

Date: Tuesday, December 07, 2021
To: Members of Eastport Villas Homeowners Association (826)
From: The Board of Directors
Re: Fiscal Year (1/1/2022-12/31/2022) Annual Budget Report and Annual Policy Statement

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I. Required Annual Budget Report Statements

- 1. Pro Forma Operating Budget for Fiscal Year 1/1/2022-12/31/2022 Prepared on an Accrual Basis follows:**

	Eastport Villas HOA - 2022 BUDGET	# of Months 2021:	12
	As of 11-30-21 \$425/month/unit	Monthly Per Unit	Annual Budget
INCOME			
	400 - Assessments	425.00	122,400
	420 - Late Fees		0
	450 - Interest Income		0
	460 - Miscellaneous Income		0
	465 - Washer / Dryer Income		0
	TOTAL INCOME:	425.00	122,400
EXPENSES			
	502 - Administration Fees (APS/Consultant)	5.90	1,700
	503 - Audit & Tax Preparation/1099s/etc.	0.00	0
	504 - Bookkeeping (APS) (\$289/mo)	12.04	3,468
	505 - HOA Website	1.04	300
	506 - O.S., Printing, Postage	0.69	200
	507 - Civil Code Disclosures	0.69	200
	508 - Permits, Licenses, Fees, Taxes	5.56	1,600
	510 - Insurance	50.35	14,500
	514 - Legal Fees	0.00	0
	520 - Landscape (\$625+\$75 debris removal/mo)	29.17	8,400
	522 - Common Area Repairs and Maintenance	34.33	9,887
	524 - Board Office Supplies, Mileage, Expenses	0.35	100
	526 - Pest Control (\$85/mo)	3.54	1,020
	528 - Janitorial (\$105/mo laundry)	4.38	1,260
	532 - Pool/Spa (\$450/mo*May-Oct*6, \$200/mo*Nov-Apr*6)	13.54	3,900
	536 - Backflow Testing	0.23	65
	538 - Plumbing (Sewer Clean-Out \$600 every 4 months)	6.25	1,800
	540 - Electricity	30.56	8,800
	541 - Propane	3.44	990
	542 - Water/Sewer	110.03	31,690
	544 - Trash/Recycling Removal	17.08	4,920
	600 - Transfer to Reserves (\$2300/mo)	95.83	27,600
	TOTAL EXPENSE:	425.00	122,400
	Net Income/(Loss):		0
	TOTAL ASSESSMENT REQUIRED BASED ON EXPENSES:		425

Statement of Increase in Assessments: With the new fiscal year for our Association, our Board of Directors has reviewed the operating budget with the goal of providing efficient operations and funding adequate reserves to meet long-term requirements. Based on this review, the Board has determined that, in order to maintain the financial integrity of our Association and to meet the ongoing maintenance costs which increase with the aging process, a six point twenty five percent (6.25%) increase in assessments will be effective 1/1/2022. As of 1/1/2022, the new assessments will be \$425.00.

2. Summary of the Association's Reserves follows:

EASTPORT VILLAS HOMEOWNERS ASSOCIATION
2022 ESTIMATED RESERVE STUDY
 October 1, 2021

ITEM	AMOUNT	AGE	ESTIMATED LIFE	RECOMMENDED BUDGET PER YEAR		AMOUNT THAT SHOULD BE IN RESERVES	AMOUNT CURRENTLY IN RESERVE	TOTAL COST TO REPLACE	ADDITIONAL AMT. NEEDED IN RESERVE BY END OF LIFE	REMAINING LIFE (Years)	2022 RESERVE REQUIREMENT
				BUDGET PER YEAR	AMOUNT THAT SHOULD BE IN RESERVES						
ASPHALT DRIVEWAY	15,200 sf										
Reseal		0	5	\$580	\$0	\$0	\$0	\$2,900	\$2,900	5	\$580
Resurface		8	20	\$1,588	\$12,704	\$0	\$0	\$31,760	\$31,760	12	\$2,647
BACKFLOW DEVICE		10	11	\$177	\$1,773	\$1,773	\$1,773	\$1,950	\$177	1	\$177
DECKS											
Resurface (waterproofing)	740 sf	0	5	\$596	\$0	\$0	\$0	\$2,980	\$2,980	5	\$596
Replace	740 sf	15	20	\$361	\$5,408	\$5,408	\$5,408	\$7,210	\$1,803	5	\$361
DOCKS											
Slips	25	22	30	\$13,371	\$294,162	\$16,530	\$16,530	\$401,130	\$384,600	8	\$48,075
Ramp	1	17	30	\$120	\$2,046	\$0	\$0	\$3,610	\$3,610	13	\$278
DOORS											
Utility	8	7	30	\$43	\$301	\$0	\$0	\$1,290	\$1,290	23	\$56
Laundry Room	2	18	30	\$44	\$786	\$0	\$0	\$1,310	\$1,310	12	\$109
FASCIAWOOD REPLACEMENT											
		15	35	\$733	\$11,001	\$0	\$0	\$25,670	\$25,670	20	\$1,284
LAUNDRY ROOM											
Water Heaters	2	21	22	\$73	\$1,527	\$1,527	\$1,527	\$1,600	\$73	1	\$73
LIGHT FIXTURES											
Post Light by dock gate	4	4	50	\$12	\$49	\$0	\$0	\$610	\$610	46	\$13
Post Light by spa	4	48	50	\$12	\$586	\$586	\$586	\$610	\$24	2	\$12
Wall Lights	20	7	25	\$66	\$459	\$0	\$0	\$1,640	\$1,640	18	\$91
Ground Lights	14	4	25	\$433	\$1,733	\$0	\$0	\$10,830	\$10,830	21	\$516
Porch Lights & Laundry Rooms	26	8	25	\$89	\$714	\$0	\$0	\$2,230	\$2,230	17	\$131
PAINTING											
Condos Stucco	22,540 sf	5	26	\$609	\$3,046	\$0	\$0	\$15,840	\$15,840	21	\$754
Carport Stucco	4,500 sf	6	26	\$92	\$552	\$0	\$0	\$2,390	\$2,390	20	\$120
Railings/Gates		0	9	\$193	\$0	\$0	\$0	\$1,740	\$1,740	9	\$193
Dock Gate	1	0	9	\$24	\$0	\$0	\$0	\$220	\$220	9	\$24
Parking Structure Interior		6	10	\$179	\$1,074	\$1,074	\$1,074	\$1,790	\$716	4	\$179
Trim / Doors	26	2	10	\$405	\$810	\$46	\$46	\$4,050	\$4,004	8	\$501
Laundry Room	1	5	10	\$16	\$80	\$80	\$80	\$160	\$80	5	\$16
Laundry Room	1	5	10	\$16	\$80	\$80	\$80	\$160	\$80	5	\$16

