

Annual Budget Report (Required Civil Code Sec. 4525)
Crystal Cay Condominium Association

CRYSTAL CAY CONDOMINIUM ASSOCIATION

C/o Amber Property Management
27261 Las Ramblas, Suite 100
Mission Viejo, CA 92691
Office: (949) 429-5831
Fax: (949) 429-5933

IMPORTANT NOTICE

To: Crystal Cay Membership
Date: November 1, 2016
From: Board of Directors
Subject: Approved Budget for Fiscal Year Ending December 31, 2017

In accordance with California Civil Code 5300(b), enclosed is a copy of the approved fiscal year budget effective January 1, 2017 plus various disclosures.

After thoughtful review and consideration, the Board of Directors has approved a budget for the fiscal year ending December 31, 2017, which it believes is reasonable and prudent to meet the funding needs of the association. As a result of this review, the Board has determined that the current level of assessments is sufficient to maintain the financial integrity of your Association and to meet the ongoing maintenance costs for the operation of the community.

THEREFORE, EFFECTIVE JANUARY 1, 2017, THE ASSESSMENT WILL REMAIN THE SAME AT \$310.00 PER UNIT PER MONTH.

As required by California law, the Board of Directors had a reserve study performed for the major capital components in 2016. The Board contracted with Association Reserves to provide the report. The replacement-funding program reflects assumptions about future events based on manufacturer's specifications, information from subcontractors, construction pricing and scheduling manuals and the reserve company's experience. These were used to calculate and establish the reserve amounts needed to defray the future repairs, replacement or additions to the components that the association is obligated to maintain. At the end of the current fiscal year, the association reserves are projected to be funded 78% of the required amount. A summary of the reserve report is enclosed; a copy of the entire report is available from Amber Property Management. Copying and postage fees apply.

Special Assessment - The Board of Directors does not, at this time, anticipate the need to levy a special assessment for planned expenditures, however, it reserves the right in accordance with California Civil Code to approve a special assessment for unplanned major expenses, if necessary, in the upcoming fiscal year.

Association assessments are due and payable on the first day of the month and are delinquent if the Association has not received payment by the thirtieth (30th) day of the month. A courtesy statement is sent to each Homeowner on a monthly basis, as a reminder of the assessment due. **Homeowners are obligated by law to tender payment of the assessment in a timely manner, even if the courtesy statement is lost in the mail, or somehow is never received at the mailing address.** The Assessment Collections Policy for your association is enclosed.

Also, included, as required by California State Law, is a copy of Civil Code Section 5920, known as the Internal Dispute Resolution and Civil Code Section 5965, known as the Alternative Dispute Resolution. Both of which require that certain types of disputes between Associations and the Membership, provide for an independent forum to resolve the dispute before filing of a lawsuit by any party.

Effective January 1, 1996 The California Civil Code was amended to require the Association to prepare and distribute summaries of certain insurance policies carried by the Association. A summary of the Association's Property and General Liability policies are enclosed.

Crystal Cay Condominium Association Budget Cover letter continued...

Notice of Board Minutes Access - Members of the Association are hereby advised that in addition to the information required by law, minutes or summary minutes of the meetings of the Board of Directors are available to any member upon written request and with the submission of payment for the cost of distribution.

Secondary Address Notification Request - Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the association shall send additional copies of any legally required notices to the secondary address provided. The owner's request shall be in writing and shall be mailed to the association in a manner that shall indicate the association has received it. The owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the association shall only be required to send notices to the indicated secondary address from the point the association receives the request.

Financial Statement Notice - A review of the financial statement of the association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

SECURITY DISCLAIMER. As much as we would like it to be, the Association can never be free of crime. For example, it is possible for someone to enter the property under false pretenses to commit crimes, for residents to commit crimes against their 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 cannot guarantee your safety or security. You should NOT rely on the Association to protect you from loss or harm- 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; installing a peep hole in your front door; asking workmen for identification; installing a security system; locking your car; etc.

It is suggested that you keep these reports with all other documents pertaining to your home, as you may be required to show it to any prospective buyer of your property.

