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Equity Management & Realty Services

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## A N N U A L B U D G E T R E P O R T

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DATE: NOVEMBER 2015  
TO: ALL MEMBERS OF PARKSIDE GREEN HOMEOWNERS ASSOCIATION  
FROM: THE BOARD OF DIRECTORS

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In compliance with California Civil Code Section §5300 with regard to the Annual Budget Report, please find enclosed the following documents. Please review them carefully and retain for your records.

- Budget for the fiscal year beginning January 1, 2016
- Assessment and Reserve Funding Disclosure Summary in accordance with Civil Code §5550
- Summary of the Association's current Insurance Policy in accordance with Civil Code §5300(a)-(b)

The budget reflects the estimated costs for 2016 and the efforts of the Board of Directors and Equity Management to maintain and enhance the Association's assets while containing costs. Beginning January 1, 2016 the association assessments will be \$77.00 per unit, per month. This represents no increase.

The Board of Directors is basing the reserve funding in accordance with the most recent reserve study. As of September 30, 2015 there was \$744,921.51 in reserve funds. Accordingly, the Board does not anticipate a special assessment.

Should you have any questions pertaining to the enclosed information, please contact Nicole Speigelhalter, CMCA®, Community Manager with Equity Management.

Cc: NM File / Mailings / Accounting

MAILINGS\ANN-MLG BUDGET REPORT.PGR



**Budget Summary Report**  
**Parkside Green HOA**  
**2016 APPROVED BUDGET - 320 units**

	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2016 Monthly Budget</u>
<b>Assessment Income</b>			
4000 - Assessment Income	295,680.00	295,680.00	24,640.00
<b>Total Assessment Income</b>	<b>295,680.00</b>	<b>295,680.00</b>	<b>24,640.00</b>
<b>User Fee Income</b>			
4220 - Gate & Access Fees	0.00	1,000.00	83.33
<b>Total User Fee Income</b>	<b>0.00</b>	<b>1,000.00</b>	<b>83.33</b>
<b>Collections Income</b>			
4700 - Collection Processing Fees	800.00	780.00	65.00
<b>Total Collections Income</b>	<b>800.00</b>	<b>780.00</b>	<b>65.00</b>
<b>Other Income</b>			
4810 - Violation Fines	2,000.00	1,700.00	141.67
<b>Total Other Income</b>	<b>2,000.00</b>	<b>1,700.00</b>	<b>141.67</b>
<b>Investment Income</b>			
4910 - Interest Earned - Reserve Accounts	2,000.00	3,000.00	250.00
<b>Total Investment Income</b>	<b>2,000.00</b>	<b>3,000.00</b>	<b>250.00</b>
<b>Total Operating Income</b>	<b>300,480.00</b>	<b>302,160.00</b>	<b>25,180.00</b>
<b>Administrative</b>			
5010 - Assessment Loss	3,500.00	3,000.00	250.00
5025 - Collection Charges	1,000.00	1,000.00	83.33
5065 - Lien Charges	1,000.00	750.00	62.50
5075 - Meetings/Socials	600.00	600.00	50.00
5105 - Reserve Studies	900.00	1,000.00	83.33
<b>Total Administrative</b>	<b>7,000.00</b>	<b>6,350.00</b>	<b>529.16</b>
<b>Communications</b>			
5200 - Community Events	800.00	800.00	66.67
5205 - Contingency	1,000.00	1,000.00	83.33
5210 - Print/Copy/Gen Admin	8,400.00	8,400.00	700.00
5215 - Postage	3,100.00	3,300.00	275.00
<b>Total Communications</b>	<b>13,300.00</b>	<b>13,500.00</b>	<b>1,125.00</b>
<b>Insurance</b>			
5390 - Workers Compensation	600.00	500.00	41.67
5400 - Insurance Premiums	5,200.00	5,200.00	433.33
<b>Total Insurance</b>	<b>5,800.00</b>	<b>5,700.00</b>	<b>475.00</b>
<b>Utilities</b>			
6000 - Electric Service	9,600.00	9,500.00	791.67
6025 - Water/Sewer Service	21,000.00	20,000.00	1,666.67
6050 - Telephone Service	4,500.00	4,500.00	375.00
<b>Total Utilities</b>	<b>35,100.00</b>	<b>34,000.00</b>	<b>2,833.34</b>
<b>Landscaping</b>			
6100 - Grounds & Landscaping - Contract	26,400.00	26,400.00	2,200.00
6160 - Tree Trimming	600.00	600.00	50.00
6199 - Landscape Extras	2,000.00	1,500.00	125.00
<b>Total Landscaping</b>	<b>29,000.00</b>	<b>28,500.00</b>	<b>2,375.00</b>

