

Seabridge Village Master Community Association

Date: November 2017
To: Members of Seabridge Village Master Community Association
From: The Board of Directors
Re: Fiscal Year (January 1, 2018 - December 31, 2018)
Annual Budget Report and Annual Policy Statement

Enclosed you will find the 2018 pro-forma operating budget for your Association, including the amount of your monthly assessment, as well as a variety of important information listed below and explained further in this report.

In the event that you have any questions about this material, please contact Don Chesemore at dchesemore@actionlife.com or (949) 450-0202, Extension 2101 or attend the next meeting of the Board of Directors.

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BODY OF FULL REPORT

I. Annual Budget Report [Civ. Code §5300]

1. **Pro Forma Operating Budget for Fiscal Year (January 1, 2018 - December 31, 2018) Prepared on an Accrual Basis [Civ. Code §5300(b)-(b)(1)] – Attached as Exhibit A.**

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, an 8.70% increase in assessments will be effective January 1, 2018. As of January 1, 2018, the new assessments will be \$50.00.

This has been a challenging year for all of us. Regardless of the issues we face, we have been resolute in our objective to maintain the quality of this special community and to support the value of our common assets and the real estate we all own in Seabridge Village Master Association. As you know the only source of revenue that we have are the monthly Association dues the members pay. As the minimum wage increases the Association will continue to see pressure from its vendors due to increased costs.

2. **Summary of the Association's Reserves [Civ. Code §§5300(b)(2)& 5565] – Attached as Exhibit B.**

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 the Board-adopted Reserve Funding Plan [Civ. Code §§5300(b)(3) & 5550(b)(5)] – Attached as Exhibit C.**

In conjunction with the budget review and in accordance with California Civil Code §5550(a), the Board engaged a professional reserve study analyst, at least once every three years, to prepare a reserve study, to review our reserve funding program and to make recommendations for future funding. The 3-year reserve study involves a visual inspection of our development. The accompanying replacement funding program reflects assumptions about future events. The replacement funding program is based on factors such as manufacturers' specifications, information from contractors and subcontractors, construction pricing, scheduling manuals and the reserve study preparer's experience. The analyst then uses this information 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. A copy of the full reserve study is available upon request.

4. Statement of Deferral/Decision to Not Undertake Repair/Replacement of Major Component(s) [Civ. Code §5300(b)(4)]

In accordance with Civil Code §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 Assessment(s) (if any) [Civ. Code §5300(b)(5)]

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

The foregoing statement is based on the reserve funding plan adopted pursuant to Civil Code section 5560 and the knowledge and information the Board has at the present time. Thus, this statement is not a guarantee and is subject to change in the future.

6. Statement of Mechanism for Funding Reserves to Repair or Replace Major Components [Civ. Code §5300(b)(6)]

The Board uses the following mechanism(s) to fund reserves to repair or replace major components:
Regular Assessments.

7. Statement Addressing Procedures Used to Calculate and Establish Reserves [Civ. Code §5300(b)(7)]

As provided in Civil Code §5550, the Board had a reserve study performed in 2017. A complete reserve study must be done at least every three years and be reviewed and adjusted annually. In determining future needs, Civil Code §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 §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, 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 §5570 does not require the Association to fund reserves in accordance with the above calculation.

The Board uses the information in the reserve study to create a budget and plan for future repairs or replacement of major components.

8. Statement of Association(s) Outstanding Loans [Civ. Code §5300(b)(8)]

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

9. Summary of the Association's Insurance Information [Civ. Code §5300(b)(9)]

"This summary of the association's policies of insurance provides only certain information, as required by §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."

Below is a summary of the insurance that is currently in force for our Association.

Property Insurance:

Name of Insurer: Philadelphia Indemnity Ins.	Agent: LaBarre Osknee Insurance
Policy Limits: \$675,000.00	Amount of Deductible: \$1,000.00
Date Policy Begins: 9/15/17	Date Policy Ends: 9/15/18

General Liability Insurance:

Name of Insurer: Philadelphia Indemnity Ins.	Agent: LaBarre Osknee Insurance
Policy Limits: \$1,000,000.00	Amount of Deductible: \$0
Date Policy Begins: 9/15/17	Date Policy Ends: 9/15/18

Earthquake and/or Flood Insurance:

Name of Insurer: n/a	Agent:
Policy Limits:	Amount of Deductible:
Date Policy Begins:	Date Policy Ends:

Fidelity Bond:

Name of Insurer: Liberty Insurance Group	Agent: LaBarre Osknee Insurance
Policy Limits: \$750,000.00	Amount of Deductible: \$2,500.00
Date Policy Begins: 9/15/17	Date Policy Ends: 9/15/18

10. Statement addressing Condominium Project Status & FHA Certification [Civ. Code §5300(b)(10)]

Per Civil Code §5300, this statement is required to *"be in at least 10-point font on a separate piece of paper and in the following form:"*

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.