EASTPORT VILLAS HOMEOWNERS ASSOCIATION
 2022 ESTIMATED RESERVE STUDY
 October 1, 2021

2022

ITEM	AMOUNT	AGE	ESTIMATED LIFE	RECOMMENDED BUDGET PER YEAR	AMOUNT THAT SHOULD BE IN RESERVES	AMOUNT CURRENTLY IN RESERVE	TOTAL COST TO REPLACE	ADDITIONAL AMT. NEEDED IN RESERVE BY END OF LIFE	REMAINING LIFE (Years)	RESERVE REQUIREMENT
POOL & SPA										
Pool Resurfacing		5	15	\$778	\$3,890	\$0	\$11,670	\$11,670	10	\$1,167
Pool Equipment (Filters, pump)		1	17	\$228	\$228	\$0	\$3,880	\$3,880	16	\$243
Spa Resurfacing		0	15	\$172	\$0	\$0	\$2,580	\$2,580	15	\$172
Spa Equipment (Filter, pump)		1	17	\$228	\$228	\$0	\$3,880	\$3,880	16	\$243
Spa Heater	1	0	15	\$182	\$0	\$0	\$2,730	\$2,730	15	\$182
RAILINGS / FENCES										
Wood fence on walkway to dock	70 lf	11	30	\$118	\$1,294	\$0	\$3,530	\$3,530	19	\$186
Pool Fence	150 lf	11	30	\$225	\$2,471	\$0	\$6,740	\$6,740	19	\$355
Building Front Railings	1,025 lf	48	50	\$722	\$34,656	\$34,656	\$36,100	\$1,444	2	\$722
Back Patio Vinyl Fences	210 lf	9	35	\$211	\$1,898	\$0	\$7,380	\$7,380	26	\$284
A/C Vinyl Fences	124 lf	12	35	\$181	\$2,174	\$0	\$6,340	\$6,340	23	\$276
RETAINING WALL AT DOCK										
		7	30	\$716	\$5,014	\$0	\$21,490	\$21,490	23	\$934
ROOFS										
Condos - Clay Tile	13,200 sf	11	40	\$1,254	\$13,789	\$0	\$50,140	\$50,140	29	\$1,729
Carport - Composition	4,650 sf	6	20	\$359	\$2,151	\$0	\$7,170	\$7,170	14	\$512
WROUGHT IRON GATES										
Side Gate	2 @ 6'	48	49	\$49	\$2,361	\$2,361	\$2,410	\$49	1	\$49
Refuse Gate	10'x5'	22	30	\$80	\$1,767	\$99	\$2,410	\$2,311	8	\$289
Dock Entry Gate & side railings	1	9	30	\$97	\$873	\$0	\$2,910	\$2,910	21	\$139
Storage Area Gate	18'x7'	11	25	\$242	\$2,658	\$0	\$6,040	\$6,040	14	\$431
Tree Trimming										
		0	3	\$5,000	\$0	\$0	\$15,000	\$15,000	3	\$5,000
CONTINGENCY										
				\$2,567	\$41,434	\$0	N/A	N/A	N/A	\$11,115
TOTALS										
				\$33,242	\$455,776	\$64,219	\$716,080	\$651,861		\$80,827

EASTPORT VILLAS HOMEOWNERS ASSOCIATION
2022 ESTIMATED RESERVE STUDY
October 1, 2021

To calculate the age, estimated life and total cost to replace each reserve item; Associated Professional Services used manager's input, association's financial information, and information provided by the Department of Real Estate's Manual for Homeowner Associations. These figures are used to calculate the amount that should be in reserves if the association had funded them each year as recommended.

The figures for "the total amount currently in reserve" were obtained from the latest financial statement. The reserve fund was allocated first to all the items with 1 year remaining life and then to the items with the next lowest remaining life. By allocating funds this way, associations can fund reserve deficits over the remaining life of the under funded items. This helps to avoid higher assessment increases or special assessments at this time.

The association's reserve fund balance in the amount of **\$64,219** represents a funding level in the amount of **14%** of the estimated required amount. The "additional amount needed in reserve by end of life remaining" was determined by subtracting the "amount currently in reserve" from the "cost to replace". These figures were divided by the "remaining life" to give a total 2022 annual funding requirement in the amount of **\$80,827** .

The 2022 operating budget reflects a reserve allocation in the amount of **\$25,200** . When comparing this figure to the above annual funding requirement we find that there is a funding deficit in the amount of **\$55627**. If the association's reserves were 100% funded, the reserve allocation would be **\$33,242** .

This deficit can be made up with a special assessment of **\$2,318** per owner.

The summary is based on the reserve study described in Section I(3) below (or the latest annual update to it). This information is based only on assets held in cash or cash equivalents. It includes: the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component; the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components; and the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components. It also shows the ratio, expressed as a percentage, between the current estimated replacement cost of each major component and the current amount of cash reserves set aside, and the current deficiency in reserve funding expressed on a per unit basis.

3. Summary of Board Adopted Reserve Funding Plan follows:

EASTPORT VILLAS HOMEOWNERS ASSOCIATION
2022 Estimated Budget and Reserve Report
October 1, 2021

The following is a 2022 Estimated Budget and Reserve Report for EASTPORT VILLAS HOA, a 24 unit condominiums complex located in the city of Canyon Lake, California.

This study has been prepared by Associated Professional Services and was based on the guidelines set forth by the California Department of Real Estate's Operating Cost Manual for Homeowners Associations.

This report complies with the following requirements of Civil Code 5300:

- (1) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.
- (2) The current estimate of the amount of cash reserve necessary to repair, replace, restore or maintain the major components.
- (3) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain the major components.
- (4) The percentage of cash reserves set aside to the current estimated amount of cash reserves currently needed.
- (5) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to, those major components that the association is obligated to maintain.
- (6) A visual inspection of the common area has been performed.

