



November 2018

2019 BUDGET REPORT

Dear Reef Gate West Homeowners,

Your Board of Directors has undertaken a thorough review of the financials and operating budget with the goal of providing for sufficient operations and funding adequate reserves to meet long-term requirements. The Board of Director's has found that the current amount is not sufficient at this time, and may need to be reviewed in the near future for upcoming projects. **Effective January 1, 2019, your monthly assessments will increase to \$600.00.**

In compliance with the California Civil Code §5550, a professional reserve analyst, Sonnenberg & Company, was hired to complete an inspection of the project, to review the reserve-funding program and to make recommendations for future funding.

Enclosed for your records, please find the following items:

- Budget for the fiscal year, January 1, 2019 – December 31, 2019
- 2019 Budget Overview (color chart)
- Assessment and Reserve Funding Summary & Disclosure - 2018
- Executive Summary - 2018
- Master Insurance Declaration
- Earthquake Insurance Declaration
- Annual Policy Statement
- Assessment and Foreclosure Policy
- Summary of Alternative Dispute Resolution
- Summary of Internal Dispute Resolution
- Architectural Guidelines & Procedures
- Security Disclosure
- FHA & VA Certification Disclosures
- Annual Request for Address
- Pay Lease

The Board of Directors does not anticipate another special assessment to repair, replace, or restore any major components or to maintain adequate reserves.

In accordance with Civil Code 5805, the Association is insured to the level specified in the Code, and carries General Liability insurance in the amount of five million dollars. Therefore, owners are individually liable only for their proportionate share of assessments levied to pay any judgments that exceed the limits of the Association's insurance. In accordance with the Civil Code the following statement must be presented to all members of the Association.

"This summary of 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.

Meeting minutes are available to owners on our website at www.reefgatewest.org after meeting ratification every other month. Printed copies of the minutes are available from management upon request and are subject to a minimal copy/postage charge. If you have any questions regarding this budget packet, or would like a complete copy of the Reserve Study, please direct your written request by mail or email to:

TSG Independent Property Management, Inc.
27129 Calle Arroyo, Suite 1802
San Juan Capistrano, CA 92675
general@tsgindependent.com.

Sincerely,

THE BOARD OF DIRECTORS
REEF GATE WEST ASSOCIATION

**REEF GATE WEST HOMEOWNERS ASSOCIATION
SEVENTY TWO (72)
2019 ASSESSMENT BUDGET**

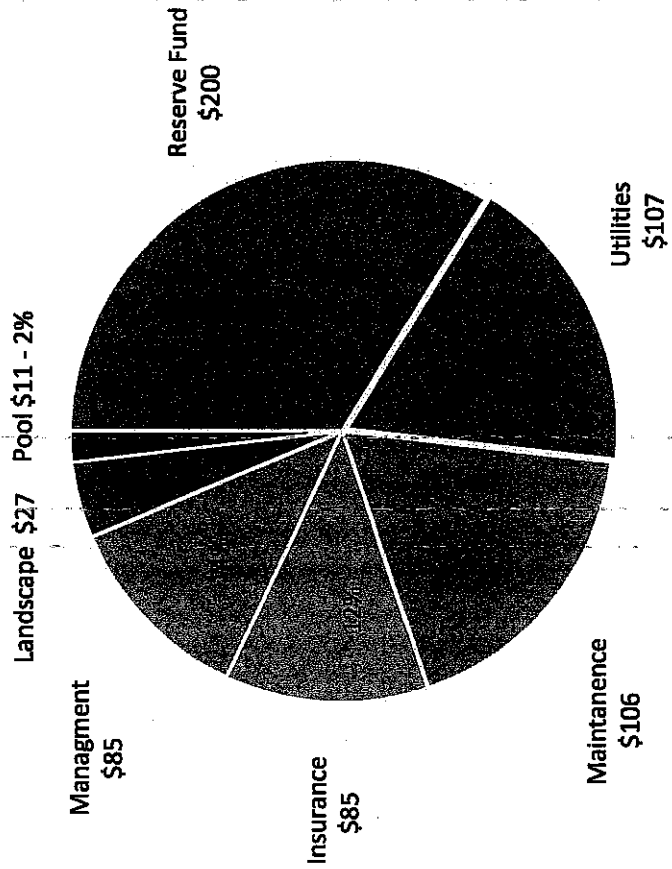
ACCT #	DESCRIPTION	MONTHLY	ANNUALLY	PER UNIT PER MONTH
INCOME				
41000	ASSESSMENT	\$ 43,200.00	\$ 518,400.00	\$ 600.00
41750	LATE CHARGES	100.00	1,200.00	1.39
42000	MISCELLANEOUS INCOME	83.33	1,000.00	1.16
42025	STORAGE UNIT RENTAL	100.00	1,200.00	1.39
42050	GAS SURCHARGE	200.00	2,400.00	2.78
42350	PALMER ROOM RENTAL	12.50	150.00	0.17
42500	KEY & KEY CARD FEES	37.50	450.00	0.52
43500	COLLECTION FEES	16.67	200.00	0.23
	TOTAL INCOME:	\$ 43,750.00	\$ 525,000.00	\$ 607.64
EXPENSES				
UTILITIES				
61210	ELECTRIC	\$ 1,583.33	\$ 19,000.00	\$ 21.99
61410	GAS	2,583.33	31,000.00	35.88
61610	SEWER & WATER	1,916.67	23,000.00	26.62
61710	REFUSE DISPOSAL CONTRACT	1,000.00	12,000.00	13.89
61810	TELEPHONE	433.33	5,200.00	6.02
	TOTAL UTILITIES	\$ 7,516.67	\$ 90,200.00	\$ 104.40
LANDSCAPE AND MAINTENANCE				
63110	LANDSCAPE CONTRACT	\$ 1,625.00	\$ 19,500.00	\$ 22.57
63130	LANDSCAPE EXTRAS	83.33	1,000.00	1.16
63190	PEST CONTROL - TERMITES	208.33	2,500.00	2.89
63191	PEST CONTROL - GENERAL	91.67	1,100.00	1.27
63192	PEST CONTROL - RODENTS	91.00	1,092.00	1.26
	TOTAL LANDSCAPE	\$ 2,099.33	\$ 25,192.00	\$ 29.16
SWIMMING POOL				
64110	SWIMMING POOL CONTRACT	\$ 375.00	\$ 4,500.00	\$ 5.21
64120	SWIMMING POOL REPAIRS	83.33	1,000.00	1.16
64130	SWIMMING POOL SUPPLIES	333.33	4,000.00	4.63
	TOTAL SWIMMING POOL	\$ 791.67	\$ 9,500.00	\$ 11.00
COMMON AREA MAINTENANCE				
66110	PATROL SERVICE	\$ 408.33	\$ 4,900.00	5.67
66220	MINOR REPAIRS-MISC.	2,000.00	24,000.00	27.78
66250	ELEVATOR CONTRACT	775.00	9,300.00	10.76
	MINOR REPAIRS - ELEVATOR	225.00	2,700.00	3.13
66260	MINOR REPAIRS-PLUMBING	1,333.33	16,000.00	18.52
66270	MINOR REPAIRS-ELECTRICAL	16.67	200.00	0.23
66280	MINOR REPAIRS-GATES	83.33	1,000.00	1.16
66310	JANITORIAL CONTRACT	3,900.00	46,800.00	54.17
66320	JANITORIAL SUPPLIES	25.00	300.00	0.35
66350	LOCKSMITH MAINTENANCE	58.33	700.00	0.81
	TOTAL COMMON AREA	\$ 8,825.00	\$ 105,900.00	\$ 122.57