**Budget Summary Report**  
**Parkside Green HOA**  
**2016 APPROVED BUDGET - 320 units**

	2015 Budget	2016 Budget	2016 Monthly Budget
<b>Irrigation</b>			
6200 - Irrigation Repair & Maintenance	3,000.00	3,200.00	266.67
<b>Total Irrigation</b>	<b>3,000.00</b>	<b>3,200.00</b>	<b>266.67</b>
<b>Operations</b>			
6310 - Backflow Device Inspection	300.00	300.00	25.00
<b>Total Operations</b>	<b>300.00</b>	<b>300.00</b>	<b>25.00</b>
<b>Contracted Services</b>			
6420 - Sweeping	8,400.00	7,000.00	583.33
6422 - Gate Maintenance Contract	2,500.00	2,500.00	208.33
6430 - Janitorial Maintenance	7,740.00	7,740.00	645.00
6434 - Pest Control	1,500.00	1,500.00	125.00
6440 - Safety & Security	50,000.00	55,000.00	4,583.33
6442 - Safety & Security Extras	3,000.00	3,000.00	250.00
<b>Total Contracted Services</b>	<b>73,140.00</b>	<b>76,740.00</b>	<b>6,394.99</b>
<b>Repair &amp; Maintenance</b>			
6530 - Common Areas Repair & Maintenance	1,000.00	1,000.00	83.33
6545 - Electrical Supplies/Repair & Maintenance	2,000.00	2,000.00	166.67
6560 - Gates/Fence Repair & Maintenance	6,000.00	6,000.00	500.00
6685 - Pest Control Extras	200.00	200.00	16.67
6770 - Graffiti Removal/ Control	300.00	300.00	25.00
6795 - Other Supplies/Repair & Maintenance	240.00	250.00	20.83
<b>Total Repair &amp; Maintenance</b>	<b>9,740.00</b>	<b>9,750.00</b>	<b>812.50</b>
<b>Professional Services</b>			
7015 - Financial Services	1,075.00	1,095.00	91.25
7020 - Legal Services	1,200.00	1,000.00	83.33
7040 - Management Fees	29,400.00	29,400.00	2,450.00
7095 - Management Consulting	425.00	625.00	52.08
<b>Total Professional Services</b>	<b>32,100.00</b>	<b>32,120.00</b>	<b>2,676.66</b>
<b>Taxes</b>			
9095 - Other Taxes	2,000.00	3,000.00	250.00
<b>Total Taxes</b>	<b>2,000.00</b>	<b>3,000.00</b>	<b>250.00</b>
<b>Other Expenses</b>			
9105 - Reserve Contribution Expense	90,000.00	89,000.00	7,416.67
<b>Total Other Expenses</b>	<b>90,000.00</b>	<b>89,000.00</b>	<b>7,416.67</b>
<b>Total Operating Expense</b>	<b>300,480.00</b>	<b>302,160.00</b>	<b>25,179.99</b>
<b>Total Association Net Income / (Loss)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>

# Reserve Summary

(As required by California Civil Code Section 5565)

## PARKSIDE GREEN HOMEOWNERS ASSOCIATION

SCT Reserve Consultants, Inc. is pleased to provide this Level III Reserve Study (Financial Update Report). In order to comply with the California Civil Code, specifically the Davis-Stirling Common Interest Development Act, Section 5565, we are providing the following information to the Homeowners within the PARKSIDE GREEN HOMEOWNERS ASSOCIATION.