This is a numerical estimate based on the normal life span of these items. A contractor can be hired to verify the current condition of these items and to determine if there are conditions upon which the life of the components would change.

Since this is an estimate, Associated Professional Services makes no representation or warranties for the accuracy of this reserve report. Your actual expenditures may vary and the report should be used only as a guideline. Associated Professional Services disclaims any implied warranties.

4. Statement of Items Deferred for Maintenance, Repair or Replacement follows:

In accordance with Civil Code section 5300(b)(4) and as of the date of this letter, the Board has chosen not to defer and will undertake replacement of any major component with a remaining life of 30 years or less.

5. Statement of Anticipated Special Assessments

In accordance with Civil Code section 5300(b)(5), and as of the date of this letter, the Board **does not anticipate** that **one or more special assessments** will be required to repair, replace or restore any major components or to provide adequate reserves.

6. Statement of Mechanisms to Fund Reserves

The Board uses the following mechanism or mechanisms to fund reserves to repair or replace major components: regular assessments.

7. Statement Addressing Procedures Used to Calculate and Establish Reserves

As provided in Civil Code section 5550, the Board had a reserve study performed in 2022. A complete reserve study must be done at least once every three years and be reviewed and adjusted annually. In determining future needs, Civil Code section 5570(b)(4) does not allow the Association to assume an earnings growth in the reserve fund that is more than two percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made. As also required by Civil Code section 5570(b)(4), the reserve study has calculated the total reserves currently needed by determining the current cost of replacement or repair of each major component multiplied by the number of years the component has been in service and then dividing by the total useful life of the component. In effect, this computes the percentage of each component's useful life that has been used up as of the date of the reserve study or annual review and converts that to a current dollar cost of repair or replacement. For example, if a component has been in service three years, its total useful life is ten years, and the component would cost \$100,000 to replace, then $3/10$ or 30% of its useful life has been used up. When 30% is multiplied by the current replacement cost of \$100,000, the result is \$30,000. In other words, the portion of its useful life that has been consumed would be worth \$30,000, thus the current cost of replacement or repair of that component would be \$30,000. When these figures are added up for all major components, the result is the current cost of replacement or repair for all major components. Note that Civil Code section 5570 does not require the Association to fund reserves in accordance with the above calculation.

2022 Budget
EASTPORT VILLAS HOMEOWNERS ASSOCIATION

With the new fiscal year upon us, our Board of Directors has reviewed the operating budget with the goal of providing efficient operations and funding adequate reserves to meet long-term requirements. Based on this review, the Board has determined that, to maintain the financial integrity of our Association and to meet the ongoing maintenance costs which increase with the aging process, an increase in assessments is recommended at this time.

In accordance with Civil Code §5300, and as of the date of this letter, the Board of directors are proposing that a capital improvement assessment(s) will be required to repair, replace or restore due major components or to provide adequate reserves.

The board reserves the right to do a mid-year increase if the approved budget is insufficient to meet expenses and reserve transfers.

The foregoing statement is based on knowledge and information the Board has at the present time, thus it is not a guarantee, and it is subject to change in the future.

The Board of Directors uses the following mechanism or mechanisms to fund reserves to repair or replace major components: *Regular assessments, special assessments, borrowing, use of other assets and deferral of selected replacement or repairs.*

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

In conjunction with the budget review and in accordance with California Civil Code 5300 (b) (3), a professional reserve analyst was hired to complete an inspection of the project, review the reserve funding program and to make recommendations for future funding. The accompanying replacement funding program reflects assumptions about future events based on manufacturer's specifications, information from subcontractors, construction pricing and scheduling manuals and the reserve company's experience. These were used to calculate and establish the reserve amounts needed to defray the future repairs, replacement or additions to the components that the association is obligated to maintain. The assumed inflation rate on the attached study is 3%. The average interest rate earned on reserves is .1%.

The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component is shown in the attached reserve study. This study shows (1) the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components the Association is responsible for maintaining, specifically \$455,776, (2) the current amount of accumulated cash reserves actually set aside in cash or cash equivalents to repair, replace, restore, or maintain those major components, specifically \$64,219 and (3) the percentage represented by the figure in clause (2) compared to the figure in clause (1), specifically 14%. Based upon this study, the current deficiency in reserve funding is calculated to be \$16,315 per unit.

The Federal Housing Administration (FHA) is changing the process for owners and purchasers in a project in order to be eligible for FHA mortgage insurance. With respect to the budget and reserve study : i) reserves must be 60% funded to the level called for in the study, ii) an annual reserve study is required, iii) no more than 15% of the units can be more than 30 days past due on their assessments.

The following form is completed as required by Civil Code Section 5570:

8. Statement Addressing Association's Outstanding Loans

The Association does not have any outstanding loans with an original term of more than one year.

9. Summary of Association's Insurance Policies

“This summary of the association’s policies of insurance provides only certain information, as required by 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.”

The Summary of Association's Insurance Policies follows:

Policy Number
648592170
COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS
Allstate Insurance Company

 Named Insured **EASTPORT VILLAS HOMEOWNERS**

 Effective Date: **03-31-21**
 12:01 A.M., Standard Time

 Agent Name **NATHAN GIDDINGS**
Item 1. Business Description: CONDOMINIUM ASSOCIATION
Item 2. Premises Described: See Schedule of Locations
Item 3. \$500 Deductible unless otherwise indicated.
Item 4. Coverage Provided

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	001	BUILDING FRAME	\$ 2,509,380	SPECIAL	100

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Actual Cash Value
 Extension of Recovery Period: Months or Days Inflation Guard: 6 %
 Deductible: \$ 1,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
002	001	BUILDING FRAME	\$ 1,673,920	SPECIAL	100

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Actual Cash Value
 Extension of Recovery Period: Months or Days Inflation Guard: 6 %
 Deductible: \$ 1,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Actual Cash Value
 Extension of Recovery Period: Months or Days Inflation Guard: %
 Deductible: Earthquake Deductible: % Exceptions

Item 5. Forms and Endorsements

 Form(s) and Endorsement(s) made a part of this policy at time of issue:
See Schedule of Forms and Endorsements