The common interest development [is / is not] a condominium project.

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

11. Statement addressing Condominium Project Status & VA Certification [Civ. Code §5300(b)(11)]

Per Civil Code §5300, this statement is required to "*be in at least 10-point font on a separate piece of paper and in the following form:*"

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.

The common interest development [is / **is not**] a condominium project.

The association of this common interest development [is / **is not**] certified by the federal Department of Veterans Affairs.

12. Assessment and Reserve Funding Disclosure Summary [Civ.Code §5570] – Attached as Exhibit D.

II. Annual Policy Statement [Civ. Code §5310]

1. Statement of Name and Address of Person Designated to Receive Official Communications to Association [Civ. Code §4035]

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

Name: Don Chesemore

Title: Senior Manager

Company: Action Property Management

Address: 2603 Main Street, Suite 500, Irvine, CA 92614

2. Statement of Members' Ability to Have Notices Sent to up to Two Different Addresses [Civ. Code §4040]

As provided in Civil Code §4040(b) owners have a right to receive (1) annual reports the Association is required to provide to owners and (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 §§4035 and 5260.

3. Statement of the Posting Location for General Notices [Civ. Code §4045]

The location designated for posting of a General Notice is: The Seabridge Villas mail rooms and the Seabridge Village clubhouse.

4. Notice of Member's Right to Receive General Notices by Individual Delivery [Civ. Code §4045]

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 §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. Notice of Members' Right to Minutes [Civ. Code §4950]

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. Members may send their request in writing to the Board of Directors in care of the property manager.

6. Statement of Assessment Collection Policies [Civ. Code §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)

7. Statement of Association's Policies and Practices in Enforcing Lien Rights, etc. [Civ. Code §5730]

For the Association's Collection Policy, see Exhibit E.

8. Statement of Association's Discipline Policy and Schedule of Penalties [Civ. Code §5850]

For the Association's Enforcement and Fine Policy, see Exhibit F.

9. Summary of Association's Dispute Resolution Procedures (ADR and IDR) [Civ. Code §5920 and 5965]

Alternative Dispute Resolution - "ADR"

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 §5965 states:**

"Failure of a member of the association to comply with the alternative dispute resolution requirements of §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 decision-making 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.

Internal Dispute Resolution - "IDR"

Please reference your association's Internal Dispute Resolution procedures below:

INTERNAL DISPUTE RESOLUTION (IDR) PROCEDURES

Civil Code Section 5900 requires that Community Associations provide a fair, reasonable, and expeditious procedure for resolving disputes between an Association and any homeowner involving the Member's rights, duties, or liabilities under the Davis-Stirling Act, the Nonprofit Mutual Benefit Corporation Law, or under the governing documents of the Common Interest Development or Association. Unless you are notified otherwise, the Association will continue to provide fair, reasonable and expeditious procedures for resolving disputes by adopting the IDR procedure set forth in California Civil Code Section 5915, which is summarized as follows:

- A. Either party to the dispute (either the Member or the Association), may deliver a written request to the other party seeking to meet and confer in an effort to resolve the dispute. A homeowner may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
- B. The Association's Board of Directors shall designate a member of the Board of Directors to meet and confer.
- C. 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. The parties may be assisted by an attorney or another person at their own cost when conferring.
- D. 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.
- E. An agreement reached using these procedures will bind 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, and (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.
- F. A Member of the Association shall not be charged a fee to participate in this process.

10. Summary of Procedures for Architectural Review [Civ. Code §4765]

See Exhibit G.

11. Statement of Address for Overnight Payment of Assessments [Civ. Code §5655]

Association Name: Seabridge Village Master Community Association

c/o: Action Property Management, Inc.

Address: 2603 Main Street, Suite 500, Irvine, CA 92614

III. List of Exhibits

- Exhibit A - Copy of the Annual Budget - Sec. I, Item 1
- Exhibit B - Summary of the Association's Reserves - Sec. I, Item 2
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EXHIBIT A