The following study has been prepared with several assumed factors taken into account: a 3.00% inflation rate; a 1.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

As of December 31, 2015, the estimated ending reserve fund balance is \$891,000 and the estimated current replacement cost is \$1,497,995 for the portfolio of reserve components. The projected future replacement cost of the portfolio is \$2,206,270, calculated at an annually compounded inflation rate of 3.00%. The Association's level of funding which is based upon the estimated ending reserve fund balance divided by the reserve components' fully funded amount is 120.51%. This is referred to as Percent Funded. The Association would be 100.00% funded if there were \$739,341.00 in the reserve fund.

The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is (\$473.93). This is calculated by subtracting the ending balance (\$891,000) from the 100% funded figure (\$739,341.00), then divided by the number of ownership interests (320). There is currently no requirement to be fully funded.

Our original analysis of the cash flow for this association indicated future inadequate funding if there were no annual increases to the Reserves. It is our understanding the Board of Directors will allocate a total of \$7,500 starting in 2016 (\$23.44 per unit per month for each of the 320 ownership interests) per month towards the reserve fund. To offset the future cash shortfall we recommend and have included an increase of 4.47% starting in 2017 for 29 years. The increase is scheduled to take effect in the year 2017. The Board of Directors may change the amount; however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

The following table represents additionally required information pursuant to the Davis-Stirling Common Interest Development Act, Section 5565.

**Fiscal Year: January 1, 2016 through December 31, 2016**

Category	Estimated Remaining Useful Lives	Estimated Current Replacement Cost	Fund Balance on Dec 31, 2015	Estimated Reserve Allocation	Estimated Special Assessment Allocation	Estimated Interest
Access System	2 to 9	\$81,369	\$66,465	\$6,713.68	\$0.00	\$598.68
Asphalt & Concrete	0 to 20	\$910,599	\$415,659	\$41,985.78	\$0.00	\$3,744.00
Contingency	0 to 0	\$4,500	\$8,786	\$887.45	\$0.00	\$79.14
Electrical/Lights	5 to 18	\$98,350	\$68,113	\$6,880.12	\$0.00	\$613.52
Fence/Gates/Walls	0 to 15	\$180,540	\$137,107	\$13,849.21	\$0.00	\$1,234.98
Irrigation/Landscape	0 to 6	\$39,000	\$57,558	\$5,813.96	\$0.00	\$518.45
Mailboxes	13 to 13	\$46,200	\$19,432	\$1,962.79	\$0.00	\$175.03
Paint	0 to 0	\$44,507	\$46,725	\$4,719.66	\$0.00	\$420.87
Park Amenities	1 to 10	\$69,830	\$52,279	\$5,280.73	\$0.00	\$470.90
Signage	2 to 7	\$23,100	\$18,876	\$1,906.63	\$0.00	\$170.02
<b>Totals:</b>		<b>\$1,497,995</b>	<b>\$891,000</b>	<b>\$90,000</b>	<b>\$0</b>	<b>\$8,026</b>

The complete reserve study is available by request from the Association.



# Assessment and Reserve Funding Disclosure Summary

## For the Fiscal Year Ending December 31, 2016

*(As illustrated by California Civil Code Section 5570(a))*

(1) The regular assessment per ownership interest is \$ 77 per month, of which approximately \$23.44 is allocated to reserves.

