

MOUNTAIN VALLEY ASSOCIATION

11408 Halter Drive
Tehachapi, CA 93561
(661) 750-9044

ANNUAL POLICY STATEMENT NOVEMBER 2018

- **Declaration, Articles, and Bylaws availability:**

Declarations, Articles and Bylaws are available for viewing and download at www.mymva.org. A Member may request, in writing, a copy of the Declarations, Articles or Bylaws. MVA will provide, upon payment of a nominal fee for copying and postage, a physical copy of the requested document within 10 days.

- **Person Designated to Receive Official Communications:**

The name and address of the person designated to receive official communications to the association, pursuant to Section 4035, is:

Mailing Address:

Secretary,
Mountain Valley Association
11408 Halter Drive
Tehachapi CA 93561

Overnight Delivery:

Secretary,
Mountain Valley Association
11500 Appaloosa Road
Tehachapi CA 93561

- **Right to Request Notice to Second Address:**

Upon receipt of a request by a member, pursuant to Section 5260, identifying a secondary address for delivery of notices of the following types, the association shall deliver an additional copy of those notices to the secondary address identified in the request:

(1) The documents to be delivered to the member pursuant to Article 7 (commencing with Section 5300) of Chapter 6.

(2) The documents to be delivered to the member pursuant to Article 2 (commencing with Section 5650) of Chapter 8, and Section 5710.

- **General Notice Location:**

Pursuant to paragraph (3) of subdivision (a) of Section 4045, general notices are posted on the MVA bulletin board located on Sand Canyon Road at the intersection of Sunview Drive.

- **Right to Individual Delivery:**

Pursuant to subdivision (b) of Section 4045, if a member requests to receive general notices by individual delivery, all general notices to that member, given under this section, shall be delivered pursuant to Section 4040. The general notices shall be delivered by one of the following methods:

www.mymva.org

president@mymva.org treasurer@mymva.org secretary@mymva.org

(1) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the recipient at the address last shown on the books of the association.

(2) E-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.

- **Right to Attend Meetings and Receive Minutes:**

Pursuant to subdivision (a) of section 4925, any member may attend board meetings, except when the board adjourns to, or meets solely in, executive session.

Pursuant to subdivision (a) of section 4950, the minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any board meeting, other than an executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member upon request and upon reimbursement of the association's costs for making that distribution.

Minutes are available for viewing and download at www.mymva.org and are posted on the MVA bulletin board.

- **Collection and Lien Policy:**

Pursuant to subdivision (a) of section 5730, the annual policy statement, prepared pursuant to Section 5310, shall include the following notice, in at least 12-point type:

"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)"

MOUNTAIN VALLEY ASSOCIATION LIEN AND FORECLOSURE PROCESS

November 1	Assessments Due (Declarations § 5.a.)
November 16	Assessments Delinquent (CA CC § 5650.(b)).
January 29	Last day to give Notice in Claim of Lien (Declarations § 6.b.(1)).
30 Days	At least 30 days after giving Notice, may record lien (CA CC § 5660.).
45 Days	Board shall meet with owner to discuss payment plan if written request postmarked within 15 days of postmark of Notice (does not preclude filing lien) (CA CC § 5658.(b), (d)).

1. Within 90 days after default (November 1), at a regular or special meeting of the Board, by majority vote of quorum, Board may give Notice in Claim of Lien.
2. Notice in Claim of Lien must meet notice requirements in CA CC § 5660.
3. Hold “meet and confer” meeting and/or payment plan request meeting with owner, if requested.
4. At least 30 days after providing Notice in Claim of Lien, Board may record notice of delinquent assessment (CA CC § 5675. (a)). Notice of delinquent assessment must be signed by President or vice-President and Secretary or any 2 Board members (Declarations § 5.b.(1)).
5. 30 days after recording lien, lien may be enforced as permitted by law, including sale (CA CC § 5700.(a)).
6. Prior to initiating foreclosure, Association shall offer owner opportunity to “meet and confer”.
7. Board must meet in executive session to vote, by majority in attendance, to foreclose, at least 30 days prior to any sale. Vote must be recorded in the minutes of next open meeting, identified by lot number only (CA CC § 5705.(c)).