**REEF GATE WEST HOMEOWNERS ASSOCIATION
SEVENTY TWO (72)
2019 ASSESSMENT BUDGET**

ACCT #	DESCRIPTION	MONTHLY	ANNUALLY	PER UNIT PER MONTH
ADMINISTRATION				
67010	TAX/AUDIT PREPARATION	\$ 100.00	\$ 1,200.00	1.39
67020	FEDERAL TAXES	10.00	120.00	0.14
67110	INSURANCE	5,166.67	62,000.00	71.76
67210	LEGAL EXPENSES	416.67	5,000.00	5.79
67310	LICENSE, FEES AND PERMITS	16.67	200.00	0.23
67510	MANAGEMENT & ACCOUNTING	2,750.00	33,000.00	38.19
67520	MANAGEMENT EXTRAS	25.00	300.00	0.35
67530	PRINTING & MAIL SUPPLIES	150.00	1,800.00	2.08
67710	BANK CHARGES	50.00	600.00	0.69
67770	RESERVE STUDY	95.83	1,150.00	1.33
67775	ON SITE MANAGER	2,250.00	27,000.00	31.25
67810	MISCELLANEOUS	166.67	2,000.00	2.31
	TOTAL ADMINISTRATIVE	\$ 11,197.50	\$ 134,370.00	\$ 155.52
	TOTAL OPERATING EXPENSES	\$ 30,430.17	\$ 365,162.00	\$ 422.64
	TOTAL RESERVE TRANSFER (Categories listed in reserve study)	13,319.83	159,838.00	185.00
	TOTAL EXPENSES	\$ 43,750.00	\$ 525,000.00	\$ 607.64

Expense Categories	Percent	Monthly Per Unit	Total \$
Reserve Fund	33%	\$ 200	\$ 172,800
Utilities	18%	\$ 107	\$ 92,200
Maintenance	17%	\$ 106	\$ 91,900
Insurance	12%	\$ 72	\$ 62,000
Management	12%	\$ 69	\$ 60,000
Landscape	4%	\$ 27	\$ 23,192
<u>Pool</u>	<u>2%</u>	<u>\$ 11</u>	<u>\$ 9,500</u>
	98%	\$ 600.00	\$ 511,592

2019 Reefgate Monthly Budget
- Per Unit: \$600/mo



Reef Gate West Condo Association
Assessment and Reserve Funding Disclosure Summary
 December 31, 2018

(1) Regular Assessments -

Assessments to members are averaged at \$600 per unit per month for the year beginning January 1, 2019.

* If assessments vary by the size or type of unit, the applicable assessment rates may be found in the Association's accompanying Annual Budget and /or can be provided by the Association/management agent.

(2) Special Assessments - Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, which have been approved by the Board and/or members:

Date assessment is due:	Amount/ unit/month	Purpose of this assessment is to fund or supplement the replacement costs of:
N/A		

(3) Reserve Account Balances -

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) Additional Assessments -

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 of directors or the members?

Recommended Funding: To avoid deficits, and to bring reserves into an adequate level of funding within the next 5 budget years, the Regular Reserve Allocation could be increased 15% annually in FY's 2019 through 2023. To then avoid any future overfunding of the reserves, the Regular Reserve Allocation could be decreased in FY 2031 to equal the Annual Requirement Funding, with no annual increases needed in FY's 2029 through 2037. Reserves could maintain the Fair level of funding beginning FY 2022, and could reach the Strong level of funding beginning FY 2030.

(5) Major Components -

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

(6) Current Funding Comparison -

As of the current reserve study or update, the balance in the reserve fund is projected to be \$502,997.

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated accumulated funding requirement is \$1,263,419. The percentage funded is: 39.8%

(7) Funding over next 5 Budget Years -

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 each of the next five budget years is projected to be:

\$1,082,772 \$1,133,538 \$1,181,345 \$1,287,239 \$1,084,724

The projected reserve fund cash balance at the end of each of those years is projected to be, taking into account only assessments already approved and other known revenues, as follows:

\$276,810 \$278,256 \$275,386 \$329,347 \$74,368

% Funded 25.6% 24.5% 23.3% 25.6% 6.9%

If the recommended reserve funding plan is approved by the Association and implemented, the projected reserve fund cash balance at the end of each of those years would be:

\$276,810 \$302,232 \$352,588 \$495,281 \$371,952

% Funded 25.6% 26.7% 29.8% 38.5% 34.3%

The law does not require the Association to fund reserves in accordance with these calculations.

The financial representations set forth in this summary are based on best estimates of the consultant at the time. These estimates regarding costs, lives and conditions are subject to change.

An assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% per year.

An assumed long-term net interest rate earned on reserve funds is 1% per year.

Per CACC 5550, the Association is required to adopt a 5 year funding plan.