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. NOT APPLICABLE*

(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: **SEE ANSWER BELOW TO QUESTION #4 WHICH SUGGESTS THERE WILL BE INCREASES IN REGULAR ASSESSMENTS FOR RESERVE FUNDING.**

Date assessment will be due:	Amount per ownership interest per month or year:	Purpose of the assessment:
<i>(Intentionally left blank)</i>	<i>(Intentionally left blank)</i>	<i>(Intentionally left blank)</i>

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. NOT APPLICABLE*

(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 X No X

**Yes**, if the Association follows the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below\*.

**No**, if the Association does not follow the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below\*.

*\*Note: The information contained within the reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding future events based on information provided by and supplied to the Association's Board of Directors and/or management. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the data of this disclosure summary. Therefore, the actual replacement cost and remaining life may vary from the reserve study and the variation may be significant. Additionally, inflation and other economic events may impact the reserve study, particularly over a thirty (30) year period of time which could impact the accuracy of the reserve study and the funds available to meet the association's obligation for repair and/or replacement of major components during the next thirty (30) years. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God cannot be accounted for and are excluded when assessing life expectancy of the components. The reserve study only includes items that the Association has a clear and express responsibility to maintain, pursuant to the Association's CC&Rs.*

(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(s) will be due:	Amount per ownership interest per month:
4.47% starting in 2017 for 29 years	(Current amount) X (the increases)

(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 5550, the estimated amount required in the reserve fund at the end of the current fiscal year is \$724,825.54, as of **December 31, 2016**, based in whole or in part on the last reserve study or update prepared by **SCT RESERVE CONSULTANTS, INC.** The projected reserve fund cash balance at the end of the current fiscal year is \$845,999.08, resulting in reserves being **116.72%** percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required amount is \$143,027. (See explanation below).

**Explanation:** *Cash Flow Methodology - a method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.*



# Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending December 31, 2016

(As illustrated by California Civil Code Section 5570(a))

(continued)

7) See below: **30-Year Reserve Funding Plan Table**...Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5550 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$(see "100% Funded" column below), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$(see "Cash Flow Balance with Funding Plan" column below), leaving the reserve at (see "Percent Funded" column below) 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 \$(see "Cash Flow Balance with Funding Plan" column below), leaving the reserve at (see "Percent Funded" column below) 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 1.00% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00% per year.