8. Board must provide notice by personal service in accordance with § 415.10 of Code of Civil Procedure, if property occupied by owner. If unoccupied, notice to owner by first class mail (CA CC § 5705.(d)).
9. Sale must be conducted in accordance with § 2924, 2924b, 2924c.
10. Association shall serve notice of default in accordance with § 415.10 of Code of Civil Procedure.
11. Owner has 90 day right of redemption after sale (CA CC § 5715.(a)).
12. Foreclosure may only be used for assessments, exclusive of fees, interest, collection costs, exceeding \$1,800.00 or assessments over 12 months old (CA CC § 5720).

MOUNTAIN VALLEY ASSOCIATION POLICY FOR ASSESSMENT OF LATE CHARGES AND PENALTIES

1. Assessment Due Date:

Assessments are due on November 1 of each year and are delinquent on November 15 of the same year.

2. Late Fee:

A late fee of 10% of the Assessment due will be assessed on payments not received by November 30.

3. Interest:

Interest will be assessed on any unpaid Assessment balance remaining after December 1 of each year at a rate of 1% per month (12% per annum).

4. Application of Payments:

Any payments received shall be first applied to any remaining Assessment balance, then to any penalties, interest or fees accrued.

MOUNTAIN VALLEY ASSOCIATION POLICY FOR PAYMENT PLAN FOR DELINQUENT ASSESSMENTS

1. Request for Payment Plan:

An owner, other than an owner of any interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision(a)of Section 11211.7 of the Business and Professions Code, may submit a written request to meet with the board to discuss a payment plan for the delinquent assessments.

2. Meeting with Board to Discuss Payment Plan:

The board shall meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice required pursuant to Section 5660 of the Civil Code, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more directors to meet with the owner.

3. Amortization of Delinquent Assessments:

Solely at the discretion of the Board, and upon approval of the written request of the member, the Board may offer a Member asserting an inability to pay for delinquent assessments, a 12-month amortization payment plan.

4. Amortization Payment Plan:

Upon Board approval of the written request for amortization, a written amortization plan will be entered in to between the Association and the Member. Payment plans may incorporate any assessments that accrue during the payment plan period. Additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan.

5. Compliance with Plan:

The Member must comply with the amortization plan and remain current in subsequent assessments due and any additional charges, fees, fines or penalties incurred during the duration of the plan. The Member may not request further amortization of any subsequent unpaid assessments or other fees while paying delinquent assessments pursuant to an amortization plan. Payment plans shall not impede an association's ability to record a lien on the owner's separate interest to secure payment of delinquent assessments.

In the event of a default on any payment plan, the association may resume its efforts to collect the delinquent assessments from the time prior to entering in to the payment plan.

- **Dispute Resolution:**

5915. (a) This section applies to an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article. (b) Either party to a dispute within the scope of this article may invoke the following procedure:

(1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

(2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.

(3) The board shall designate a director to meet and confer.

(4) 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.

(5) 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.

(c) A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the common interest development or association.

(2) The agreement is either consistent with the authority granted by the board to its designee or the agreement is ratified by the board.

(d) A member shall not be charged a fee to participate in the process.

5925. 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. (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. (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. (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. 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. (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. (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. 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. (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.

- **Address for Overnight Delivery of Payments:**

Secretary,
Mountain Valley Association
11500 Appaloosa Road
Tehachapi CA 93561

- **Reserve Study Summary:**

This reserve study summary notice is provided pursuant to Civil Code §5300(b)(3) in conformance with §5565. Any Member may receive the full reserve study plan upon request from MVA.