**Seabridge Village Master
Operating Budget
January 1, 2018 to December 31, 2018
Based on 766 Units**

	2018 <u>Annual Budget</u>	2018 <u>Monthly</u>	Average <u>Per Unit</u>
Revenues			
300000 Member Assessments	459,612.00	38,301.00	50.00
337000 Parking Permits	5,580.00	465.00	0.61
Total Revenues	<u>465,192.00</u>	<u>38,766.00</u>	<u>50.61</u>
Utilities			
404000 Electricity	21,000.00	1,750.00	2.28
407000 Telephone	3,600.00	300.00	0.39
Total Utilities	<u>24,600.00</u>	<u>2,050.00</u>	<u>2.68</u>
Water Features			
440000 Lake Maintenance	9,420.00	785.00	1.02
440500 Lake Extras	420.00	35.00	0.05
Total Water Features	<u>9,840.00</u>	<u>820.00</u>	<u>1.07</u>
Landscape			
481000 Contract Landscape Maintenance	15,120.00	1,260.00	1.64
483000 Landscape Extras	4,932.00	411.00	0.54
484000 Landscape Replacement	1,200.00	100.00	0.13
485000 Tree Maintenance	6,000.00	500.00	0.65
487000 Irrigation Repairs	3,960.00	330.00	0.43
Total Landscape	<u>31,212.00</u>	<u>2,601.00</u>	<u>3.40</u>
Common Area			
508000 Common Area Maintenance	3,000.00	250.00	0.33
533000 Garage Gate Parts & Supplies	2,580.00	215.00	0.28
533500 Gate Arm Replacement	684.00	57.00	0.07
537000 Gate Guard - Contract	258,900.00	21,575.00	28.17
546000 Janitorial - Contract	2,280.00	190.00	0.25
549000 Keys / Locks	120.00	10.00	0.01
551500 Lighting Supplies	3,600.00	300.00	0.39
565500 Pest Control Extras	204.00	17.00	0.02
583000 Street Sweeping - Contract	2,520.00	210.00	0.27
Total Common Area	<u>273,888.00</u>	<u>22,824.00</u>	<u>29.80</u>
General & Administrative			
602000 Annual Review / Audit	1,200.00	100.00	0.13
608000 Bad Debt Expense	-	-	-
612000 Collection / Delinquency	2,772.00	231.00	0.30
613000 Contingency	120.00	10.00	0.01
615000 Dues / Licenses / Fees	36.00	3.00	0.00
633000 Income Tax - Federal	732.00	61.00	0.08
633500 Income Tax - State	216.00	18.00	0.02
635000 Insurance	9,000.00	750.00	0.98
639000 Late Service Fee	240.00	20.00	0.03

**Seabridge Village Master
Operating Budget
January 1, 2018 to December 31, 2018
Based on 766 Units**

	2018 <u>Annual Budget</u>	2018 <u>Monthly</u>	Average <u>Per Unit</u>
642500 Legal Fees - Collection	300.00	25.00	0.03
643500 Legal Fees - General	600.00	50.00	0.07
650000 Management - Administrative Costs	2,172.00	181.00	0.24
652000 Management Fees	16,380.00	1,365.00	1.78
668000 Office Supplies / Expense	3,060.00	255.00	0.33
668500 Office Supplies/Expense-Other	120.00	10.00	0.01
683000 Printing & Mailing	1,176.00	98.00	0.13
691000 Reserve Study	900.00	75.00	0.10
Total General & Administrative	<u>39,024.00</u>	<u>3,252.00</u>	<u>4.25</u>
Reserve Funding			
805000 Contingency	14,376.00	1,198.00	1.56
809400 Gate Operators	22,920.00	1,910.00	2.49
810000 Guardhouse	1,092.00	91.00	0.12
810600 Interest	-	-	-
811400 Landscape	12.00	1.00	0.00
811600 Lakes	13,296.00	1,108.00	1.45
812000 Lighting / Electrical	12,660.00	1,055.00	1.38
814200 Paint	12.00	1.00	0.00
815800 Pavement / Streets / Drives	18,228.00	1,519.00	1.98
820200 Signage / Monuments	12.00	1.00	0.00
822800 Tennis / Basketball Courts	4,020.00	335.00	0.44
Total Reserve Funding	<u>86,628.00</u>	<u>7,219.00</u>	<u>9.42</u>
Total Expenses	<u>465,192.00</u>	<u>38,766.00</u>	<u>50.61</u>

EXECUTIVE SUMMARY

RESERVE ANALYSIS

SEABRIDGE VILLAGE MASTER ASSOCIATION

DECEMBER 31, 2017

COMPONENT	CURRENT REPLACEMENT COST	REMAINING LIFE	USEFUL LIFE	PROJECTED RESERVES 12/31/17	MONTHLY FUNDING REQUIREMENT	IDEAL RESERVE
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BUILDING ELEMENTS

ROOFING COMPONENTS;

Tile Roof	\$8,470	1	30	\$8,470	\$0.00	\$8,188
Flat Roof	624	1	12	624	0.00	572

SIDING REPLACEMENT;

Hardboard Siding	27,720	1	30	27,720	0.00	26,796
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OTHER;

Termite Control-Fumigation	2,100	1	15	2,100	0.00	1,960
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Category Total	\$38,914			\$38,914	0.00	\$37,516
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PAVED SURFACES

Streets - Seal Coat	23,750	3	4	1,905	606.83	5,938
Streets - Asphalt Overlay	188,288	15	25	24,162	911.83	75,315
Cobblestones	74,000	1	25	74,000	0.00	71,040

Category Total	\$286,038			\$100,068	1,518.66	\$152,293
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FENCES & GATES

WROUGHT IRON;