November 15, 2018

Reserve Study Executive Summary

Association Name: Reef Gate West Condo Association
Location: 423 Avenida Granada, San Clemente Ca 92672
No. of Units: 72 **Built:** 1973 **Fiscal Year Ending:** December 31, 2018
Level of Study: Level II: Update with On-Site Inspection **Date of Physical Inspection:** July 27, 2018

CURRENT FISCAL YEAR END SUMMARY OF RESERVE COMPONENTS							
(See Reserve Analysis Worksheet, pg. 5, for breakdown of all components individual lives, current costs, and projected future replacement costs)							
Reserve Component Groups	Estimated Useful Life	Estimated Remaining Life	Estimated Replacement Cost	Annual Funding Requirement	Accumulated Funding Requirement	Allocation of Fund Balance	Percent of Fund Balance
22060.00 POOL, SPA AND SAUNAS	3 - 20	1 - 20	\$ 74,393	\$ 6,571	\$ 37,717	\$ 15,016	3.0%
22090.60 ELEVATOR	30 - 30	3 - 20	490,240	16,341	188,800	75,166	14.9%
22090.69 PLUMBING RESTORATION	1 - 1	1 - 1	11,133	11,133	11,133	4,432	0.9%
22090.70 STRCTRL CMPNTS/RFING & DCKS	15 - 35	1 - 15	846,417	45,134	470,088	187,153	37.2%
PAINTING/REPAIRS	1 - 12	1 - 10	398,636	42,756	220,113	87,632	17.4%
FENCE/SECURITY	10 - 25	2 - 15	101,916	6,151	36,830	14,663	2.9%
PAVED SURFACES	4 - 25	2 - 12	50,141	3,015	26,701	10,630	2.1%
INTERIOR CONTENTS	10 - 20	1 - 11	164,821	11,784	106,727	42,491	8.4%
MECHANICAL/PLUMBING	1 - 12	1 - 3	29,564	24,904	28,505	11,348	2.3%
FIRE/SAFETY	15 - 20	4 - 8	14,791	879	9,038	3,598	0.7%
LANDSCAPING/IRRIGATION	10 - 20	1 - 1	10,189	817	9,372	3,731	0.7%
LIGHTING/ELECTRICAL	20 - 25	4 - 18	59,385	2,512	25,403	10,114	2.0%
MISCELLANEOUS	25 - 30	8 - 30	10,317	391	4,828	1,922	0.4%
MAINTENANCE	1 - 1	1 - 1	28,000	28,000	28,000	11,147	2.2%
CONTINGENCY (5%)			114,502	10,019	60,163	23,952	4.8%
TOTALS			\$ 2,404,544	\$ 210,408	\$ 1,263,419	\$ 502,997	

CURRENT FISCAL YEAR RESERVE FUNDS	
Current Budgeted Annual Reserve Allocation	\$ 142,560
Reserve Fund Balance as of: May 31, 2018	\$ 454,837
Anticipated Funding to Year End	83,160
Anticipated Expenditures to Year End	(35,000)
Cash Projected at Year End December 31, 2018	\$ 502,997
Accumulated Funding Requirement (Fully Funded)	\$1,263,419
Percentage Funded at the end of this Fiscal Year	39.8%
Accumulated Deficiency for Current Fiscal Year	\$ 760,422 Per Unit \$ 10,561
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	NO

RESERVE FUNDING OPTIONS FOR THE FISCAL YEAR ENDING: 2019		
	per unit per month	per year
<i>funding options assume a 3% increase, unless otherwise noted</i>		
Annual Requirement Funding:	\$ 261	\$ 216,721
Current Budgeted Funding:	185 (2019 Budget)	159,838
Recommended Funding:	185 (2019 Budget)	159,838
Special Assessment/s Recommended?		NO
<i>For funding option details please see Reserve Study Summary page 2</i>		

We present this summary of the repair and replacement funding program of the Association as of December 31, 2018, and the related reserve funding projection for the 30-year period from 2019 to 2048, based on information provided by management and based upon the consultant's estimates of the most probable reserve component replacement costs, conditions, and lives. The annual requirement is based on the cost of each component divided by its total useful life. The accumulated requirement is the annual requirement multiplied by the number of years each component has been in service. The difference between accumulated requirement total and the actual cash balance may indicate a deficit which would be expressed in the percentage funded.

The above information is a condensed summary of the reserve study, in compliance with CA Civil Codes 5300, 5550, and 5600, and is intended to be included in the annual budget package to be provided to owners not less than 30 nor more than 90 days prior to the Association fiscal year end. CACC 5550 requires an on-site inspection every 3 years, and the study to be reviewed annually. Assumptions have been made about costs, conditions, and future events that may occur. Some of these assumptions may not materialize; and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and lives may vary from this report and the variations may be material.

The compilation of this reserve funding analysis and projection is based on representations of management and the consultant's estimates. We have not audited or reviewed the accompanying analysis and projections and, accordingly, do not express an opinion or any other form of assurance on them. We assume no responsibility to update this report for events occurring after the date of issuance of this report.

Richard C. Sonnenberg

November 15, 2018

Sonnenberg & Company, CPAs

**Reef Gate West Condo Association
Level II: Update with On-Site Inspection
December 31, 2018**

Inflation and Interest Earned on Reserves:

As an industry standard, provision has been made in the funding projections for inflation, computed at three percent (3%), and an assumed 1% net interest on the reserve balance has been added to the reserve funds. As costs increase in the future, the annual reserve reports should be revised accordingly.

Reserve Calculations:

Based on estimated current replacement costs of \$2,404,544 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$210,408.

The accumulated funding requirement is calculated to be \$1,263,419.

As of December 31, 2018, the Association may have \$502,997 in accounts designated as reserve funds.

Therefore, a deficit of \$760,422 has been calculated, with a funding percentage of 39.8%. A portion of the annual reserve requirement may be provided for in the operating budget.

Industry Standard Measure of Funding Strength:

0% - 30% = WEAK At this level of funding, Special Assessments and deferred maintenance are likely.

31% - 70% = FAIR At this level of funding Special Assessment and deferred maintenance are less likely, but could still pose a concern. Efforts should be taken to increase to a healthier level of funding.

>70% = STRONG At this level of funding the Association should be well covered, with hopefully no need for deferred maintenance or Special Assessments.

Funding Calculations:

There are a variety of methods by which the Association can approach the desired level of funding. The Board is responsible for determining the optimum funding program. We have calculated three options:

Option 1: Annual Requirement Funding: This option assumes that the Association will maintain the annual funding requirement as calculated on page 5, without regard to any funding deficiency.

Currently the annual requirement allocation is \$216,721 or \$251 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

Reserves could be at the Fair level of funding in FY 2019, and could reach the Strong level of funding beginning FY 2034.

No deficits in the 30 year projection.

Option 2: Current Funding: The current budgeted funding level is projected over the 30-year period, including three percent (3%) annual increase, as compared to option 1 and 3.

Currently, with the 2019 budget, \$159,838 or \$185 per unit per month will be allocated to reserves next fiscal year.

Reserves are currently at the Fair level of funding.

With the 2019 budget, reserves could fall to the Weak level of funding beginning FY 2019, with deficits beginning FY 2028.

Option 3: Recommended Funding: This option is intended to calculate the amount of funding that would be the most sufficient for the Association over the next 30 years. The Current Budgeted Funding, and the Annual Requirement Funding are both taken into consideration while creating a Recommended Funding that is hopefully achievable by the Association.