Respectfully,

The Crystal Cay Condominium Association Board of Directors

Enclosures (Disclosure Documents Index)

Item	Description	Reference Code
1	Budget Cover Letter, including: <ul style="list-style-type: none">• Notice of Board Minutes Access• Secondary Address Notification Request• Review of Financial Statement Notice	Civ. Code §4950(b) Civ. Code §4040(b) Civ. Code §5305
2	Pro Forma Operating Budget	Civ. Code §5300(b)(1)
3	Assessment Collection Policy	Civ. Code §5310(a), (7) & 5650(a)
4	Notice/Assessments and Foreclosure	Civ. Code §5730; 4040(b)
5	Annual Update of Reserve	Civ. Code §5300(b)
6	Assessment & Reserve Funding Disclosure Summary	Civ. Code §5570
7	Reserve Funding Plan	Civ. Code §5300(b)(3)
8	Internal Dispute Resolution (IDR) Rights	Civ. Code §5920
9	Alternative Dispute Resolution (ADR) Rights	Civ. Code §5965
10	Insurance Coverage Summary	Civ. Code §5300(b)(9)
11	Architectural Changes Notice	Civ. Code §4765(c)
12	Monetary Penalties Schedule	Civ. Code §5855
13	FHA/VA Certification Disclosures	Civ. Code §5300(b)(10)-(11)

CRYSTAL CAY HOMEOWNERS ASSOCIATION

APPROVED BUDGET

(For the period January 1, 2017 to December 31, 2017)

<u>Description</u>	<u>Monthly</u>	<u>Annual</u>	<u>Per Unit Monthly</u>
Income			
Assessments	\$ 93,930.00	\$ 1,127,160.00	\$ 310.00
Subtotal	\$ 93,930.00	\$ 1,127,160.00	\$ 310.00
Expenses			
<u>Utilities</u>			
Electricity	\$ 2,310.00	\$ 27,720.00	\$ 7.62
Gas	\$ 670.00	\$ 8,040.00	\$ 2.21
Waste Disposal	\$ 4,520.00	\$ 54,240.00	\$ 14.92
Trash/Bulk Items	\$ 1,135.00	\$ 72,000.00	\$ 19.80
Water	\$ 675.00	\$ 8,100.00	\$ 2.23
Subtotal	\$ 9,310.00	\$ 111,720.00	\$ 30.73
<u>Land Maintenance</u>			
Contract Landscape	\$ 4,203.00	\$ 50,436.00	\$ 13.87
Fountain Maintenance	\$ 355.00	\$ 4,260.00	\$ 1.17
Fountain Repair	\$ 75.00	\$ 900.00	\$ 0.25
Landscape Extras	\$ 2,000.00	\$ 24,000.00	\$ 6.60
Sprinkler Repair	\$ 1,150.00	\$ 13,800.00	\$ 3.80
Tree Maintenance	\$ 450.00	\$ 5,400.00	\$ 1.49
Back Flow Inspection	\$ 20.00	\$ 240.00	\$ 0.07
Subtotal	\$ 8,253.00	\$ 99,036.00	\$ 27.24
<u>Pool</u>			
Contract Pool Service	\$ 560.00	\$ 6,720.00	\$ 1.85
Keys & Locks	\$ 20.00	\$ 240.00	\$ 0.07
Equipment Repair	\$ 370.00	\$ 4,440.00	\$ 1.22
Supplies	\$ 280.00	\$ 3,360.00	\$ 0.92
Subtotal	\$ 1,230.00	\$ 14,760.00	\$ 4.06
<u>Common Area</u>			
Contract Janitorial	\$ 1,740.00	\$ 20,880.00	\$ 5.74
Janitorial Supplies	\$ 70.00	\$ 840.00	\$ 0.23
Keys & Locks	\$ 40.00	\$ 480.00	\$ 0.13
Electrical Repairs	\$ 50.00	\$ 600.00	\$ 0.17
Fire Extinguishers	\$ 60.00	\$ 720.00	\$ 0.20
Common Area Repairs	\$ 4,000.00	\$ 48,000.00	\$ 13.20
Common Area Supplies	\$ 123.00	\$ 1,476.00	\$ 0.41
Light Maintenance	\$ 115.00	\$ 1,380.00	\$ 0.38
Lighting Supplies	\$ 140.00	\$ 1,680.00	\$ 0.46
Pest Control	\$ 930.00	\$ 11,160.00	\$ 3.07
Patrol Service	\$ 13,669.00	\$ 164,028.00	\$ 45.11
Subtotal	\$ 20,937.00	\$ 251,244.00	\$ 69.10
<u>Administration</u>			
Audit/Tax Return	\$ 100.00	\$ 1,200.00	\$ 0.33
Collection Expense	\$ 1,500.00	\$ 18,000.00	\$ 4.95
Federal Taxes	\$ 15.00	\$ 180.00	\$ 0.05
State Taxes	\$ 43.00	\$ 516.00	\$ 0.14
Licenses & Permits	\$ 150.00	\$ 1,800.00	\$ 0.50
Insurance	\$ 4,000.00	\$ 48,000.00	\$ 13.20
Legal Services	\$ 500.00	\$ 6,000.00	\$ 1.65
Management Services	\$ 4,529.00	\$ 54,348.00	\$ 14.95
Reimbursable Expenses	\$ 1,350.00	\$ 16,200.00	\$ 4.46
CAI CLAC Contribution	\$ 25.00	\$ 300.00	\$ 0.08
Reserve Study	\$ 50.00	\$ 600.00	\$ 0.17
Miscellaneous	\$ 40.00	\$ 480.00	\$ 0.13
Subtotal	\$ 12,302.00	\$ 147,624.00	\$ 40.60
<u>Reserve Allocations</u>			
Reserve Allocations	\$ 41,898.00	\$ 502,776.00	\$ 138.28
Subtotal	\$ 41,898.00	\$ 502,776.00	\$ 138.28
Estimated Expenditures	\$ 52,032.00	\$ 624,384.00	\$ 171.72
Reserve Allocation	\$ 41,898.00	\$ 502,776.00	\$ 138.28
TOTAL BUDGET	\$ 93,930.00	\$ 1,127,160.00	\$ 310.00