Perimeter Fences	26,780	2	20	7,732	793.67	24,102
Vehicle Entry Gates	33,750	2	20	9,745	1,000.25	30,375
Pedestrian Gates	2,500	2	20	722	74.08	2,250

CHAIN LINK;

10' Tennis Court Fence	33,600	1	25	33,600	0.00	32,256
3' Tennis Court Fence	2,880	1	25	2,880	0.00	2,765

ENTRY SYSTEM;

Laser Scanners	37,000	1	12	37,000	0.00	33,917
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GATE OPERATORS;

Slide Type	15,400	1	12	15,400	0.00	14,117
Swing Type	4,465	8	12	477	41.50	1,488
Drop Gates	11,500	1	12	11,500	0.00	10,542

Category Total	\$167,875			\$119,056	1,909.50	\$151,812
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PAINT

WROUGHT IRON;

Perimeter Fences	20,280	2	3	2,169	754.67	6,760
Vehicle Entry Gates	4,200	2	3	449	156.25	1,400
Pedestrian Gates	840	2	3	90	31.25	280

OTHER PAINTING;

Guard House - Exteriors	3,500	5	6	187	55.25	583
Guard House - Interiors	1,550	2	3	166	57.67	517

Category Total	\$30,370			\$3,061	1,055.09	\$9,540
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LIGHTING

BUILDING LIGHTING;

Exterior Fixtures	2,500	1	20	2,500	0.00	2,375
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EXECUTIVE SUMMARY

RESERVE ANALYSIS

SEABRIDGE VILLAGE MASTER ASSOCIATION

DECEMBER 31, 2017

COMPONENT	CURRENT REPLACEMENT COST	REMAINING LIFE	USEFUL LIFE	PROJECTED RESERVES 12/31/17	MONTHLY FUNDING REQUIREMENT	IDEAL RESERVE
LANDSCAPE LIGHTING;						
Flood Fixtures	7,700	1	15	7,700	0.00	7,187
HI Tennis Fixtures	10,000	1	20	10,000	0.00	9,500
Category Total	\$20,200			\$20,200	0.00	\$19,062
<u>LANDSCAPE</u>						
GENERAL LANDSCAPE;						
Potential Slope Failure	0	1	1	0	0.00	0
Tree Trimming Reserve	2,000	1	2	2,000	0.00	1,000
Category Total	\$2,000			\$2,000	0.00	\$1,000
<u>WATERSCAPE</u>						
WATER FEATURES;						
Clean & Repair	25,000	1	8	25,000	0.00	21,875
Circulation Pumps & Motors	32,500	2	6	6,951	1,064.50	21,667
Control Panels	2,750	1	12	2,750	0.00	2,521
Sump Pumps	1,250	2	4	201	43.75	625
Category Total	\$61,500			\$34,902	1,108.25	\$46,688
<u>FITNESS FACILITIES</u>						
TENNIS COURTS;						
Pad Resurface	18,720	5	5	0	312.00	0
Net Replacement	1,200	4	5	77	23.42	240
Screen Replacement	8,160	1	5	8,160	0.00	6,528
Category Total	\$28,080			\$8,237	335.42	\$6,768
<u>ACCESS CONTROL</u>						
GUARDHOUSE CONTENTS;						
Interior Remodel	13,000	10	20	2,085	90.92	6,500
Computer Equipment	3,500	1	5	3,500	0.00	2,800
Category Total	\$16,500			\$5,585	90.92	\$9,300
<u>OTHER</u>						
SIGNS;						
Monument Signs	15,000	1	25	15,000	0.00	14,400
COMMON AREA;						
Contingency (5%)	21,175	1	1	6,793	1,198.50	21,175
Category Total	\$36,175			\$21,793	1,198.50	\$35,575

GRAND TOTALS:

\$687,652

\$353,816

\$7,216.34

\$469,554

Less Projected Available Reserves

353,816

Ideal Reserve Deficiency (Over Funding)*

\$115,738

Percent Funded To Ideal Reserve

75%

Deficiency (Over Funding) Per Unit

\$151.09

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

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

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

Revision 0

30 YEAR CASH FLOW SUMMARY

PROJECTED RESERVE BALANCES

<u>CURRENT RESERVE METHOD</u>	<u>STRAIGHT LINE METHOD</u>	<u>YEAR</u>	<u>PRESENT FUNDING LEVEL</u>	<u>PROPOSED FUNDING LEVEL</u>
\$353,816	\$353,816	2017	\$353,816	\$353,816
144,289	166,577	2018	128,040	144,289
103,536	145,723	2019	68,265	103,536
168,622	228,219	2020	111,449	168,622
264,049	338,461	2021	181,986	264,049
305,118	391,639	2022	195,063	305,118
393,568	489,380	2023	252,301	393,568
469,593	571,763	2024	293,777	469,593
500,055	605,529	2025	286,226	500,055
578,322	683,922	2026	322,890	578,322
653,128	755,548	2027	352,368	653,128
682,327	778,128	2028	332,380	682,327
809,619	895,226	2029	406,484	809,619
839,557	911,255	2030	379,089	839,557
881,782	935,709	2031	359,684	881,782
657,797	689,940	2032	69,618	657,797
765,354	771,547	2033	106,486	765,354
817,365	793,282	2034	83,033	817,365
967,246	908,393	2035	152,504	967,246
1,077,586	979,300	2036	177,316	1,077,586
1,091,119	948,561	2037	100,021	1,091,119
1,210,305	1,018,455	2038	122,892	1,210,305
1,260,525	1,014,173	2039	71,118	1,260,525
1,328,575	1,022,320	2040	31,298	1,328,575
1,511,169	1,139,409	2041	99,940	1,511,169
1,465,425	1,022,353	2042	(66,048)	1,465,425
1,233,679	713,273	2043	(422,107)	1,233,679
1,376,217	772,238	2044	(408,878)	1,376,217
1,583,296	889,278	2045	(338,450)	1,583,296
1,718,739	927,982	2046	(347,131)	1,718,739
1,860,589	966,152	2047	(356,730)	1,860,589

SEABRIDGE VILLAGE MASTER ASSOCIATION

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

DECEMBER 31, 2017

- (1) The current regular assessment per ownership interest is \$50.00 per month.
- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

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

- (3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes

No

- (4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or members?

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

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

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

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

SEABRIDGE VILLAGE
MASTER ASSOCIATION
ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY
(CONTINUED)

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

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

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

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

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$469,554, based in whole or in part on the last reserve study or update prepared by Foresight Financial Services, Inc. as of December 31, 2017, Revision 0. The projected reserve fund cash balance at the end of the current fiscal year is \$353,816, resulting in reserves being 75% funded at this date.

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

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 1.5% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.0%

**SEABRIDGE VILLAGE
MASTER ASSOCIATION**

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY
(CONTINUED)

PROJECTED RESERVE FUND BALANCES

APPROVED RESERVE FUNDING PLAN

Year	2017	2018	2019	2020	2021	2022
Required Ideal Reserve *	\$469,554	\$243,193	\$179,211	\$218,150	\$286,892	\$301,727
Projected Available Reserves	\$353,816	\$144,321	\$103,601	\$168,722	\$264,186	\$305,292
Percent Funded To Ideal	75%	59%	58%	77%	92%	101%

PRIOR LEVEL OF FUNDING**

Year	2017	2018	2019	2020	2021	2022
Required Ideal Reserve *	\$469,554	\$243,193	\$179,211	\$218,150	\$286,892	\$301,727
Projected Available Reserves	\$353,816	\$128,040	\$68,265	\$111,449	\$181,986	\$195,063
Percent Funded To Ideal	75%	53%	38%	51%	63%	65%

SEABRIDGE VILLAGE MASTER ASSOCIATION

DECEMBER 31, 2017

REVISION 0

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

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

SEABRIDGE VILLAGE
MASTER ASSOCIATION

APPROVED RESERVE FUNDING PLAN SUMMARY

DECEMBER 31, 2017

PROJECTED ANNUAL RESERVE FUNDING	APPROVED SPECIAL ASSESSMENT	YEAR	CHANGE IN RESERVE FUNDING	PROJECTED RESERVE FUND BALANCE
\$70,428		2017		
86,628	\$0	2018	\$16,200	\$144,321
89,227	0	2019	2,599	103,601
91,904	0	2020	2,677	168,722
94,661	0	2021	2,757	264,186
97,501	0	2022	2,840	305,292
100,426	0	2023	2,925	393,781
103,438	0	2024	3,013	469,846
106,542	0	2025	3,103	500,351
109,738	0	2026	3,196	578,662
113,030	0	2027	3,292	653,513
116,421	0	2028	3,391	682,759
119,913	0	2029	3,493	810,099
123,511	0	2030	3,597	840,089
127,216	0	2031	3,705	882,366
131,033	0	2032	3,816	658,435
134,964	0	2033	3,931	766,048
139,013	0	2034	4,049	818,119
143,183	0	2035	4,170	968,060
147,478	0	2036	4,295	1,078,463
151,903	0	2037	4,424	1,092,061
156,460	0	2038	4,557	1,211,315
161,154	0	2039	4,694	1,261,604
165,988	0	2040	4,835	1,329,727
170,968	0	2041	4,980	1,512,396
176,097	0	2042	5,129	1,466,730
181,380	0	2043	5,283	1,235,064
186,821	0	2044	5,441	1,377,685
192,426	0	2045	5,605	1,584,850
198,199	0	2046	5,773	1,720,383
204,145	0	2047	5,946	1,862,325