RESERVE SUMMARY		2018									
Major Components											
Paved Roads	Quantity	Replacement Cost Each	Replacement Cost Total	Replacement Cost Per Year	Current Unfunded Amount	Unfunded Amount Per Lot	Useful Life	In Service Year	Present Age	Remaining Life	
Sand Canyon Road	3445.00	\$100.00	\$344,500.00	\$11,483.33	\$172,250.00	\$836.17	30	2003	15	15	
Seal Coat	3445.00	\$8.00	\$27,560.00	\$4,593.33	\$18,373.33	\$9.19	6	2014	4	2	
Sunview Drive	4209.00	\$100.00	\$420,900.00	\$14,030.00	\$140,300.00	\$681.07	30	2008	10	20	
Seal Coat	4209.00	\$8.00	\$33,672.00	\$5,612.00	\$22,448.00	\$108.97	6	2014	4	2	
Pasture Avenue	1137.00	\$100.00	\$113,700.00	\$3,790.00	\$37,900.00	\$183.98	30	2008	10	20	
Seal Coat	1137.00	\$8.00	\$9,096.00	\$1,516.00	\$6,064.00	\$29.44	6	2014	4	2	
Horseshoe Lane	1321.00	\$100.00	\$132,100.00	\$4,403.33	\$35,226.67	\$171.00	30	2010	8	22	
Seal Coat	1321.00	\$8.00	\$10,568.00	\$1,761.33	\$7,045.33	\$34.20	6	2014	4	2	
Roundup Lane	940.00	\$100.00	\$94,000.00	\$3,133.33	\$25,066.67	\$121.68	30	2010	8	22	
Seal Coat	940.00	\$8.00	\$7,520.00	\$1,253.33	\$5,013.33	\$24.34	6	2014	4	2	
Unpaved Roads											
Horseshoe Lane	399.00	\$1.00	\$399.00	\$199.50	\$199.50	\$0.97	2	2017	1	1	
Fernhill Drive	264.00	\$1.00	\$264.00	\$132.00	\$132.00	\$0.64	2	2017	1	1	
Spur Court	338.00	\$1.00	\$338.00	\$169.00	\$169.00	\$0.82	2	2017	1	1	
Paint Way West	315.00	\$1.00	\$315.00	\$157.50	\$157.50	\$0.76	2	2017	1	1	
Paint Way East	495.00	\$1.00	\$495.00	\$247.50	\$247.50	\$1.20	2	2017	1	1	
Mare Court	407.00	\$1.00	\$407.00	\$203.50	\$203.50	\$0.99	2	2017	1	1	
Agate Way	500.00	\$1.00	\$500.00	\$250.00	\$250.00	\$1.21	2	2017	1	1	
Maverick Court North	630.00	\$1.00	\$630.00	\$315.00	\$315.00	\$1.53	2	2017	1	1	
Maverick Court South	422.00	\$1.00	\$422.00	\$211.00	\$211.00	\$1.02	2	2017	1	1	
Cutting Way	519.00	\$1.00	\$519.00	\$259.50	\$259.50	\$1.26	2	2017	1	1	
Filly Way	708.00	\$1.00	\$708.00	\$354.00	\$354.00	\$1.72	2	2017	1	1	
Stable Street	2403.00	\$1.00	\$2,403.00	\$1,201.50	\$1,201.50	\$5.83	2	2017	1	1	
Appaloosa Road	1438.00	\$1.00	\$1,438.00	\$719.00	\$719.00	\$3.49	2	2017	1	1	
Halter Drive	5242.00	\$1.00	\$5,242.00	\$2,621.00	\$2,621.00	\$12.72	2	2017	1	1	
Country Canyon Road	2334.00	\$1.00	\$2,334.00	\$1,167.00	\$1,167.00	\$5.67	2	2017	1	1	
Hackamore Street	3992.00	\$1.00	\$3,992.00	\$1,996.00	\$1,996.00	\$9.69	2	2017	1	1	
Sunview Drive	3468.00	\$1.00	\$3,468.00	\$1,734.00	\$1,734.00	\$8.42	2	2017	1	1	
Pasture Avenue	1155.00	\$1.00	\$1,155.00	\$577.50	\$577.50	\$2.80	2	2017	1	1	
Morgan Lane	2072.00	\$1.00	\$2,072.00	\$1,036.00	\$1,036.00	\$5.03	2	2017	1	1	
Equestrian Drive	1267.00	\$1.00	\$1,267.00	\$633.50	\$633.50	\$3.08	2	2017	1	1	
Street Signs											
4-way	25	\$250.00	\$6,250.00	\$250.00	\$3,750.00	\$18.20	25	2003	15	10	
Stop Signs	31	\$250.00	\$7,750.00	\$310.00	\$4,650.00	\$22.57	25	2003	15	10	
10 MPH	10	\$250.00	\$2,500.00	\$100.00	\$1,500.00	\$7.28	25	2003	15	10	
25 MPH	4	\$250.00	\$1,000.00	\$40.00	\$600.00	\$2.91	25	2003	15	10	
35 MPH	4	\$250.00	\$1,000.00	\$40.00	\$600.00	\$2.91	25	2003	15	10	
45 MPH	0	250	0	0	0	0	25	2003	15	10	
Curve	10	\$250.00	\$2,500.00	\$100.00	\$1,500.00	\$7.28	25	2003	15	10	
Stop Ahead	5	\$250.00	\$1,250.00	\$50.00	\$750.00	\$3.64	25	2003	15	10	
Dip	6	\$250.00	\$1,500.00	\$60.00	\$900.00	\$4.37	25	2003	15	10	
End Pavement	2	\$250.00	\$500.00	\$20.00	\$300.00	\$1.46	25	2003	15	10	
Private Roads	4	\$250.00	\$1,000.00	\$40.00	\$80.00	\$0.39	25	2016	2	23	
Right to Pass	4	\$250.00	\$1,000.00	\$40.00	\$80.00	\$0.39	25	2016	2	23	
Association Rules	4	\$500.00	\$2,000.00	\$133.33	\$1,333.33	\$6.47	15	2008	10	5	
Bulletin Board	1	\$1,000.00	\$1,000.00	\$100.00	\$700.00	\$3.40	10	2011	7	3	
ACCESS ROADS OUTSIDE 3312											
Paved Roads											
Sand Canyon Road (from County Road to 3312)	0.00	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	30	2003	15	15	
Unpaved Roads											
Stallion (from Tanganda to Equestrian)	0.00	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	75	1970	48	27	
Equestrian (from Stallion to 3312)	0.00	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	75	1970	48	27	
			Replacement Cost Total	Replacement Cost Per Year	Current Unfunded Amount	Unfunded Amount Per Lot					
TOTAL RESERVE FUND REQUIRED			\$1,251,234.00	\$67,043.33	\$500,614.67	\$2,430.17					