CRYSTAL CAY CONDOMINIUM ASSOCIATION

ASSESSMENT COLLECTION POLICY

Regular monthly assessments are due and payable in full on the first day of each month. Any other assessments, including special assessments, are due and payable on the date specified in the notice of assessment. All other charges including but not limited to late fees, interest, collection costs and fines are due as incurred. All assessments, late fees, interest and collection costs are subject to the Assessment Collection Policy. Payments received will be applied in the following order: unpaid principal including assessments and special assessments levied in accordance with the Declaration and Civil Code, late fees, collection fees, interest, and CC&R violation fees.

ACTION TO BE COMMENCED	NUMBER OF DAYS AFTER DUE DATE	CHARGED TO HOMEOWNER
1. Assessments are delinquent 30 days after they are due. Late fee will be charged on past due assessments	30	10%
2. Association sends a reminder notice for all outstanding charges on the account (Assessments, late fees, interest, collections).	30	No Charge
3. An "intent to lien" package will be sent to the owner(s) of record by certified mail in accordance with Civil Code. Charges incurred for this letter will be levied against the delinquent account. This includes: Documents and processing provided in accordance with the Civil Code including Account detail, Delinquency Policy, Fine Policy and a title check fee.	60	\$85.00 + Certified mail fee
NOTE: Prior to the recording of a Board authorized lien for delinquent assessments, a homeowner that is delinquent has the right to participate in an internal dispute resolution (IDR) pursuant to the "meet and confer" program commencing with California Civil Code Section 5900. Prior to recording a lien, the Board will approve such action by a majority vote of the Board Directors.		
4. A Notice of Delinquent Assessment Lien will be filed against the delinquent property and charges for its processing and recording will be levied against the delinquent account. Copy of recorded document will be sent to the Owner(s) of record by certified mail in accordance with the Civil Code.	90	\$175.00 + Certified mail fee
5. Upon receipt of payment in full, a Release of Lien will be recorded. Copies will be sent to all Owners of record		\$40.00
6. The Board of Directors will evaluate available remedies under law and determine which to pursue.	120	
7. A Notice of Intent to Foreclose or a Notice of Impending Lawsuit will be sent to the owner(s) in accordance with California Civil Code requirements. Delinquent owner(s) will be liable for payment of fees and costs. Copies will be sent to the owner(s) of record.	As directed by the California Civil Code	\$25.00
NOTE: Prior to a Board decision to initiate a foreclosure for delinquent assessments, a homeowner that is delinquent has the right to participate in dispute resolution pursuant to the association's "meet and confer" program required in Article 5 of the California Civil Code (commencing with Section 5900) of Chapter 4 or alternative dispute resolution with a neutral third party pursuant to Article 2 of the California Civil Code (commencing with Section 5925) of Chapter 7. The decision to pursue dispute resolution or a particular type of alternative dispute resolution (ADR) shall be the choice of the owner(s), except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.		
8. Account will be referred to the Association's attorney or collections agent. All legal fees and costs of collection will be charged to the delinquent Owner.	Upon Board action	Legal fees and costs
9. Interest will be charged on assessments, late fees and collection fees.	30	12% per annum
10. Copies of documents to multiple owners of record in accordance with Civil Code: a. One copy only b. Handling fee for additional copies and/or notary fees		No charge \$15.00 ea.
*All fees may be subject to change.		
For overnight payments, mail to:	Amber Property Management 27281 Las Ramblas, Suite 120 Mission Viejo, CA 92691	Date: April 2007

**DISTRIBUTION OF WRITTEN NOTICE OF
ASSESSMENTS, FORECLOSURE, AND PAYMENT PLANS
CIVIL CODE 5730**

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Section 5700 through 5720 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 areas 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 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)

Notice of Assessments and Foreclosure Continued...