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number 648592170	
COMMERCIAL GENERAL LIABILITY COVERAGE PART SUPPLEMENTAL DECLARATIONS	
Allstate Insurance Company	
Named Insured EASTPORT VILLAS HOMEOWNERS	Effective Date: 03-31-2021 12:01 A.M., Standard Time
Agent Name NATHAN GIDDINGS	
Item 1. Business Description: CONDOMINIUM ASSOCIATION	
Item 2. Limits of Insurance	
Coverage	Limit of Liability
Aggregate Limits of Liability	INCLUDED \$ 4,000,000
	Products/Completed Operations Aggregate General Aggregate (other than Products/Completed Operations)
Coverage A - Bodily Injury and Property Damage Liability	\$ 2,000,000
Damage To Premises Rented To You	\$ 100,000
Coverage B - Personal and Advertising Injury Liability	\$ 2,000,000
Coverage C - Medical Payments	\$ 5,000
	any one occurrence subject to the Products/Completed Operations and General Aggregate Limits of Liability any one premises subject to the Coverage A occurrence and the General Aggregate Limits of Liability any one person or organization subject to the General Aggregate Limits of Liability any one person subject to the Coverage A occurrence and the General Aggregate Limits of Liability
Item 3. Retroactive Date (Not Applicable in New York)	
Coverage A of this Insurance does not apply to "bodily injury" or "property damage" which occurs before the Retroactive Date, if any, shown here: _____ (Enter Date or "None" if no Retroactive Date applies)	
Item 4. Form of Business and Location of Premises	
Forms of Business: CORPORATION Location of All Premises You Own, Rent or Occupy: See Schedule of Locations	
Item 5. Forms and Endorsements	
Form(s) and Endorsement(s) made a part of this policy at time of issue: See Schedule of Forms and Endorsements	
Item 6. Premiums	
Coverage Part Premium:	\$ 1,045.00
Other Premium:	
Total Premium:	\$ 1,045.00

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.





Policy Number
648592170

COMMERCIAL GENERAL LIABILITY COVERAGE SCHEDULE

Allstate Insurance Company

Named Insured EASTPORT VILLAS HOMEOWNERS

Effective Date: 03-31-21
12:01 A.M., Standard Time

Agent Name NATHAN GIDDINGS

Item 5. Location of Premises

Location of All Premises You Own, Rent or Occupy:
See Schedule of Locations

Code No.	Premium Basis	Premises/Operations	
49950	Flat Charge		
Location ALL	Exposure	Rate	Premium
Classification: Additional Insured			\$ 25.00
		Products/Completed Operations	
		Rate	Premium
Code No.	Premium Basis	Premises/Operations	
73143	Number of Units		
Location ALL	Exposure 24	Rate	Premium
Classification: Board of Managers Liability			\$ 109.00
		Products/Completed Operations	
		Rate	Premium
Code No.	Premium Basis	Premises/Operations	
62003	Units		
Location 001/001	Exposure 14	Rate	Premium
Classification: CONDOMINIUMS - RESIDENTIAL - (ASSOCIATION RISK ONLY) (PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT)		37.802	\$ 529.00
		Products/Completed Operations	
		Rate	Premium
			INCL
Code No.	Premium Basis	Premises/Operations	
62003	Units		
Location 001/001	Exposure 14	Rate	Premium
Classification: TERRORISM		.004	\$ 2.00
		Products/Completed Operations	
		Rate	Premium



Policy Number
648592170

COMMERCIAL GENERAL LIABILITY COVERAGE SCHEDULE

Allstate Insurance Company

Named Insured EASTPORT VILLAS HOMEOWNERS

Effective Date: 03-31-21
12:01 A.M., Standard Time

Agent Name NATHAN GIDDINGS

Item 5. Location of Premises

Location of All Premises You Own, Rent or Occupy:
See Schedule of Locations

Code No.	Premium Basis	Premises/Operations	
62003	Units		
Location	002/001	Exposure	10
Classification:		Rate	Premium
CONDOMINIUMS - RESIDENTIAL - (ASSOCIATION RISK ONLY) (PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT)		37.802	\$ 378.00
		Products/Completed Operations	
		Rate	Premium
			INCL
Code No.	Premium Basis	Premises/Operations	
62003	Units		
Location	002/001	Exposure	10
Classification:		Rate	Premium
TERRORISM		.004	\$ 2.00
		Products/Completed Operations	
		Rate	Premium
Code No.	Premium Basis	Premises/Operations	
Location		Exposure	
Classification:		Rate	Premium
		Products/Completed Operations	
		Rate	Premium
Code No.	Premium Basis	Premises/Operations	
Location		Exposure	
Classification:		Rate	Premium
		Products/Completed Operations	
		Rate	Premium

Please note that the Association will, as soon as reasonably practical, notify you, as members, by first class mail, if any of the above mentioned policies have lapsed, been canceled, been non-renewed, have not been renewed or replaced, or if there has been any significant changes or reductions or limitations on the above mentioned policies. Also, if the Association receives notice of non-renewal of any of the above policies, it shall immediately notify the members of the Association if replacement coverage will not be in effect by the date that the existing coverage will lapse.

10. Assessment and Reserve Funding Disclosure Summary Form

**Assessment and Reserve Funding Disclosure Summary for the Fiscal Year Ending
12/31/2022 follows:**

EASTPORT VILLAS HOMEOWNERS ASSOCIATION
 Assessment and Reserve Funding Disclosure Summary for the Fiscal Year Ending 2022
 (Civil Code 5570)

Assessment and Reserve Funding Disclosure Summary

(1) The current regular assessment per ownership interest is \$400 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 the last page of this report.

(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:

Amount Per Ownership	Interest per Month or Year (if assessments are variable see note immediately below)	Date Assessment will be Due	Purpose of the assessment
\$0	Per month	1/1/2022	
Total			

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the last 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 _____ No X

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 ?

Amount per ownership interest per month or year	Approximate date assessment will be due
\$1,360 a unit per month for 1 year	1/1/2022

(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 \$455,776 based in whole or in part on the last reserve study or update prepared by Associated Professional Services as of 1-Oct-2021 .

The projected reserve fund cash balance at the end of the current fiscal year is \$72,619 , resulting in reserves being 16% funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is the \$SAME (See attached explanation)

(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 \$Attachment 1, Exhibit A, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$ Attachment 1, Exhibit B, leaving the reserve at Attachment 1, Exhibit C percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$ Attachment 1, Exhibit D, leaving the reserve at Attachment 1, Exhibit E percent funding.