Recommended funding, with the 2019 budget, is, \$159,838 or \$185 per unit per month.

With the 2019 budget, to avoid deficits, and to bring reserves into an adequate level of funding within the next 5 budget years, the Regular Reserve Allocation could be increased 18% annually in FY's 2020 through 2023.

To then avoid any future overfunding of the reserves, the Regular Reserve Allocation could be decreased in FY 2031 to equal \$313 per unit per month, with no annual increases needed in FY's 2025 through 2030.

Reserves could maintain the Fair level of funding beginning FY 2022, and could reach the Strong level of funding beginning FY 2027.



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
11/26/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER 	Chris Dolkas 800 Avenida Pico Ste Q San Clemente, CA 92673-5625	CONTACT NAME: Chris Dolkas PHONE (A/C, No., Ext.): (949) 492-5900 FAX (A/C, No.): (949) 492-1532 E-MAIL ADDRESS: chris.dolkas.b8ms@statefarm.com PRODUCER CUSTOMER ID:													
	<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: State Farm General Insurance Company</td> <td>25151</td> </tr> <tr> <td>INSURER B:</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: State Farm General Insurance Company	25151	INSURER B:		INSURER C:		INSURER D:		INSURER E:		INSURER F:
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: State Farm General Insurance Company	25151														
INSURER B:															
INSURER C:															
INSURER D:															
INSURER E:															
INSURER F:															
INSURED Reef Gate West Association Inc Attn Tsg Ind Prop Mgmt 27129 Calle Arroyo Ste 1802 San Juan Capo, CA 92675-2718															

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
REFER TO ACORD 101.

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS	
<input checked="" type="checkbox"/>	PROPERTY	92-80-8482-6	10/15/2018	10/15/2019	BUILDING	\$	
	CAUSES OF LOSS				DEDUCTIBLES	PERSONAL PROPERTY	\$
	BASIC				BUILDING	BUSINESS INCOME	\$ SEE ACORD 101
	BROAD				\$10,000	EXTRA EXPENSE	\$ SEE ACORD 101
<input checked="" type="checkbox"/>	SPECIAL				CONTENTS	RENTAL VALUE	\$ SEE ACORD 101
	EARTHQUAKE					<input checked="" type="checkbox"/> BLANKET BUILDING	\$ \$27,218,100
	WIND					BLANKET PERS PROP	\$
	FLOOD					BLANKET BLDG & PP	\$
							\$
							\$
	INLAND MARINE	TYPE OF POLICY			\$		
	CAUSES OF LOSS				\$		
	NAMED PERILS	POLICY NUMBER			\$		
					\$		
	CRIME				\$		
	TYPE OF POLICY				\$		
					\$		
	BOILER & MACHINERY / EQUIPMENT BREAKDOWN				\$		
					\$		
					\$		

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
REFER TO ACORD 101.

CERTIFICATE HOLDER TSG IND PROP MGMT 27129 Calle Arroyo Ste 1802 San Juan Capo, CA 92675-2718	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE IF SIGNATURE IS REQUIRED, PLEASE CONTACT AGENT.
---	---

© 1995-2015 ACORD CORPORATION. All rights reserved.



ADDITIONAL REMARKS SCHEDULE

AGENCY Chris Dolkas		NAMED INSURED Reef Gate West Association Inc	
POLICY NUMBER 92-80-8482-6			
CARRIER State Farm General Insurance Company	NAIC CODE 25151	EFFECTIVE DATE: 10/15/2018	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 24 FORM TITLE: Certificate of Property Insurance

Unit Owner:

REFER TO ACCORD 101 - 423 Avenida Granada - San Clemente, - CA - 92672-5287 - Unit Loan Number:TBD - Number Of Units: 0072

Association Type: Residential Community Association Policy

Forms, Options and Endorsements:

CMP-4101	Businessowners Coverage Form
CMP-4864	Building Ordinance Or Law Cov
FE-6999.2	Terrorism Insurance Cov Notice
CMP-4710	Emp Dishonesty \$50,000
CMP-4705.2	Loss of Income & Extra Expense

Forms, Options and Endorsements:

CMP-4814	Dir & Officers \$5,000,000
CMP-4828	Extra Replacement Cost
CMP-4696	Residential Community Assoc
CMP-4508	Money and Securities
CMP-4260	Amendatory Endorsement

Coverages:

Business Liability	\$5,000,000
Medical Payments	\$10,000
Products-Completed Operations	\$10,000,000
General Aggregate	\$10,000,000

Companion Policies:

92GAB4757	Workers Compensation
-----------	----------------------

Coverage

Unless otherwise endorsed, this policy provides replacement cost coverage on described property and common areas detailed within the Association bylaws including the following types of property within a unit, regardless of ownership:

1. Fixtures, improvements and alterations that are a part of the building or structure; and
2. Appliances such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

Replacement cost coverage is subject to the terms and conditions of the policy and any endorsements.

Coverage under this policy may have been modified to provide actual cash value coverage rather than replacement cost coverage, or to remove specified property from coverage, if any endorsement containing in its title "ACV" or "Actual Cash Value," or "Additional Property Not Covered" is identified on this Certificate of Insurance.

Endorsements: FE-3650, FE-3653, FE-3658, and FE-3659 (Actual Cash Value) - These endorsements describe what the term "actual cash value" means where used in the policy. **However, these endorsements do not change any replacement cost coverage provided by the policy.**

This policy provides coverage on a standalone/individual condominium association.

Commercial General Liability

State Farm refers to this coverage as Business Liability Coverage. Coverage amount shown is Per Occurrence.

Loss of Rents, Loss of Income and Extra Expense

If this coverage is shown, limits are "Actual Loss Sustained". Contact the agent to confirm the number of day's coverage.

**POLICY DECLARATIONS
PREMIUM SUMMARY**

Named Insured and Mailing Address:

Reef Gate West Association,
Inc.
c/o TSG Property Management
27129 Calle Arroyo Ste. 1802
San Juan Capistrano, CA 92675

Producer:

Wholesale Connection Insurance
21800 Burbank Boulevard, Suite 202
Woodland Hills, CA 91367

Producer No.:0004217

Send correspondence to: P.O. Box 509039, San Diego, CA 92150-9039

Issued by the insurance company indicated below, herein called the company.

Policy Number	Carrier Name	Carrier Status	Subscription
XHO 2161850 12	Insurance Company of the West	A LICENSED, ADMITTED CARRIER	100.00%

Policy Period

From: 01/15/2018 To: 01/15/2019

12:01 A.M. standard time at the Named Insured's mailing address shown above.