Assessment and Reserve Funding Disclosure Summary for the Fiscal Year Ending December 31, 2018.

(1) The regular assessment per ownership interest is \$120.00 per year.

(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: \$10.00 per year.

(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?

Approximate date assessment will be due:	Amount per ownership interest (Lot) per year:
12/1/2019	\$200
12/1/2020	\$200
12/1/2021	\$200
12/1/2022	\$200
12/1/2023	\$200

(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 \$495,601.00, based in whole or in part on the last reserve study or update prepared by Mountain Valley Association as of November, 2018. The projected reserve fund cash balance at the end of the current fiscal year is \$17781.95, resulting in reserves being 4 percent funded at this date.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$607,541.77 and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$(11,372.64), leaving the reserve at (1.3) 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 \$(2,536.48), leaving the reserve at 0 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. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 1 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.5 percent per year.

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 55530. 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 annual budget report or summary thereof that is delivered pursuant to Section 5300. 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.

- **Anticipated Special Assessments Statement:**

The right to receive a statement as to whether the Board anticipates a special assessment is required by Civil Code §5300(b)(4).

The Board of Directors does not anticipate levying a special assessment in 2019 but there is no guarantee of not having a special assessment.

- **Deferred Maintenance:**

The Board plans to defer maintenance on access roads outside of the Association and will be investigating other resources that may be available for such maintenance.