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.

(b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

EASTPORT VILLAS HOMEOWNERS ASSOCIATION
Assessment and Reserve Funding Disclosure Summary Exhibits
(Civil Code 5570)

Exhibit A :

Amount Required

2021	2022	2023	2024	2025	2026
\$455,776	\$483,058	\$479,590	\$497,831	\$529,283	\$549,115

Exhibit B:

Projected Balance

2021	2022	2023	2024	2025	2026
\$72,619	\$91,859	\$80,349	\$90,549	\$113,959	\$125,749

Exhibit C:

Percent Funded

2021	2022	2023	2024	2025	2026
16%	19%	17%	18%	22%	23%

Exhibit D:

Projected Balance (Fund Plan)

2021	2022	2023	2024	2025	2026
\$72,619	\$176,532	\$249,696	\$344,569	\$452,652	\$549,115

Exhibit E:

Percent Funded (Fund Plan)

2021	2022	2023	2024	2025	2026
16%	37%	52%	69%	86%	100%

EASTPORT VILLAS HOMEOWNERS ASSOCIATION
2022 Estimated Budget and Reserve Report
October 1, 2021

California Civil Code 5550, 5560 States:

"At least once every three years, the board of directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association, excluding the association's reserve account for that period. The board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review. The study required by this subdivision shall at a minimum include:

- (1) Identification of the major components that the association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years.
- (2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.
- (3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1).
- (4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.
- (5) A reserve funding plan that indicates how the association plans to fund the contribution identified in paragraph (4) to meet the association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan shall be adopted by the board of directors at an open meeting before the membership of the association as described in Section 4900. If the board of directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in Section 5600.

Pursuant to this section, the board must adopt a reserve funding plan to meet the association's obligation for the repair and replacement of all major components. The plan must include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserves. Civil Code 5550, 5560.

The preparer recommends that in order to meet the planned expenditures as set forth in the reserve study it is reasonable to collect said fees over a period of 60 months. This equates to an average of **\$294** per member, per month.

Note: Although this funding plan has been adopted, the Board of Directors has not approved the effective date of the assessment. For the purposes of these disclosures the assessment is deemed to begin January 1, 2022. Should the assessment be passed by resolution or vote of the membership, you will receive notice no more than sixty (60) and no less than thirty (30) days prior to the assessment being due.

11. FHA / VA Disclosure:

FHA: 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.

The association of this common interest development is not certified by the Federal Housing Administration.

VA: 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 not certified by the federal Department of Veterans Affairs.

II. Annual Policy Statement

1. Designated Agent for Receipt of Association Mail

The name and address of the person designated to receive official communications on behalf of the Association is as follows:

Name: Eastport Villas Homeowners Association

Title: Board of Directors

Company: Associated Professional Services

Address: PO 602090, San Diego, CA 92160-2090

2. Secondary Addresses for Owners

As provided in Civil Code sections 4040(b) owners have a right to receive (1) annual reports the Association is required to provide to owners and for (2) mailings and notices related to assessment payments, delinquencies and foreclosures at an additional address if they submit a secondary address to the Association. The owner's request must be in writing and must be sent to the Association in the manner provided in Civil Code sections 4035 and 5260.

3. Posting Location of General Notices

The location designated for posting of a General Notice is: Website, Laundry Room Doors, Pool Gate..

4. Individual Delivery Notice

Documents designated by the Civil Code as requiring General Delivery or General Notice will be delivered using one of the methods detailed in Civil Code section 4045(a). If a member of the Association wishes to receive these general notice documents by individual delivery, they must make such a request to the Association, and the Association will comply with the request.

5. Availability of Minutes

The minutes or a summary of minutes of a Board meeting, other than an executive session are available to members within 30 days of the meeting. Minutes, proposed minutes, or summary of minutes will be distributed to any member upon request and upon reimbursement of the Association's costs for making that distribution.

In order to make a request for a copy of minutes, members should contact To request a copy of meeting minutes, members should contact Associated Professional Services at info@apsmanagement.com.

- 6. Statement of Assessment Collection Policies under Civil Code section 5730 and**
- 7. Statement of Association's Policies for Collection of Delinquent Assessments follows:**

EASTPORT VILLAS

Collection Policy

Page 1

Timely payment of regular and special assessment is of critical importance to the Association. A member's failure to pay monthly assessments when due creates a cash-flow problem for the Association and causes those owners who make timely payment of their assessments to bear a disproportionate share of the community's financial obligations. Therefore the Board of Directors has enacted the following policies and procedures concerning the collection of delinquent assessment accounts:

1. Assessment Due Date:

All regular assessments shall be due and payable on the first day of each month. Special assessments shall be due and payable on the due date specified in the notice imposing the assessment. Regular and special assessments shall be delinquent if not paid within 15 days after they became due.

2. Late Fees:

If any installment of a regular assessment, or payment of a special assessment, is not made within 15 days after it has become due, a late payment in the amount of \$10.00 shall be imposed and the Association shall be entitled to recover any reasonable collection costs, including attorney fees, that the Association incurs in its efforts to collect the delinquent sums.

3. Interest Charges:

If an assessment payment is delinquent for more than 30 days, interest may be imposed on all sums due, including the delinquent assessment, collection charges, and late charges, at an annual percentage rate of 10% .

4. Lien Policy:

Prior to filing a lien for delinquent assessment, the Association or its agent shall send a warning letter, via certified mail, to the unit owner when the account is more than 60 days past due. If the delinquent account is not paid current within thirty (30) days, the Association or its agent may cause to be recorded in the County Recorder's Office a Notice of Delinquent Assessment (assessment lien) concerning all sums that are then delinquent, including the delinquent assessment, late charges, costs and reasonable attorney fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent owner's property. Before filing the lien, owners will be given a chance to submit a written request to "meet and confer" with the Board or request dispute resolution.

5. Enforcement of Lien:

If the delinquent account is not paid current after the filing of the lien, the Association may enforce the lien in any manner permitted by law, including but not limited to foreclosure or lawsuit for money damages. The Association may begin foreclosure when the principle assessment amount exceeds \$1,800 or is more than 12 months delinquent.