3.0% Projected Annual Increase In Reserve Funding

3.0% Annual Inflation Rate

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

EXHIBIT E

SEABRIDGE VILLAGE MASTER COMMUNITY ASSOCIATION

DELINQUENT ASSESSMENT COLLECTION POLICY

Regular Assessments are due and payable, in advance, on the first day of each month. A courtesy billing statement is sent each month to the billing address on record with the Association. However, it is the owner of record's responsibility to pay each assessment in full each month regardless of whether a statement is received. An owner may not withhold assessments owed to the Association on the alleged grounds that the owner is entitled to recover money or damages from the Association for some other obligation. Special Assessments shall be due and payable on the due date specified by the Board in the notice of assessment. A late charge of \$10.00 will be applied if payment in full is not received by the thirtieth day of the month. Interest shall be imposed on all sums due, including assessments, collection costs and late charges, at an annual rate of 12%. Interest will be applied when turned over to the Attorney for collection.

Payments on delinquent assessments will be applied first to the principal owed, and then to late charges, collection expenses, administration fees, attorneys' fees, reimbursement assessments, and any other amounts due to the Association in connection with collection of delinquencies.

An owner may request the Association to consider a payment plan to satisfy a delinquent assessment, in accordance with the adopted Payment Plan Policy, which may be requested from the management company. The Board of Directors will meet with any owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a Notice of Delinquent Assessment. These payment plans must conform with the payment plan standards of the Association.

If an assessment payment becomes forty-five days past due, a pre-lien letter will be sent, by certified mail. The owner will be charged \$135.00 for the pre-lien letter and title check fee. The letter will include an itemized statement of the amounts owed, including the calculation of late charges, attorneys' fees, costs, and a copy of this Delinquent Assessment Collection Policy. The delinquent owner will be given ten days to bring the account current, or the Association will file a Notice of Delinquent Assessment/Lien.

If the owner does not bring the account current within the deadline set forth in the pre-lien letter and fails to request IDR within thirty days of the date of the pre-lien letter (seventy-five days past due), the Board shall decide, by majority vote in an open meeting, whether to authorize the agent to record a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees, against the owner's property. If the Association authorizes the agent to record a lien against the owner's property, the owner will be charged a \$255.00 fee for the lien. (In accordance with Civil Code 5660, the fees charged in connection with the preparation and filing of the Notice of Delinquent Assessment, including all mailing costs and attorneys' fees, cannot exceed \$425.00.) A copy of the lien will be sent to the owner at his/her address of record via certified mail within ten (10) days of recordation thereof.

If an owner disputes the assessments and related charges, the owner has the right to resolve the dispute through Alternative Dispute Resolution ("ADR"), a civil action, and through the means provided within the Association's Governing Documents (Civil Code 5915; 5660(f)). To be entitled to dispute the assessments and related charges, the owner must do the following:

1. Pay all delinquent amounts in full, including the amount of the assessment in dispute, late charges, interest and all attorneys' fees and costs associated with the preparation and filing of a Notice of Delinquent Assessment/Lien, including costs and attorneys' fees up to \$425.00; and
2. Provide written notice that the amount is paid under protest, and mail the written notice by certified mail to the Association not more than thirty (30) days from recording of a Notice of Delinquent Assessment/Lien.

Upon the timely receipt of the certified notice from the disputing owner, the Association will provide the owner with a "Notice of Dispute Resolution". This notice will provide the owner with a list of options through which the dispute might be resolved.

Note: An owner may not utilize ADR more than two times in any single calendar year, and not more than three times within any five calendar years, other than by mutual agreement between the Association and the owner.

If an owner is delinquent for thirty (30) additional days after the Notice of Delinquent Assessment/Lien has been recorded, the matter will be referred to the Association's attorney and the lien may be enforced by judicial or non-judicial foreclosure sale when either (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments and specified late charges and fees or (b) the assessments are delinquent for more than twelve (12) months. You could lose ownership of your property if a foreclosure action is completed. You will be responsible for significant additional fees and costs if a foreclosure action is commenced against your property. The owner will be charged an administrative fee of \$125.00 for preparation of the matter to be sent to counsel, in addition to the Association's expenses related to assisting counsel in any collection action.

The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the Minutes of the next open Meeting of the Board. The Board must maintain the confidentiality of the delinquent owner(s) by identifying the matter in the Minutes by only the parcel number of the owner's property. Prior to initiating any foreclosure sale on a recorded lien, the Association shall offer delinquent homeowners the option of participating in IDR or Alternative Dispute Resolution ("ADR").

Once an account has been turned over to a law firm, PLEASE DO NOT SEND ANY ASSESSMENT PAYMENTS TO THE ASSOCIATION. ASSESSMENT PAYMENTS MAY ONLY BE ACCEPTED BY THE LAW FIRM. Any payments delivered to the Association will be sent to the attorney's office for proper crediting.