Premium Payment

The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

In return for the payment of the premium and subject to all the terms and conditions of the policy, we agree with you to provide the insurance as stated in the policy. The premium is due and payable at inception.

PREMIUMS REFLECTED BELOW REPRESENT POLICY TERM PREMIUMS.

ADMITTED PREMIUM/TAXES/FEES	
Insurance Company of the West	\$14,150
Inspection Fee	\$400
TOTAL PREMIUM (Excluding Taxes and Fees)	\$14,150
Minimum Retained Premium	25%

DATE ISSUED: 01/23/2018

UND 1210 (09-16)

POLICY DECLARATIONS
INSURING AGREEMENT

Named Insured and Mailing Address:

Reef Gate West Association,
Inc.
c/o TSG Property Management
27129 Calle Arroyo Ste. 1802
San Juan Capistrano, CA 92675

Producer:

Wholesale Connection Insurance
21800 Burbank Boulevard, Suite 202
Woodland Hills, CA 91367

Producer No.:0004217

Send correspondence to: P.O. Box 509039, San Diego, CA 92150-9039

Issued by the insurance company indicated below, herein called the company.

Policy Number	Carrier Name	Carrier Status	Subscription
XHO 2161850 12	Insurance Company of the West	A LICENSED, ADMITTED CARRIER	100.00%

Policy Period

Insurance is issued by the company in consideration of payment of the required premium.

This policy is issued for the period 12:01 AM standard time at the Named Insured's mailing address shown above:

From: 01/15/2018 To: 01/15/2019

This Insuring Agreement together with the Premium Summary, Forms and Endorsements List, Declarations, Contracts, and Endorsements comprise this policy. Insurance is provided at those locations and for those coverages and Limits of Insurance shown in the Declarations. Endorsements, Sub-limits of Insurance and deductibles are listed in the Declarations. Endorsements may contain separate deductibles and limits or sub-limits of insurance.

Certain words and phrases in this policy have specific meaning. The meaning of such words and phrases are found in the Section I. **DEFINITIONS** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. These definitions apply to the entire policy and any endorsements to it. Definitions that apply to individual forms or endorsements will be noted in a definitions section in those forms and endorsements. Titles of the various paragraphs of this policy and of endorsements attached to the policy are inserted solely for convenience or reference and shall not be deemed in any way to limit or affect provisions to which they relate.

You are presumed to have actually read this policy and understood its terms, whether this is the first policy year or a renewal of a prior policy. Please review the entire policy immediately and contact us or your agent or broker with any questions you may have.

DATE ISSUED: 01/23/2018

UND 1210 (09-16)

**POLICY DECLARATIONS
FORMS AND ENDORSEMENTS**

Named Insured: Reef Gate West Association, Inc.

Policy Number	Carrier Name	Carrier Status	Subscription
XHO 2161850 12	Insurance Company of the West	A LICENSED, ADMITTED CARRIER	100.00%

The following policy forms and endorsements have been attached to and made a part of the policy.

FORM NAME	FORM NUMBER	EDITION DATE
DECLARATIONS	UND 1210	(09-16)
OFAC	UND 1503	(06-09)
SIGNATURE PAGE	UND 1504	(06-09)
DIFFERENCE IN CONDITIONS COVERAGE	UND 1211	(08-15)
HOMEOWNERS ASSOCIATION COVERAGE EXTENSION	UND 1217	(08-15)
ORDINANCE OR LAW COVERAGE	UND 1227	(08-15)
EXCLUSION OF CERTIFIED ACTS OF TERRORISM	UND 1501	(01-15)
CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL	UND 1609 CA	(11-16)
CLAIM REPORTING GUIDELINES	UND 1500	(06-09)

DATE ISSUED: 01/23/2018

UND 1210 (09-16)

DECLARATIONS

A. LIMITS OF INSURANCE

The most we will pay for loss or damage is the applicable Limit of Insurance shown below.

- | | |
|--|--------------|
| 1. Limit of Insurance, as respects "Earthquake": | \$16,202,850 |
| Limit of Insurance, as respects "Flood": | Not Covered |

This policy will not pay more than the Limit of Insurance for the Causes of Loss listed above during the Policy Period, regardless of the number of "loss occurrences".

Limit of Insurance, All Other Covered Causes of Loss:	\$16,202,850
---	--------------

As respects loss or damage caused by or resulting from All Other Covered Causes of Loss, this policy will not pay more than the Limit of Insurance shown above during any one "loss occurrence".

Limit of Insurance, any one "loss occurrence":	\$16,202,850
--	--------------

In no event will our liability exceed this limit for any one "loss occurrence", regardless of the number of coverages, Causes of Loss or locations involved, and regardless of any additional coverages provided under this policy.

a. Sub-limits of Insurance.

These amounts are the most we will pay for the items described below and are included within and will not increase the Limit of Insurance described in **A.1.** above.

Loc #	Bldg #	Sub-limit of	Description of Coverage	Sublimit of Insurance
1	Aggregate	Building	Underground Utilities	\$393,356

This policy will not pay more than the Sub-limit of Insurance during the Policy Period, regardless of the number of "loss occurrences".

- 2.** This policy provides scheduled coverage. It does not provide blanket coverage. This insurance applies only to those locations and Coverage Items identified in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on stated values. In either scenario, our liability is limited by those values.

In the event of each loss hereunder, our liability will be determined as follows:

- a.** For each individually stated Coverage Item involved in the loss, we will determine the least of:
- i.** The actual adjusted amount of loss;
 - ii.** The stated value for the Coverage Item, as shown on the **SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values;
 - iii.** The applicable Sub-Limit of Insurance shown in **A.1., LIMITS OF INSURANCE** above.

This is the amount of our liability for the individually stated Coverage Item involved, subject to the further limitations below:

- b. We will apply the deductible(s) in accordance with the terms and conditions of this policy.
- c. If this policy is excess, the loss recognized by this policy for all Coverage Items involved in a single "loss occurrence" will be reduced by the amount of the applicable underlying limits.
- d. Our liability is always limited by the applicable Limit of Insurance, as described in **A. 1., LIMITS OF INSURANCE** above, including any applicable Sub-Limits of Insurance, as well as any applicable Limit of Insurance otherwise endorsed onto this policy.

EXAMPLE –

The coverages and amounts shown in the example may not be applicable to your policy. They are being used only to provide you with an example of how to calculate our liability.