- **Loans:**

Mountain Valley Association has no existing loans at this time.

- **Current Insurance Summary:**

This insurance summary is provided pursuant to Civil Code §5300(b)(9).

"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."

- PROPERTY COVERAGE
 - Granite State Insurance Company
 - Outdoor Property: \$53,040.00
 - Deductible: \$1,000.00
- GENERAL LIABILITY
 - Granite State Insurance Company
 - Per Occurrence: \$2,000,000.00
 - General Aggregate: \$4,000,000.00
 - Personal/Advertising Injury: \$2,000,000.00
 - Fire/Legal Liability: \$100,000.00
 - Medical Payments: \$5,000.00
 - Deductible: \$0.00
- HIRED & NON-OWNED AUTO LIABILITY
 - Granite State Insurance Company
 - \$1,000,000.00
- COMMERCIAL AUTO
 - No Coverage
- WORKERS COMPENSATION
 - Hanover Insurance Company
 - \$1,000,000.00
- EARTHQUAKE
 - No Coverage
- FLOOD
 - No Coverage
- DIRECTORS & OFFICERS
 - Liberty Mutual Insurance Company
 - \$1,000,000.00
 - \$25,000.00 Retained Limit
- FIDELITY BOND
 - Granite State Insurance Company
 - Inside Premises: \$5,000.00
 - Outside Premises: \$5,000.00
 - Deductible: \$1,000.00
 - Exclusions: Computer Fraud, Money Orders & Counterfeit Paper Currency

- **2019 Budget:**

	Jan - Dec 19
Ordinary Income/Expense	
Income	
45000 · Investments	
45030 · Interest-Savings, Short-term CD	0.18
45000 · Investments - Other	0.54
Total 45000 · Investments	0.72
46400 · Other Types of Income	
46430 · Miscellaneous Revenue	0.00
Total 46400 · Other Types of Income	0.00
47200 · Program Income	
47220 · Member Assessments	25,404.00
47240 · Program Service Fees	0.00
Total 47200 · Program Income	25,404.00
Total Income	25,404.72
Gross Profit	25,404.72
Expense	
60900 · Business Expenses	
60910 · Bad Debts	5,160.00
60960 · Lien Fees	2,400.00
Total 60900 · Business Expenses	7,560.00
62100 · Contract Services	
62110 · Accounting Fees	0.00
62140 · Legal Fees	1,200.00
62150 · Outside Contract Services	
621501 · Notary	1,500.00
62150 · Outside Contract Services - Other	2,000.00
Total 62150 · Outside Contract Services	3,500.00
62160 · Volunteer Services - Non-GAAP	660.00
Total 62100 · Contract Services	5,360.00
62800 · Facilities and Equipment	
62801 · Dirt Roads M&R	28,858.00
62802 · Paved Road M&R	240.00
62803 · Roads M&R	120.00
62804 · Equestrian Easement M&R	120.00
62805 · Drainage Easement M&R	120.00
62806 · 62806-Road Signs	120.00
62841 · Small Tools and Supplies	120.00
62880 · Real Estate, Personal Prop Tax	130.00
Total 62800 · Facilities and Equipment	29,828.00
65000 · Operations	

65020 · Postage, Mailing Service	760.00
65030 · Printing and Copying	410.00
65040 · Office Supplies	360.00
65050 · Telephone, Telecommunications	<u>60.00</u>
Total 65000 · Operations	1,590.00
650214 · Bank Service Charges	36.00
65100 · Other Types of Expenses	
65120 · Insurance - Liability, D and O	4,200.00
65150 · Memberships and Dues	516.00
65160 · Other Costs	<u>120.50</u>
Total 65100 · Other Types of Expenses	4,836.50
68300 · Travel and Meetings	
68320 · Travel	120.00
68300 · Travel and Meetings - Other	<u>0.00</u>
Total 68300 · Travel and Meetings	<u>120.00</u>
Total Expense	<u>49,330.50</u>
Net Ordinary Income	<u>-23,925.78</u>
Net Income	<u><u>-23,925.78</u></u>