The Association is entitled to collect reasonable attorney's fees and costs incurred in collecting delinquent assessments, whether incurred in the event of a lawsuit or other proceedings, such as non-judicial foreclosure. These fees will be added to assessments, late charges, interest and collection costs on the owner's account, and are the personal obligation of the owner of the property at the time the assessment or other fees or costs are levied.

If at any time an owner pays all delinquent assessments and charges in full, a Release of Lien will be prepared and recorded in the appropriate County Recorder's Office.

Owners have the right to provide a secondary mailing address to the Association. The owner's request shall be in writing and shall be mailed to the Association in a way that shall indicate the Association has received it. An owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

The overnight mailing address for the Association is 2603 Main Street, Suite 500, Irvine, CA 92614.

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SEABRIDGE VILLAGE MASTER COMMUNITY ASSOCIATION

FEE AND PENALTY PROCEDURE

The following charges may be assessed in accordance with the Association's Delinquent Assessment Collection Policy.

Description	Amount
Late Charges	\$ 10.00
Interest	12% per annum
Title Check Fee	Included in Pre-Lien Fee
Pre-lien Letter	\$ 135.00
Lien Fee	\$ 255.00
Attorney Prep Package	\$ 125.00
NSF (Returned Check) Fee	\$ 25.00
Payment Plan Monitoring	\$ 25.00 per Month

In addition, if a matter is sent to counsel for legal action, or to a collection service for non-judicial foreclosure or other action, the owner will be responsible for all attorneys' fees and costs incurred.

If an account is delinquent, the owner's voting rights and/or the privileges of the owner and the owner's guests, tenants and family members to use the common area facilities may be suspended following notice and an opportunity for a hearing pursuant to California Corporations Code Section 7341. Any such suspension shall continue for as long as the delinquency continues.

NOTICE OF ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial 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 non-judicial foreclosure subject to the conditions set forth in Section 5665 of the Civil Code. When using judicial or non-judicial 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. (Section 5665 of the Civil Code)

In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Section 5665 of the Civil Code)

The association must comply with the requirements of Section 5665 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 5665 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 5665 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 5665 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, he or she 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 5665 of the Civil Code)

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 5665) of Chapter 4 of Title 6 of Division 2 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 2 (commencing with Section 5665) of Chapter 7 of Title 6 of Division 2 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 5665 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 reserves the right to contest the disputed charge or sum in court or otherwise. (Section 5665 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare 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 exist. (Section 5665 of the Civil Code)

The Board of Directors 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).

ADOPTED BY THE BOARD OF DIRECTORS 3/26/14

SEABRIDGE VILLAGE MASTER COMMUNITY ASSOCIATION

ENFORCEMENT & FINE POLICY

Upon notification or observation of a violation of the restrictions as set forth in the Declaration of Restrictions, Management will send out a notice of violation citing the actual violation, the article and section of the Declaration of Restrictions being violated and a reasonable time period in which to correct the violation.

Upon second notification or observation of the continued violation following the expiration of the time period allotted, Management will send out a Notice of Hearing. This letter is to be sent via certified, return-receipt requested, and regular mail.

A hearing is held before the Board of Directors for the purpose of the homeowner to explain the reasons for the continued non-compliance. Should the homeowner not show cause as to the reason for the continued non-compliance issue, a Non-Compliance assessment of \$150.00 may be imposed by the Board of Directors.

The Board of Directors will make a decision, following the hearing, as to what action is to be taken in order to gain compliance, and will notify said owner within seven (7) business days of the date of the hearing. This notice will advise the homeowner of the action taken and that failure to comply within a given number of days, to be established at the discretion of the Board, will result in a subsequent non-compliance assessment, in the amount of \$300.00. This letter will be sent via certified mail, return-receipt requested and regular mail.

The Board of Directors will make a decision, following the hearing, as to what action is to be taken in order to gain compliance, and will notify said owner within seven (7) business days of the date of the hearing. This notice will advise the homeowner of the action taken and that failure to comply within a given number of days, to be established at the discretion of the Board, will result in a subsequent non-compliance assessment, in the amount of \$600.00. This letter will be sent via certified mail, return-receipt requested and regular mail.

At any time during this procedure, the Board of Directors may determine that it is in the best interest of the Association to expedite enforcement action and may choose to take legal action or to cause the violation to be corrected at its expense and assess the account of the owner for reimbursement for said correction.

If no compliance is gained, the Board of Directors may seek legal action against the owner.

Adopted by the Board of Directors 12/7/11.

SEABRIDGE VILLAGE

MASTER COMMUNITY ASSOCIATION

TO: All Seabridge Village Master Homeowners

FROM: Community Manager

REF: Summary of Architectural Control Procedures

Dear Association Member:

The California Civil Code requires the Association to publish a notice annually that describes the types of architectural changes that require Association approval. This Summary of Architectural Control Procedures has been prepared for that purpose. This is only a summary and owners are therefore requested to refer to the CC&Rs and to the Association's [Rules and Regulations/Architectural Guidelines/other appropriate document(s)] for additional architectural improvement related information. If you have questions about whether there are any standard guidelines or requirements for the type of improvement you would like to make, please contact management *before* you start work.