Two locations suffer loss from a Covered Cause of Loss. Each location has one Building:

Location #1, Building #1 - The individually Stated Value of the Building Coverage Item is \$800,000 and the individually Stated Value of the Business Income Coverage Item is \$200,000

The total adjusted loss at Location #1, Building #1 = \$805,000 in Building damage and \$150,000 for Business Income loss.

Location #2, Building #1 - The individually Stated Value of the Building Coverage Item is \$550,000 and individually Stated Value of the Business Income Coverage Item is \$25,000.

The total adjusted loss at Location #2, Building #1 = \$250,000 in Building damage and \$26,000 for Business Income Loss.

Limit of Insurance for the Covered Cause of Loss = \$1,575,000

Step 1: Determine the liability for the building Coverage Item at Location #1, Building #1. Liability is limited to \$800,000 as the stated value is less than the adjusted amount of the loss.

Step 2: Determine the liability for the Business Income Coverage Item at Location #1, Building #1. Liability is limited to \$150,000 as the adjusted amount of the loss is less than the stated value.

Step 3: Determine the liability for the building Coverage Item at Location #2, Building #1. Liability is limited to \$250,000 as the adjusted amount of the loss is less than the stated value.

Step 4: Determine the liability for the Business Income Coverage Item at Location #2, Building #1. Liability is limited to \$25,000 as the stated value is less than the adjusted amount of the loss.

The most we will pay is \$1,225,000, less applicable deductibles, as this amount is less than the Limits of Insurance of \$1,575,000.

B. COVERAGE

For any location scheduled in **E. SCHEDULE OF LOCATIONS AND VALUES**, we provide coverage for the scheduled Coverage Item(s), for an amount not to exceed the stated value. Coverage is provided in accordance with the terms and conditions of this policy including but not limited to applicable deductibles. Terms and conditions that apply only to individual endorsements are set forth in those endorsements or in **C. SPECIFIC ENDORSEMENT INFORMATION** below. This policy provides coverage on a Replacement Cost basis for Building and Contents unless Actual Cash Value is endorsed on the policy.

C. SPECIFIC ENDORSEMENT INFORMATION

Form Name	Form Number	Fill In
-----------	-------------	---------

DATE ISSUED: 01/23/2018

UND 1210 (09-16)

ORDINANCE OR LAW COVERAGE	UND 1227	Combined Limit of Insurance A, B and C: \$1,573,425
---------------------------	----------	--

D. DEDUCTIBLES

All claims for loss or damage arising out of a single "loss occurrence" will be adjusted as one claim, and we will then be liable for the excess of the percentage(s) or amount(s) shown below, but in no event to exceed the applicable Limits of Insurance. If two or more causes of loss covered by this policy contribute to a single "loss occurrence", the total deductible will be the largest deductible applicable.

For application of Deductibles refer to section **B. DEDUCTIBLE CLAUSE** and section **G. 13. Stated Values** provision in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

- | | |
|---|-----------------------------------|
| 1. Loss resulting from "Earthquake":
In any one "loss occurrence":
Subject to a minimum per "loss occurrence":
The Deductible applies: | 10.00%
\$50,000
Per Unit |
| 2. Loss resulting from "Flood":
In any one "loss occurrence":
The Deductible applies: | N/A
N/A |
| 3. Loss resulting from All Other Covered Causes of Loss:
In any one "loss occurrence":
The Deductible applies: | \$25,000
per "loss occurrence" |

E. SCHEDULE OF LOCATIONS AND VALUES

Each value stated below is the most we will pay for loss or damage for each stated Coverage Item, subject to the further limitations set forth in Section **A. LIMITS OF INSURANCE**, and subject to Section **B. DEDUCTIBLE CLAUSE** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

Each Coverage Item listed below will be considered a separate Unit of Insurance as it relates to Section **B. DEDUCTIBLE CLAUSE** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM** except with respect to building values which are not individually stated for each separate building.

Per Section **G.13 Stated Values** provision in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**, if at the time of the "loss occurrence", there is no value stated below for each individual building at a scheduled location, the stated value for each building will be determined by multiplying the total reported value of all buildings by the proportion that the square footage of the individual building bears to the total square footage of all buildings. The resulting apportioned values will be considered the stated value for the individual building. The apportioned values will be considered **a)** a separate Unit of Insurance for deductible calculations as specified in Section **B. DEDUCTIBLE CLAUSE**; and **b)** the stated value with respect to the Limits of Insurance as specified in Section **A.2., LIMITS OF INSURANCE** in the Declarations.



Red Gate West Association, Inc.
ANNUAL POLICY STATEMENT

This annual policy statement is provided to you in accordance with the requirements of California Civil Code Section §5310.

1. The name and address of the persons designated to receive official communications to the Association is TSG Independent Property Management, Inc. Your manager is George Gustave. The Association's mailing address for overnight payment of assessment is 27129 Calle Arroyo, Suite 1802, San Juan Capistrano, CA 92675.
2. Association members may submit a request to the Association to have the Association's annual budget report, review of the Association's financial statement, the Association's financial statement, the Association's annual policy statement, requests for assessment payments made by the member, pre-lien notices (as described in Civil Code §5660), copy of a recorded notice of delinquent assessment, and notice of default, sent to up to two (2) different addresses. Such request must be delivered to the Association by email at general@tsgindependent.com or fax at (949) 481-0556.
3. General notices from the Association to the members will be available at the following location in the community: Posted at the mailboxes and notices in monthly statements.
4. Association members can arrange to have all general notice items provided to them by individual delivery by submitting a written request to the Association by email to general@tsgindependent.com.
5. Association members may receive copies of minutes, proposed minutes, or summary minutes of general session meetings of the Association's board of directors by submitting a written request to the person identified in Item 1 above at the address specified in Item 1 or by email at general@tsgindependent.com or fax at (949) 481-0556. Such minutes, proposed minutes, or summary minutes will be available no later than thirty (30) days after the meeting.
6. The Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of assessments are attached.
7. A summary of dispute resolution procedures is attached.
8. A summary of the Association's requirements for approval of physical changes to property is attached.

TSG Independent Property Management, Inc.

27129 Calle Arroyo, Suite 1802
San Juan Capistrano, CA 92675

Phone 949.481.0555 Fax 949.481.0556 general@tsgindependent.com www.tsgindependent.com

RULES ENFORCEMENT POLICY – SUMMARY ATTACHED

The Association may impose monetary penalties, suspend privileges and/or take legal action for violation of the Association's governing documents. Please read the attached documents for more information.

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 §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)

PAYMENT PLANS

An owner may request the Association to consider a payment plan to satisfy a delinquent assessment. The Association must inform the owners of the standards for payment plans, if they 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.