**30-Year Reserve Funding Plan Table**

Fiscal Year: January 01, 2016 - December 31, 2016							
Year	End of Year			Revenue			Expenditures
	100% Funded	Cash Flow (Balance with Funding Plan)	Percent Funded (EOY)	Contribution, Interest, Spec Assess	Contribution Unit/Month	Contribution % Change	Components, Taxes, Deferred Exp
2015	\$739,341	\$891,000	120.51%				
2016	\$724,826	\$845,999	116.72%	\$98,026	\$23.44		\$143,027
2017	\$794,898	\$895,645	112.67%	\$102,485	\$24.49	4.47%	\$52,839
2018	\$787,148	\$868,819	110.38%	\$106,433	\$25.58	4.47%	\$133,259
2019	\$791,389	\$859,322	108.58%	\$110,702	\$26.72	4.47%	\$120,200
2020	\$845,725	\$907,106	107.26%	\$115,720	\$27.92	4.47%	\$67,936
2021	\$912,355	\$972,010	106.54%	\$121,129	\$29.17	4.47%	\$56,225
2022	\$921,211	\$973,312	105.66%	\$126,151	\$30.47	4.47%	\$124,849
2023	\$995,754	\$1,052,541	105.70%	\$132,113	\$31.83	4.47%	\$52,884
2024	\$1,034,425	\$1,092,255	105.59%	\$137,964	\$33.25	4.47%	\$98,250
2025	\$1,041,619	\$1,090,656	104.71%	\$143,647	\$34.74	4.47%	\$145,246
2026	\$962,036	\$979,282	101.79%	\$148,520	\$36.29	4.47%	\$259,895
2027	\$1,031,755	\$1,057,854	102.53%	\$155,424	\$37.92	4.47%	\$76,853
2028	\$1,048,445	\$1,070,404	102.09%	\$162,055	\$39.61	4.47%	\$149,505
2029	\$1,016,311	\$1,005,351	98.92%	\$168,208	\$41.38	4.47%	\$233,262
2030	\$1,029,313	\$1,027,727	99.85%	\$175,465	\$43.23	4.47%	\$153,088
2031	\$1,087,034	\$1,094,376	100.68%	\$183,496	\$45.16	4.47%	\$116,848
2032	\$1,169,540	\$1,210,728	103.52%	\$192,350	\$47.18	4.47%	\$75,999
2033	\$909,499	\$736,853	81.02%	\$195,943	\$49.29	4.47%	\$669,817
2034	\$932,783	\$779,424	83.56%	\$204,573	\$51.49	4.47%	\$162,002
2035	\$1,051,712	\$942,641	89.63%	\$214,945	\$53.80	4.47%	\$51,729
2036	\$662,015	\$227,157	34.31%	\$217,384	\$56.20	4.47%	\$932,869
2037	\$755,580	\$345,272	45.70%	\$227,815	\$58.71	4.47%	\$109,699
2038	\$765,518	\$368,288	48.11%	\$238,115	\$61.34	4.47%	\$215,100
2039	\$813,531	\$420,028	51.63%	\$249,099	\$64.08	4.47%	\$197,359
2040	\$901,970	\$537,129	59.55%	\$261,186	\$66.94	4.47%	\$144,085
2041	\$1,052,710	\$756,407	71.85%	\$274,763	\$69.94	4.47%	\$55,485
2042	\$1,059,868	\$799,257	75.41%	\$287,213	\$73.06	4.47%	\$244,362
2043	\$1,180,961	\$989,722	83.81%	\$301,530	\$76.33	4.47%	\$111,065
2044	\$1,302,514	\$1,202,160	92.30%	\$316,676	\$79.74	4.47%	\$104,238
2045	\$1,456,064	\$1,465,542	100.65%	\$332,900	\$83.30	4.47%	\$69,519
<b>30-Year Sum:</b>				<b>\$5,702,032</b>			<b>\$5,127,491</b>



## Summary

In accordance with our proposal, 2011-067, SCT Reserve Consultants, Inc. is pleased to provide this *Level III Reserve Study Financial Update Report* for PARKSIDE GREEN HOMEOWNERS ASSOCIATION. Our study was performed in accordance with the Davis-Stirling Common Interest Development Act, specifically §5550, of the California Civil Code. This report included a site inspection on November 20, 2014. This *planned-unit* common interest development (CID) is located in Corona, California. We are using an inception date for the components of January 1, 1994. *This study is for January 1, 2016 through December 31, 2016, the Association's fiscal year.*

In general, reserve funds are funds set aside from collected association fees paid by owners of a common interest development. These funds earn interest and are disbursed when deemed necessary by the Board of Directors. The purpose of a reserve study is to determine how much money should exist in a reserve fund at a given point in time or to project required future contributions and expenditure amounts so that sufficient reserve funds are available when needed. Our reserve study is generated using proprietary SCT software and a combination of local industry standards and national average replacement costs.

The SCT software utilizes the weighted average life (WAL) of the reserve components. The future cost method for the WAL is calculated by using the current replacement cost of each component, as of the analysis date, and the number of years until each reserve component is scheduled to be replaced. This determines the monthly reserve contributions needed and calculates the future reserve balances.

A 30-year "Cash Flow and Percent Funded Projection" analysis and "Graph" are produced to verify and define the relationship of the Cash Flow (annual beginning balance) with respect to the 100% funded amount. Ideally, the Cash Flow line of the graph should run parallel to and below the "Percent Funded" line of the graph, see funding goals.