A. No Exterior Additions and Changes without Prior Approval. No landscaping, fence, wall, building, or other structure...shall be installed, modified, altered, commenced, constructed...until plans and specifications showing ...shall have been submitted to and approved in writing by the Architectural Committee... (CC&Rs Article IX, Section 9.03).

The ARC shall consider and act upon all plans and specifications submitted for its approval under this Declaration. No construction, installation or alteration of an Improvement, including landscaping, in the Properties may be commenced or maintained until the plans and specifications therefore showing the nature, kind, shape, height, width, color materials and location thereof have been submitted to and approved in writing by the ARC; provided, however, that any Improvement may be repainted without ARC approval so long as the Improvement is repainted the identical color which is was last painted.

B. Board Approval Requirement. In addition to Architectural Committee approval, modifications or additions affecting the Common Area also require prior approval from the Board of Directors. (CC&Rs Article IX, Section 9.02).

C. Submission Procedures/Plan Requirements. An Owner's architectural application shall be submitted only on the Association's Home Improvement Form. The completed Home Improvement Form, three (3) copies of the Owner's plans and specifications, and the completed Neighbor Awareness form shall be submitted only to the Association's management agent, Action Property Management, Inc., and not to any Association Director, Officer, or Committee member. The plans and specifications shall show the nature, kind, shape, color, size, materials, and location of the proposed improvements or alterations. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings, and description or samples of exterior materials or colors. Until the Committee received all required plans

Professionally Managed By Action Property Management, Inc.
2603 Main Street, Suite 500, Irvine, CA 92614-4261
(949) 450-0202 (800) 400-2284 (949) 450-0303 fax
www.seabridgevillagemaster.com

and specifications, the application is not deemed complete, the Committee may postpone review of the application, and the forty-five (45) day period within which the Committee must make [notify the applicant of] its decision does not commence. (CC&Rs Article IX, Section 9.03).

D. Approval Criteria. Approval shall be based, among other things, on adequacy of site dimensions; adequacy of structural design and material; conformity and harmony of external design with neighboring structures; effect of location and use of improvements on neighboring properties, improvements, operations and uses; preservation of [natural view if CC&Rs provide for view protection]; aesthetic beauty; and conformity of the plans and specifications to the purpose and general plan and intent of the CC&Rs. (CC&Rs Article IX, Section 9.03).

E. Decision Timing. If the Architectural Committee, or its designated representatives, fails to approve or disapprove [fails to notify the applicant of the Committee's decision to approve or disapprove] a complete submission of plans and specification within forty-five (45) days after the same have been submitted to the Committee, it shall be conclusively presumed that the Architectural Committee has approved such plans and specification. No purported oral or verbal approval of the Committee shall be permitted or effective, and any approval, to be binding upon the Committee and the Association, must be in writing. (CC&Rs Article IX, Section 9.03).

F. Disapproval/Request for Reconsideration. If plans and specifications submitted to the Architectural Committee are disapproved, the applicant shall be advised in writing of the reason(s) for the denial and of the application's ability to request reconsideration by the Board of Directors. The applicant may submit a request to the Board of Directors to reconsider the Architectural Committee's denial at an open meeting, or the applicant may request the matter to be heard in an executive session meeting of the Board of Directors. The request for reconsideration shall be in writing, shall be addressed to the Board of Directors of the Association, shall be delivered to the Association's managing agent, Action Property Management, Inc., and must be received by the Association's managing agent not more than fifteen (15) days following delivery to the applicant of the Architectural Committee's notice of disapproval. The term "delivery" as used herein is defined in Civil Code Section 4040.

G. Board Decision on Request for Reconsideration. Notice of the date, time, and location of the Board of Directors meeting at which the applicant's request for reconsideration shall be heard shall be delivered to the applicant at least ten (10) days prior to the meeting. The Board of Directors shall render its decision on the request for reconsideration within forty-five (45) days following the Association's managing agent's receipt of the request for reconsideration, and the Board shall transmit its decision to the Owner within fifteen (15) days after its decision; provided, however, if no written decision is provided to the Owner within fifteen (15) days after the hearing, the request for reconsideration shall be deemed denied and the Architectural Committee's decision shall be deemed affirmed. In no event will a request for reconsideration be deemed approved based upon the passage or lapse of time; any approval must be by affirmative written action of the Board of Directors to be effective. The Board of Directors shall uphold the Architectural Committee's disapproval if the Board of Directors determines that the Architectural Committee acted within its authority under the Declaration and the Architectural Guidelines and otherwise acted in a manner the Board believes to be in the best interests of the community.

Adopted by the Board 4/18/12