TSG Independent Property Management, Inc.

27129 Calle Arroyo, Suite 1802

San Juan Capistrano, CA 92675

Phone 949.481.0555 Fax 949.481.0556 general@tsgindependent.com www.tsgindependent.com

SECTION 2: ENFORCEMENT OF THE RULES

The Association has the right and the duty to enforce the governing documents. When an owner, a member of the owner's family, an owner's guest, an owner's tenant, or an owner's contractor violates a rule, the Association Management will notify the person violating the rule and request that the violation be cured. When appropriate, the notice will be in writing, but under certain circumstances, the notice may be verbal and will have the same effect as a written notice.

When the board of directors is to meet to consider or impose discipline upon a member, the board shall notify the member in writing by either personal delivery or first-class mail, at least 15 days prior to the meeting. The notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which the member may be disciplined, and a statement that the member has a right to attend and may address the board at the meeting. If the board imposes discipline on a member, the board shall provide a notification of the disciplinary action by either person delivery or first-class mail to the member with 10 days following the action. A disciplinary action shall not be effective against a member unless the board fulfills the requirement of this subdivision. (California Civil Code Section #1363(h).)

Monetary penalties are imposed upon the owner of the unit even if the violation is incurred by a member of the owner's family, a guest, a tenant, or a contractor. Failure to pay a fine imposed by the Board of Directors for a violation of the governing documents or Association rules may result in legal action against the responsible owner.

The amount of the monetary penalty that the board may impose varies with the seriousness of the violation. Violations that endanger the health of occupants or could damage the common area are subject to higher penalties. Repetitive violations may also result in higher penalties. The Board of Directors has established the following minimum fines:

- | | |
|--|------------|
| 1. Use of fireworks in the complex | \$ 100.00 |
| 2. Using another unit's parking space without permission | \$ 100.00 |
| 3. Burning material other than natural gas in fireplace or propane/natural gas on patios | \$1,000.00 |
| 4. Renting a unit for less than 28 contiguous days | \$ 500.00 |
| 5. Repeat violations of the same rule double the previous fine. | |
| 6. Violation of rules by contractors: (These fines will be assessed to the unit owner employing the contractor and do not apply to emergency repairs.) | |
| a. Working on Saturdays, Sundays or legal holidays | \$ 100.00 |
| b. On the premises before 8:30 AM | \$ 100.00 |
| c. Performing work before 9:00 AM or after 6:00 PM | \$ 100.00 |
| d. Failure to cleanup hallways, stairs, elevators | \$ 100.00 |
| 7. Starting a remodel/unit improvement project prior to obtaining Board approval | \$500.00 |
| 8. Unit rental without providing rental information outlined in Section 12 | \$250.00 |

Failure to pay a fine imposed by the Board of Directors for a violation of the governing documents or Association rules may result in legal action against the responsible owner.

ASSESSMENT AND FORECLOSURE POLICY

Prompt payment of assessments by all owners is critical to the financial health of the Association and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions, and Restrictions (CC&Rs) and the California Civil Code to enforce members' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&Rs and Civil Code §5730, the following are the Association's assessment practices and policies:

1. Regular monthly assessments are due and payable 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 receipt of a statement. All other assessments, including special assessments, are due and payable on the date specified by the Board on the Notice of Assessment, which date will not be less than thirty (30) days after the date of notice of the special assessment.
2. Assessments, late charges, interest, and collection costs, including attorneys' fees are the personal obligation of the owner of the property at the time the assessment or other sums are levied (CC §5740).
3. Assessments not received within fifteen (15) days of the stated due date are delinquent and shall be subject to a late charge of ten dollars (\$10.00) OR 10% of the monthly dues for each delinquent assessment per unit.
4. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection expenses, including attorneys' fees, unless the owner and the Association enter an agreement providing for payments to be applied in a different manner.
5. A first notice of past due assessment will be prepared and mailed on assessments not received within sixty (60) days of the stated due date. Subject to the provisions of the governing documents, an interest charge at the rate of 12% per annum will be assessed against any outstanding balance, including delinquent assessments, late charges, and cost of collection, which may include attorneys' fees. Such interest charges shall continue to be assessed each month until the account is brought current.
6. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.
7. If an assessment is not received within seventy five (75) days of the stated due date, the Association or its designee, in the event the account is turned over to a collection agent, will send a pre-lien letter to the owner as required by Civil Code § 5650(a) and 5660 by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a One Hundred Sixty Dollar (\$160.00) fee for the pre-lien letter.
8. If an owner fails to pay the amounts set forth in the pre-lien letter within forty-five (45) days of the date of that letter, the Association will authorize their collection attorney to record a lien for the amount of any delinquent assessments, late charges, interest, and/or costs of preparing and recording the lien. Thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law, including without limitation, judicial or non-judicial foreclosure (CC § 5740; CC § 5700[a]), subject to the limitations set forth below under "Additional Provisions to Conform to Law" and as otherwise provided by law.

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

9. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code § 8333.
10. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interests, and costs of collection associated with collection of those assessments.
11. Any owner who is unable to pay assessments will be entitled to make a written request for payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
12. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.
13. Prior to the release of any lien or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including attorneys' fees must be paid in full to the Association.
14. All charges listed herein are subject to change upon thirty (30) days prior written notice.
15. An owner is entitled to submit secondary addresses to the Association for the purposes of collection notices. Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the Association will send additional copies of any notices required by Civil Code §5650-5690 to the secondary address provided.

Additional Provisions to Conform to Law

Prior to the recording of a lien, homeowners that are delinquent will be sent a pre-lien letter. The pre-lien letter will include an offer by the Association to engage in Internal Dispute Resolution upon receipt of a written request within forty-five (45) days of the pre-lien letter, pursuant to the Association's meet and confer program required by Civil Code § 5925-5965, et seq. and will also offer to engage in formal Alternative Dispute Resolution with a neutral third party pursuant to Civil Code § 5925, et seq. Prior to recording of a lien, the Board of Directors will approve the recording of the lien in open session at a meeting of the Board without identification of the name of the individual. The Association may not foreclose unless delinquent assessments are greater than \$1,800.00 or greater than one year in arrears.

Prior to commencing foreclosure, the Association will offer to engage in Internal Dispute Resolution upon receipt of a written request within thirty (30) days of the offer of such Internal Dispute Resolution, pursuant to the Association's meet and confer program required by Civil Code §5900, et seq. and will also offer to engage in formal Alternative Dispute Resolution with a neutral third party pursuant to Civil Code §5925, et seq. Prior to commencement of foreclosure, the Board of Directors will approve the foreclosure in open session at a meeting of the board without identification of the name of the individual. All foreclosures shall be subject to a ninety (90) day right of redemption.