The following study has been prepared with several assumed factors taken into account: 3.00% inflation rate; a 1.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

A contingency fund of 5.0% has been established to pay for incidental and miscellaneous reserve expenditures. Otherwise, any component that has a life cycle (full life) of less than two years should be budgeted and paid for through normal operating or property maintenance funds and is not included as part of this study.

**The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is (\$473.93).** This is calculated by subtracting the ending balance (\$891,000) from the 100% funded figure (\$739,341.00), then divided by the number of ownership interests (320). There is currently no requirement to be fully funded.







## Summary (continued)

As of January 1, 2016, the estimated reserve fund balance is \$891,000 and the estimated current replacement cost is \$1,497,995 of the portfolio of reserve components. The projected future replacement cost of the portfolio is \$2,206,270, calculated at an annually compounded inflation rate of 3.00%. The Davis-Stirling Common Interest Development Act requires the disclosure of the *current reserve fund balance divided by the current replacement cost* (this is not *Percent Funded*). Currently, *this factor for PARKSIDE GREEN HOMEOWNERS ASSOCIATION is 59.48%*.

The Association's level of funding for the fiscal year (January 1, 2016 through December 31, 2016) which is based upon the final estimated reserve fund balance divided by the reserve components' fully funded amount is *116.72%, and is referred to as Percent Funded*. The Association would be 100.00% funded if there were \$724,825.54 in the reserve fund.

Our original analysis of the cash flow for this association indicated future inadequate funding (see the graph, the "square box and/or pink line"). This line represents the cash flow if there were no annual increases to the Reserves. *It is our understanding the Board of Directors will allocate a total of \$7,500 starting in 2016 (\$23.44 per unit per month for each of the 320 ownership interests) per month towards the reserve fund. To offset the future cash shortfall we recommend and have included an increase of 4.47% starting in 2017 for 29 years. The increase is scheduled to take effect in the year 2017.* The Board of Directors may raise or lower this amount, however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

Sincerely,



Michael C. Graves, R.S. #00039  
SCT Reserve Consultants, Inc.





**Parkside Green Homeowners Association**  
**INSURANCE SUMMARY DISCLOSURE**

Pursuant to Section 5300 (b)(9) of the California Civil Code, the Association is providing you with the following information regarding its insurance policies. Pursuant to Civil Code Section 5300 (a), this summary is being distributed not less than 30 days nor more than 90 days preceding the beginning of the Association's fiscal year.

**I. GENERAL LIABILITY INSURANCE**

- A. Name of insurer: QBE Insurance Company
- B. Policy limits: \$3,000,000 each occurrence and Unlimited aggregate
- C. Amount of deductible (if any): N/A
- D. Umbrella coverage, if applicable: N/A
- E. Umbrella carrier: N/A
- F. Policy dates: 09/23/2015 - 09/23/2016

**II. PROPERTY INSURANCE**

- A. Name of insurer: QBE Insurance Company
- B. Policy limits: \$220,000 (Guaranteed Replacement Cost)
- C. Amount of deductible: \$2,500
- D. Policy dates: 09/23/2015 - 09/23/2016

**III. EARTHQUAKE INSURANCE**

Association does not have Earthquake insurance.

**IV. FLOOD INSURANCE**

Association does not have Flood insurance.

**V. FIDELITY BOND INSURANCE**

- A. Name of insurer: Liberty Mutual Insurance Company
- B. Policy limits: \$1,000,000
- C. Amount of deductible: \$500
- D. Policy dates: 09/23/2015 - 09/23/2016

**VI. DIRECTORS & OFFICERS LIABILITY INSURANCE**

- A. Name of insurer: QBE Insurance Company
- B. Policy limits: \$1,000,000
- C. Amount of deductible: \$0
- D. Policy dates: 09/23/2015 - 09/23/2016

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.

Pursuant to Section 5810 of the California Civil Code, if the association receives any notice of nonrenewal of a policy described in the annual budget report, the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.