EASTPORT VILLAS

Collection Policy

Page 2

6. Foreclosure Costs:

If a lawsuit or foreclosure procedure is initiated by the Association to recover assessments, the Association is entitled, by law and by the Declaration of Restrictions, to recover not only the amount in default, plus late charges, but also reasonable costs of collection, including trustee fees, title company charges, and attorney fees.

7. Reasonable Costs of Collection:

The Association is entitled to collect all of the following as reasonable costs of collection: interest, late fees, collection expenses, administration fees, attorney's fees, reimbursement assessments or any other amounts due to the Association.

8. Application of Payments:

Payments received on delinquent assessments will be applied to the owner's account as follows: payments shall be applied first to the principal delinquent balance. Only after the principle is paid in full shall any payments be applied to interest, late charges, collection expenses, administration fees, attorney fees, reimbursement assessments, or any other amount due to the Association which results in continued delinquencies.

9. Release of Lien:

As soon as a delinquent owner has paid in full all delinquent assessments and charges, including attorney fees, the attorney will prepare a Release of Lien which will be recorded in the County Recorder's office of the county in which the lien was recorded. (If payment is made by personal check, the request for the lien release is subject to a waiting period of 10-12 days for the check to clear. No waiting period applies to payments made in cash, cashier's check or money order.)

10. No Waiver:

Failure of the Association to strictly enforce this policy is not a waiver of its right to collect delinquent sums.

11. Pay Under Protest:

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.

12. Mailing Payments:

Remit your payments to: PO Box 63154, Phoenix AZ 85082-3154
or you may send or deliver overnight payments to: 7007 Mission Gorge Rd Ste #201, San Diego CA 92120.

STATEMENT OF ASSESSMENT COLLECTION POLICIES CIVIL CODE SECTION 5730

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as 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)

8. Discipline Policy and Penalty Schedule follows:

The Association does not currently have a discipline policy and penalty schedule.

9. Summary of Association's Dispute Resolution Procedures (ADR and IDR)

Alternative Dispute Resolution Procedures

The California Legislature has established a public policy in this state that requires the use of Alternative Dispute Resolution ("ADR") before resorting to litigation to resolve certain conflicts that arise in condominiums, planned developments and other common interest developments. The law requires every association to distribute a summary of California Civil Code sections 5925 through 5965 to its members annually in its Annual Policy Statement prepared pursuant to Civil Code section 5310.

Rather than attempt to summarize the law, which is lengthy, and may result in omissions or misunderstandings of what the law provides, we are providing a copy of law in its entirety below.

PLEASE NOTE, Civil Code section 5965 states:

“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 the member’s right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.”

Please note that the section headings below are not a part of the law, but are present only to assist you in identifying the contents of each section.

§5925. ADR Definitions

As used in this article:

(a) “Alternative dispute resolution” means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decisionmaking process. The form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.

(b) “Enforcement action” means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:

(1) Enforcement of this act.

(2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).

(3) Enforcement of the governing documents.

§5930. ADR Required Before Filing Certain Actions

(a) An association or a member may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.

(b) This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.

(c) This section does not apply to a small claims action.

(d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

§5935. Initiating ADR by Request for Resolution

(a) Any party to a dispute may initiate the process required by Section 5930 by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:

(1) A brief description of the dispute between the parties.
(2) A request for alternative dispute resolution.
(3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
(4) If the party on whom the request is served is the member, a copy of this article.

(b) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

(c) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

§5940. Time for Completing ADR Process and Cost Splitting

(a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.

(c) The costs of the alternative dispute resolution shall be borne by the parties.

§5945. Effect of ADR on Statutes of Limitation

If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:

(a) The period provided in Section 5935 for response to a Request for Resolution.

(b) If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 5940.

§5950. Filing ADR Certificate when Filing Court Action

(a) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions are satisfied:

(1) Alternative dispute resolution has been completed in compliance with this article.

(2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.

(3) Preliminary or temporary injunctive relief is necessary.

(b) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

§5955. Referral to ADR and Stay of Court Action by Stipulation

(a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.

(b) The costs of the alternative dispute resolution shall be borne by the parties.

§5960. Refusal to Participate in ADR; Effect on Award of Fees and Costs

In an enforcement action in which attorney's fees and costs may be awarded, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

§5965. Annual Disclosure of ADR Procedures to Members

(a) An association shall annually provide its members a summary of the provisions of this article that specifically references this article. The summary shall include the following language:

"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 the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

(b) The summary shall be included in the annual policy statement prepared pursuant to Section 5310.

10. Summary of Procedures for Architectural Review follows:

g. All easements affecting the Common Area that are described in Article IX.

Section 2.4. Delegation of Use.

a. Delegation of Use and Leasing of Residences. Any Owner may delegate his or her rights to use and enjoy the Common Area and Common Facilities to his or her family members, tenants, lessees, or contract purchasers who reside in the Residence, provided, however, that any rental or lease may only be to a single family for Single-Family Residential Use and for a term not less than 90 days.

Consistent with the vacation/resort location of the Development, rentals to weekend visitors or seasonal occupants of Residences for periods of less than 15 days' duration (seasonal rentals) shall not be subject to the Single-Family Residential Use restriction of this subparagraph (a) as long as the seasonal rental program is under the supervision of a reputable local real estate management company and provided further that in no event shall a Residence be occupied by more persons than permitted by local fire ordinances or other applicable local laws or ordinances.

The restrictions on multiple-family occupancy imposed by this subparagraph are intended to protect, enhance, and maintain the single-family residential atmosphere that exists within the Development and to avoid an overburdening of Common Areas and Common Facilities.

b. Retained Rights of Owner-Lessors. During any period when a Residence has been rented or leased, the Owner-Lessor, his or her family, guests, and invitees shall not be entitled to use and enjoy any recreational Common Facilities within the Property. In other respects, nonresident Owners who are leasing their Residences shall have full rights to access the Residence to perform the Owner's responsibilities as a lessor. The restriction on recreational facility usage by Owner-Lessors shall not apply to any Owner-Lessor who is contemporaneously residing in another Residence within the Property.

Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-Lessor shall provide any tenant or lessee with a current copy of all Governing Documents and shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's or lessee's occupancy and use of the Residence.

c. Requirements That Must Be Observed In All Residential Leases. The following specific limitations shall apply to all leases or tenancies of a Residence:

i. With the exception of seasonal rentals, no Residence may be leased or rented for a period of less than 90 days;

ii. The rental shall apply to not less than an entire Residence, including its appurtenant rights (except voting rights in the Association that may not be transferred to a tenant or lessee); and

iii. Any rental shall be evidenced by a written lease or rental agreement that shall provide that the tenancy is subject to the terms of the Governing Documents and that any failure of the tenant to comply with the terms of any Governing Document relating to residential leases, property use restrictions, or the use and enjoyment of any portion of the Common Area and Common Facilities shall constitute a default under the lease or rental agreement and shall entitle the Owner to terminate the tenancy on 30 days written notice. The Owner-Lessor's right to terminate a lease or rental agreement because of the tenant's violation of the Governing Documents shall in no way restrict the right of the Association, the Declarant, or any Owner to enforce the Governing Documents in accordance with Article XIII, when the Owner's tenant is violating the Governing Documents.

d. Discipline of Lessees. Subject to subparagraph (e), if any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances to preserve the quiet enjoyment of other Owners and residents of the Development. Without limitation, the Association's actions in response to a tenant's violation of the Governing Documents may include the imposition of fines and penalties against the Owner-Lessor of the Residence.

e. Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to any portion of the Development or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-Lessor (or the Owner's lessee or tenant) because of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied:

i. The Owner has received written notice from the Board, the Association's property manager, or an authorized committee of the Board detailing the nature of the lessee's or tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter if the Owner believes that remedial or disciplinary action is unwarranted or unnecessary;

ii The Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and

iii. The Owner has failed to prevent or correct the lessee's or tenant's objectionable actions or misconduct. Any hearing requested under this subparagraph shall be conducted in accordance with Section 13.6.

Section 2.5. Obligations of Owners. Owners of Lots within the Development shall be subject to the following obligations:

a. **Owner's Duty to Notify Association of Tenants and Contract Purchasers.** Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser or tenant residing in the Owner's Lot. Each Owner, contract purchaser, or tenant shall also notify the secretary of the Association of the names of all persons to whom such Owner, contract purchaser, or tenant has delegated any rights to use and enjoy the streets and Common Area of the Development and the relationship that each such person bears to the Owner, contract purchaser, or tenant.

b. **Contract Purchasers.** A contract seller of a Lot (i.e., an Owner who contracts to sell his or her Lot under an Agreement that transfers title to the buyer only on payment in full) must delegate his or her voting rights as a Member and his or her right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property subject to the contract of sale. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

c. **Notification to Prospective Purchasers.**

I. As more particularly provided in California Civil Code §4525, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser all of the following:

A. A copy of the Governing Documents.

B. If the Governing Documents contain a restriction limiting the occupancy, residency, or use of a Residence on the basis of age in a manner different from that provided in Civil Code §51.3, a statement that the restriction is only enforceable to the extent permitted by Civil Code §51.3 and a statement specifying the applicable provisions of Civil Code §51.3.

C. A copy of the most recent documents distributed by the Association under California Civil Code §§5300-5320 (see Article XII of the Bylaws).

D. A true statement in writing from an authorized representative of the Association (delinquency statement) as to (1) the amount of the Association's current regular and special assessments and fees and (2) the amount of any assessments levied on the Owner's Lot that remain unpaid as of the date of the delinquency statement and any monetary

Eastport Villas Homeowners Association
24311 Canyon Lake Drive North #25
Canyon Lake, CA 92587
Architectural Approval Request Form

Please complete all shaded sections of this form and submit it to the Architectural Committee with attached supporting documents before commencing any work. Commencing work prior to approval could result in fines and addition costs.

Your Name:

Your Unit Number:

Your Email Address:

Your Mailing Address:

Street:

Suite/Unit Number:

City:

State:

ZIP:

Project Information:

Describe what you would like to do: (If more space is needed, attach additional pages)

Date you would like to start your project?

What is the estimated completion date of your project?

What is the estimated total cost of your project?

Structural Change Disclosure

Place an "X" in the appropriate column

If any of the following questions are answered "Yes", please provide plans.

- Are you altering load-bearing walls of the building in any manner?
- Are you altering the common walls between units in any manner?
- Is a Canyon Lake building permit required?
- Is POA approval required?

Yes	NO

Contractor Information:

Name of Contractor:			
Contractor License Number:			
Contractor's Address	Street:	Suite/Unit Number:	
	City:	State:	ZIP:

Submit These Attachments:

Please Attach:

1. A copy of any building alteration plans.
2. Pictures and specifications for any of the following for which you are requesting approval to install:
 - a. Outdoor Lighting fixtures
 - b. Landscaping of areas adjacent to common areas
 - c. Window replacements
 - d. Decking or hardscape surfaces in patios adjacent to common areas
 - e. Exterior entry door replacement.
3. Copy of the Contractors Insurance certificate listing Eastport Villas Homeowners Association as an additional insured.

Performance Deposit:

Refundable Deposits are required to be paid prior to the final approval to proceed. The deposit will be refunded upon satisfactory conclusion of the approved project. Payee on the check must be "Eastport Villas HOA".

Total Value of the project:

- Less than \$1000: None
- Over \$1,000: 20% of the project's estimated bid costs

Submit all Architectural Modification Request Information:

By email: Send all documents in a single email document to: hoamatters@eastportvillashoa.com
 By US mail or personal delivery: Use the above address.

11. Mailing Address for Overnight Payment of Assessments

Association Name: Eastport Villas Homeowners Association (826)

?: Associated Professional Services

Address: 7007 Mission Gorge Road, Suite 201, San Diego, CA 92120

12. Miscellaneous Disclosures as Required by Law or Governing Documents

A. Disclosure of Rental Restrictions follows:

g. All easements affecting the Common Area that are described in Article IX.

Section 2.4. Delegation of Use.

a. Delegation of Use and Leasing of Residences. Any Owner may delegate his or her rights to use and enjoy the Common Area and Common Facilities to his or her family members, tenants, lessees, or contract purchasers who reside in the Residence, provided, however, that any rental or lease may only be to a single family for Single-Family Residential Use and for a term not less than 90 days.