In addition to the above, if a matter is sent to counsel for legal action, or to a collection service for foreclosure or other action, the owner will be responsible for any attorneys' fees and costs incurred by such action.

The mailing address for overnight payment of assessments is:

REEFGATE WEST HOMEOWNER ASSOCIATION

c/o: TSG Independent Property Management, Inc.

27129 Calle Arroyo, Suite 1802

San Juan Capistrano, CA 92675

ALTERNATIVE DISPUTE RESOLUTION
Summary of Civil Code 5925 to 5965

Sections 5925 to 5965 of the Civil Code require that before owners and associations file lawsuits against each other for declaratory relief or injunctive relief in connection with a claim for money damages under \$5,000 or for enforcing the associations governing documents, the filing party shall endeavor to submit the dispute to alternative dispute resolution (ADR). Forms of ADR include mediation, negotiation, and binding or non-binding arbitration. This provision does not apply to the filing of cross-complaints.

The ADR process is initiated by one party serving a Request for Resolution upon the other parties to the dispute. The request must include (i) a brief description of the dispute, (ii) a request for ADR, (iii) a notice that a response must be received within thirty (30) days or it will be deemed rejected, and (iv) a copy of Civil Code Sections 5925 to 5965.

If the individual receiving the request agrees to ADR, the process must be completed within ninety- (90) days unless otherwise extended by agreement. The cost of ADR is to be paid by the participating parties. If a civil suit is filed, the filing party must submit to the court a Certificate of Compliance indicating the party has complied with the requirements of Sections 5925 to 5965. Failing to do so would be grounds for challenging the lawsuit.

Although the prevailing party is entitled to reasonable attorney's fees and costs, the court may consider a party's refusal to participate in ADR when making the award.

A description of the Associations internal dispute resolution process, as required by Civil Code Section 5920, is attached.

NOTE: Failure of any member of the association to comply with the alternative dispute resolution requirements of Civil Code 5930 may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

INTERNAL DISPUTE RESOLUTION

Summary of Civil Code 5900 to 5915

Sections 5900 to 5915 of the Civil Code require that before owners and associations file lawsuits against each other for declaratory relief or injunctive relief in connection with a claim for money damages under \$5,000 or for enforcing the associations governing documents, either party to a dispute may invoke the following Internal Dispute Resolution (IDR) subject to the following procedures:

- 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 association's board of directors shall designate a member of the board 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.
- 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) An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

- 1) The agreement is not in conflict with law or the governing documents of the common interest development or association.
- 2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

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



ARCHITECTURAL PROCEDURES

1. Our CC&R's specifically require an owner to fill out an ACC (Architectural Control Request Form) and send it to the Board for review prior to the start of any work. Only exception to this is for carpeting and internal painting or basic maintenance items in their unit (plumbing repair, minor electrical repair, etc). No work can start without the Boards approval.
2. All work, except tile or hardwood installation, requires a City permit prior to performing any work and a final inspection sign off from the City must be sent to management.
3. All contractors must be licensed and insured to work at the facility. Copies of both are required prior to approval and start of the work.
4. The ACC form must contain a detail explanation and/or a blueprint plan of the work to be done. The target for response back to the homeowner is one week. The form requires us to know who the contractor is and the details in item #3.
5. If the work is approved, the Board will send the signed form with a list of requirements for working on the property as well as for the construction side of the remodel. The owner then agrees to the requirements and takes our form to the City for permits. The city should never issue permits w/o our approval on the ACC form. The list of requirements is where you control the contractors, i.e., work hours, parking, dumpsters, cleanliness, etc. The owner agrees to these and is ultimately responsible to the HOA to insure their contractor has a copy and follows them. The City permit must be placed in the exterior walkway window from the beginning of work. The Board will advise neighbors on each side as well ASAP and down that this work has been approved so they will be aware of the noise levels and hours of work, etc. We also collect a \$500 security deposit from the owner which we will refund upon satisfactory completion of the work and adherence to the rules and requirements during the process. We also require a copy of the City signed off inspection report before we return the deposit.
6. Our onsite contractor, Jim Flores and one of the Board members will periodically stop by the unit to insure all the requirements are being adhered to and that they are doing what they said in the ACC form. Any issues, we go back to the owner. We also have a final walkthrough before returning the deposit. Oh yes, one other thing; when the walls are opening exposing the plumbing, we have our contracted plumber come in and check the pipes for any cracked drain lines, etc as a precaution before things get closed up. He knows our plumbing and where to look for any problems. Repairs, if necessary, are done at our expense; i.e. cracked drain line, etc.
7. Depending on timing, the Board of Directors may ask the owner and/or contractor making the application, to NOT start a remodel beginning June 15th and until after Labor Day Weekend, due to the disruption of the community during this timeframe, as summer is a busy period at the beach.

SECURITY DISCLAIMER

We hope that our gate entry system provides some deterrence to crime. However, no matter what steps we take, the association can never be completely safe and secure. For example, it is possible for someone to enter the property under false pretenses to commit crimes, for residents to commit crimes against their own neighbors, for guests of residents to commit crimes, and for employees to commit crimes. As a result, the association is not and can never be free of crime and we cannot guarantee your safety or security. Accordingly, you should NOT rely on the association to protect you from loss or harm. Instead, you should provide for your own security by taking common sense precautions such as carrying insurance against loss; keeping your doors locked; refusing to open your door to strangers; asking workmen for identification; installing a security system; locking your car; not allowing someone to follow you through the gate, etc.

FHA CERTIFICATION DISCLOSURE

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

This common interest development is a condominium project. The association of this common interest development **IS NOT CURRENTLY CERTIFIED** by the Federal Housing Department. *This information is current as of October 2018.*

Per Civil Code §5320(b), *"if a member has requested to receive all reports in full, the association shall deliver the full report to that member, rather than a summary of the report."*

FHA Status can be checked online at U.S. Department of Housing and Urban Development website at <https://entp.hud.gov/idapp/html/condlook.cfm>.

VA CERTIFICATION DISCLOSURE

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

This common interest development is a condominium project. The association of this common interest development **IS NOT CURRENTLY CERTIFIED** by the United States Department of Veterans Affairs. *This information is current as of October 2018.*

Per Civil Code §5320(b), *"if a member has requested to receive all reports in full, the association shall deliver the full report to that member, rather than a summary of the report."*

VA Status can be checked at the Department of Veterans Affairs website at <http://www.index.va.gov/search/va/index.jsp>.