWNERS ASSOCIATION and are found to be in violation are to be notified of:
 - a. The infraction, and
 - b. The Association's intent to assess fines or other proposed enforcement action.
 - c. The first notice will be in writing to the homeowner stating one (1) or more of the following:
 - i. The violation,
 - ii. The time frame for correction
 - iii. Any penalty to be assessed if not corrected in time frame allowed, and
 - iv. The opportunity for a hearing.
2. The Board has the final say on the resolution to matters and issues before it.

Pet Policy Enforcement & Fines:

Penalties

1. Pet violations - \$25.00 per occurrence in case of violations that do not present a hazard to personal safety or a threat to property. If the detrimental conduct continues for several days following notification, a \$25.00 per day fine may be imposed, at the discretion of the board.
2. Violations that cause a safety hazard or that can damage property can be fined up to \$500 per day, at the discretion of the board, depending upon the seriousness of the conduct.
3. PROHIBITED Animals: \$1,000 Plus \$100.00 per day after notification.

Enforcement

If any of the above policies or rules is deemed in violation, the Board and the management company will proceed as follows:

1. Owners of pets (and/or unit owner in the case of guests or renters) found to be in violation are to be notified of:
 - a. The infraction, and b. The Association's intent to assess fines or other proposed enforcement action.
2. The first notice will be in writing to the pet owner (and the unit owner in the case of renters) stating one (1) or more of the following:
 - a. The violation,
 - b. The time frame for correction,
 - c. Any penalty to be assessed if not corrected in time frame allowed, and
 - d. The opportunity for a hearing.
3. The Board has the final say on the resolution to matters and issues before it.

Alternative Dispute Resolution

The Civil Code requires parties to certain association related disputes to submit to a form of alternative dispute resolution such as mediation or arbitration prior to filing a lawsuit. The costs of the resolution will be borne as agreed to by the disputing parties. Failure of a member of the association to comply with the alternative dispute resolution requirements 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. There are certain exceptions to this requirement. For more information and assistance, please contact management. As always, it is the intent of the association to resolve all differences prior to considering this alternative.

Internal Dispute Resolution

Disputes between an owner and the association must be first dealt with through “internal dispute resolution”. Disputes under this heading include:

1. Financial disputes (maintenance, assessments, fines, penalties, resale or transfer issues, access to books and records)
2. Architectural issues
3. Pet issues
4. Use of private space (leasing, commercial or business use)
5. Personal interactions (facilities use, parking, noise, conduct issues)

The procedure provided below is fair, reasonable, and expeditious, per the Davis Sterling Act. Either party to a dispute within the scope of the Act may invoke the following procedure:

- (A) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
- (B) A member of the association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
- (C) The association's board of directors shall designate a member of the board to meet and confer.
- (D) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
- (E) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.
- (F) An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:
 - (1) The agreement is not in conflict with law or the governing documents of the common interest development or association.
 - (2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.
- (G) If one party wishes to bring a third party (attorney, etc.) to the IDR, all parties must be notified 10 business days prior to the meeting. Failure to notify all parties of third party attendees may result in the IDR being rescheduled

A member of the association may not be charged a fee to participate in the process. If the issues cannot be resolved, a more formal Alternative Dispute Resolution or litigation is a possible next step. This procedure is not necessary prior to filing a small claims action.

Architectural Changes

The Davis Stirling Act requires that you be told yearly that exterior or common area modifications must be pre-approved by the board or a designated committee. All requests must be in writing using the approved form available from management. The board/committee will review your request and will respond with a decision within 30 days. If the request is denied, you are allowed to attend a hearing before the board in open session to discuss the matter and request reconsideration. The board/committee will make its decision based on whether the change or modification is in the best interests of the association. Due to the many types of requests, it is difficult to list precisely which requests will be approved. Since this procedure is not different from previous methods, no rule change is required. While requests for satellite dishes and exterior antennas are not required, we ask that you contact us for specific locations that have been identified to give good reception and retain the clean appearance of the building. **Placing the device on any common area is not allowed without prior permission.**

Please note that the buyer of a property agrees to take responsibility for any variances made by the seller or any prior owner. The seller is obligated to inform the buyer of any variances, either approved or disapproved. Satellite dishes must be removed if the buyer does not plan to utilize the dish.