Consistent with the vacation/resort location of the Development, rentals to weekend visitors or seasonal occupants of Residences for periods of less than 15 days' duration (seasonal rentals) shall not be subject to the Single-Family Residential Use restriction of this subparagraph (a) as long as the seasonal rental program is under the supervision of a reputable local real estate management company and provided further that in no event shall a Residence be occupied by more persons than permitted by local fire ordinances or other applicable local laws or ordinances.

The restrictions on multiple-family occupancy imposed by this subparagraph are intended to protect, enhance, and maintain the single-family residential atmosphere that exists within the Development and to avoid an overburdening of Common Areas and Common Facilities.

b. Retained Rights of Owner-Lessors. During any period when a Residence has been rented or leased, the Owner-Lessor, his or her family, guests, and invitees shall not be entitled to use and enjoy any recreational Common Facilities within the Property. In other respects, nonresident Owners who are leasing their Residences shall have full rights to access the Residence to perform the Owner's responsibilities as a lessor. The restriction on recreational facility usage by Owner-Lessors shall not apply to any Owner-Lessor who is contemporaneously residing in another Residence within the Property.

Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-Lessor shall provide any tenant or lessee with a current copy of all Governing Documents and shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's or lessee's occupancy and use of the Residence.

c. Requirements That Must Be Observed in All Residential Leases. The following specific limitations shall apply to all leases or tenancies of a Residence:

i. With the exception of seasonal rentals, no Residence may be leased or rented for a period of less than 90 days;

ii. The rental shall apply to not less than an entire Residence, including its appurtenant rights (except voting rights in the Association that may not be transferred to a tenant or lessee); and

iii. Any rental shall be evidenced by a written lease or rental agreement that shall provide that the tenancy is subject to the terms of the Governing Documents and that any failure of the tenant to comply with the terms of any Governing Document relating to residential leases, property use restrictions, or the use and enjoyment of any portion of the Common Area and Common Facilities shall constitute a default under the lease or rental agreement and shall entitle the Owner to terminate the tenancy on 30 days written notice. The Owner-Lessor's right to terminate a lease or rental agreement because of the tenant's violation of the Governing Documents shall in no way restrict the right of the Association, the Declarant, or any Owner to enforce the Governing Documents in accordance with Article XIII, when the Owner's tenant is violating the Governing Documents.

d. Discipline of Lessees. Subject to subparagraph (e), if any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances to preserve the quiet enjoyment of other Owners and residents of the Development. Without limitation, the Association's actions in response to a tenant's violation of the Governing Documents may include the imposition of fines and penalties against the Owner-Lessor of the Residence.

e. Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to any portion of the Development or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-Lessor (or the Owner's lessee or tenant) because of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied:

i. The Owner has received written notice from the Board, the Association's property manager, or an authorized committee of the Board detailing the nature of the lessee's or tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter if the Owner believes that remedial or disciplinary action is unwarranted or unnecessary;

ii The Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and

iii. The Owner has failed to prevent or correct the lessee's or tenant's objectionable actions or misconduct. Any hearing requested under this subparagraph shall be conducted in accordance with Section 13.6.

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Civil Code §4528. Document Disclosure Summary Form. The form for billing disclosures required by Section 4530 shall be in at least 10-point type and substantially the following form:

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.			
Property Address:			
Owner of Property:			
Owner's Mailing Address (If known or different from property address.):			
Provider of the Section 4525 Items:			
Print Name _____			
Position or Title _____			
Association or Agent _____			
Date Form Completed:			
Check or Complete Applicable Column or Columns Below:			
			Not Available (N/A) or Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)
Document	Civil Code Section Included	Fee for Document	
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	\$10.00	

CC&Rs	Section 4525(a)(1)	\$50.00	
Bylaws	Section 4525(a)(1)	\$15.00	
Operating Rules	Section 4525(a)(1)	\$10.00	
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)	\$10.00	
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)		Included in Budget
Financial statement review	Sections 5305 and 4525(a)(3)	\$15.00	
Assessment enforcement policy	Sections 5310 and 4525(a)(4)		Included in Budget
Insurance summary	Sections 5300 and 4525(a)(3)	\$20.00	
Regular assessment	Section 4525(a)(4)		Refer to the Demand
Special assessment	Section 4525(a)(4)	\$45.00	
Emergency assessment	Section 4525(a)(4)		Refer to the Demand
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	\$70.00	
Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100		Refer to the Demand
Notice(s) of violation	Sections 5855 and 4525(a)(5)		Refer to the Demand
Required statement of fees	Section 4525	\$148.00	aka Demand
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section 4525(a)(10)	\$50.00	
Total fees for these documents: \$443.00			
* 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 may be charged separately.			

This is the minimum document offering required to meet California 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.

The manager or firm does not receive a referral fee or other monetary benefits from 3rd parties for distributing the Annual Budget Report. The specified Association documents are the property of the Association and not the manager.

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.

III. Optional Disclosures

1. Smoke and Carbon Monoxide Detectors

Owners are required by law to have operational smoke detectors and carbon monoxide detectors. [Health and Safety Code §§13113, 717926 & 17926.1] Please note that it is common for many detectors to last no longer than 10 years, so please test your detectors regularly, follow the manufacturer's instructions about replacement and replace them whenever their useful life ends. If you have tenants, there are battery-operated detectors that have tamper-resistant features to prevent removal of batteries. Some hard-wired detectors have batteries designed to last for the life of the detectors.

2. Location of Main Water Shutoff for Emergencies.

To reduce damage due to an unexpected leak that may damage your property and the property of others, please take time to familiarize yourself with where the main water shutoff valves are. They are located in the following locations: Contact Board for water shut off requests at hoamatters@eastportvillashoa.com.

List of Exhibits

- Exhibit A Copy of the annual budget from Sec I(1)
- Exhibit B Summary of the association's reserves from Sec. I(a)(2)
- Exhibit C Reserve study or annual update from Sec I(3)
- Exhibit D Procedures to calculate/establish reserves
- Exhibit E Insurance declaration pages from Sec I(9)
- Exhibit F Assessment and reserve funding disclosure summary from Sec I(10)
- Exhibit G Assessment collection policies from Sec II(6) and II(7)
- Exhibit H Discipline policy from Sec II (8)
- Exhibit I Procedures for architectural review from Sec II(10)
- Exhibit J Disclosure of rental restrictions