- **January through October 2018 Profit & Loss Statement:**

	<u>Jan - Oct 18</u>
Ordinary Income/Expense	
Income	
45000 · Investments	
45030 · Interest-Savings, Short-term CD	<u>0.86</u>
Total 45000 · Investments	<u>0.86</u>
Total Income	<u>0.86</u>
Gross Profit	0.86
Expense	
60900 · Business Expenses	
60920 · Business Registration Fees	<u>37.00</u>
Total 60900 · Business Expenses	37.00
62100 · Contract Services	
62150 · Outside Contract Services	
621501 · Notary	60.00
62150 · Outside Contract Services - Other	<u>1,246.24</u>
Total 62150 · Outside Contract Services	<u>1,306.24</u>
Total 62100 · Contract Services	1,306.24
62800 · Facilities and Equipment	
62801 · Dirt Roads M&R	1,633.25
62803 · Roads M&R	119.69
62806 · 62806-Road Signs	968.47
62841 · Small Tools and Supplies	599.31

62870 · Property Insurance	382.00
62880 · Real Estate, Personal Prop Tax	92.93
Total 62800 · Facilities and Equipment	3,795.65
65000 · Operations	
65010 · Books, Subscriptions, Reference	74.85
65020 · Postage, Mailing Service	
650201 · Stamps	100.00
65020 · Postage, Mailing Service - Other	100.00
Total 65020 · Postage, Mailing Service	200.00
65040 · Office Supplies	259.89
65050 · Telephone, Telecommunications	60.00
Total 65000 · Operations	594.74
650214 · Bank Service Charges	60.00
65100 · Other Types of Expenses	
65120 · Insurance - Liability, D and O	4,358.00
65160 · Other Costs	308.29
Total 65100 · Other Types of Expenses	4,666.29
68300 · Travel and Meetings	
68320 · Travel	48.60
Total 68300 · Travel and Meetings	48.60
Total Expense	10,508.52
Net Ordinary Income	-10,507.66
Net Income	-10,507.66

- **Balance Sheet as of October 31, 2018:**

	<u>Oct 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
Checking Account	25,895.32
Petty Cash	-396.00
Reserve Account	17,781.95
Total Checking/Savings	43,281.27
Accounts Receivable	
11000 · Accounts Receivable	1,649.00
Total Accounts Receivable	1,649.00
Other Current Assets	
12000 · Undeposited Funds	1,716.00
Total Other Current Assets	1,716.00
Total Current Assets	46,646.27
TOTAL ASSETS	46,646.27
LIABILITIES & EQUITY	
Liabilities	

Current Liabilities	
Credit Cards	
Union Bank	
001 · Randy	648.16
002 · Rita	1,596.36
003 · Joan	110.73
Union Bank - Other	<u>-2,210.04</u>
Total Union Bank	<u>145.21</u>
Total Credit Cards	<u>145.21</u>
Total Current Liabilities	<u>145.21</u>
Total Liabilities	145.21
Equity	
30000 · Opening Balance Equity	24,787.13
32000 · Unrestricted Net Assets	32,221.59
Net Income	<u>-10,507.66</u>
Total Equity	<u>46,501.06</u>
TOTAL LIABILITIES & EQUITY	<u><u>46,646.27</u></u>

- **Statement of Cash Flows January through October 2018:**

	<u>Jan - Oct 18</u>
OPERATING ACTIVITIES	
Net Income	-10,507.66
Adjustments to reconcile Net Income	
to net cash provided by operations:	
11000 · Accounts Receivable	26,468.30
Union Bank	-2,210.04
Union Bank:001 · Randy	648.16
Union Bank:002 · Rita	1,596.36
Union Bank:003 · Joan	<u>110.73</u>
Net cash provided by Operating Activities	<u>16,105.85</u>
Net cash increase for period	16,105.85
Cash at beginning of period	<u>28,891.42</u>
Cash at end of period	<u><u>44,997.27</u></u>