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, 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 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 timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 5665 of the Civil Code)

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

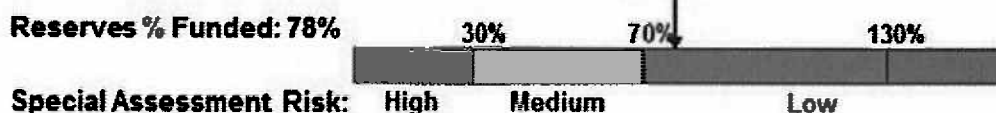
Executive Summary

Association: Crystal Cay Condominium Assoc. **#:** 2174-4
Location: Laguna Niguel, CA **# of Units:** 303
Report Period: January 1, 2017 through December 31, 2017

Findings/Recommendations as-of 1/1/2017:

Projected Starting Reserve Balance:	\$1,601,601
Current Fully Funded Reserve Balance:	\$2,044,458
Average Reserve Deficit (Surplus) Per Unit:	\$4,762
Recommended 2017 Monthly "Full Funding" Contributions:.....	\$41,898
Alternate minimum contribs* to keep Reserves above \$0:	\$27,000
Recommended 2017 Special Assessment for Reserves:.....	\$0

Most Recent Budgeted Reserve Contribution Rate:.....\$41,898



Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves..... 1.00%
Annual Inflation Rate 3.00%

- This is an "Update With-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2016 Fiscal Year. We performed our on-site inspection on September 29, 2016. This Report was prepared by a credentialed Reserve Specialist (RS).
- The Reserve Fund is 78% Funded which is a strong position. This means the association's special assessment & deferred maintenance risk is currently low. The objective of your multi-year Funding Plan is to Fully Fund your Reserves, where associations enjoy a low risk of such Reserve cash flow problems.
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to maintain your Reserve contributions at \$41,898 until 2020. The contribution can then be lowered to \$35,800.

*officially called "Baseline Funding"

Table 1: Executive Summary

2174-4

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Cost Estimate
Paved Surfaces				
103	Concrete Deck/Walk - Repair	1	0	\$8,250
201	Asphalt - Resurface	25	5	\$250,000
202	Asphalt - Seal/Repair	4	0	\$20,000
Building Elements				
104	Elastomeric Deck - Reseal	4	0	\$110,000
104	Elastomeric Deck - Resurface	12	9	\$345,000
104	Decks - Refurbish	30	25	\$247,000
401	Awnings - Replace	12	9	\$58,500
702	Utility Doors - Replace	12	5	\$97,000
1301	Asphalt/Gravel Roof - Replace	20	17	\$1,110,000
1304	Tile Roof - Repair	30	0	\$640,000
1310	Gutters/Downspouts - Repair	25	0	\$46,500
Fencing, Gates & Walls				
502	Chain Link Fence - Replace	25	0	\$1,850
503	Iron Pool Fences - Replace	20	0	\$14,500
Lighting				
304	Flood Lights - Replace	20	5	\$47,000
321	Pole Lights - Replace	25	1	\$20,000
324	Wall Lights - Replace	20	8	\$101,000
Painting				
1107	Iron Pool Fence - Repaint	3	0	\$3,600
1110	Bathroom Interiors - Repaint	10	9	\$1,850
1113	Building Railings - Repaint	5	0	\$23,000
1115	Stucco - Repaint	10	0	\$150,000
1116	Wood Surfaces - Repaint	5	0	\$37,000
Pools and Spas				
404	Patio Furniture - Replace	6	4	\$12,000
707	Card Reader Locks - Replace	8	7	\$16,200
951	Bathrooms - Major Refurbish	12	11	\$21,000
1202	North Pool - Replaster & Retile	10	2	\$14,000
1202	South Pool - Resurface	10	2	\$18,000
1203	North Spa - Replaster & Retile	8	0	\$5,000
1203	South Spa - Replaster & Retile	8	0	\$5,000
1206	Pool Filters - Replace	10	5	\$2,150
1207	Spa Filters - Replace	10	5	\$2,150
1208	Pool Heaters - Replace	10	5	\$6,300
1209	Spa Heaters - Replace	10	5	\$5,250
1210	Pool/Spa Pumps/Motors - Replace	5	0	\$5,150
1213	Pool Areas, Mastic - Replace	4	0	\$2,600

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Cost Estimate
Grounds & Miscellaneous				
315	Re-Piping - Repairs	1	0	\$60,000
403	Mailboxes - Replace	15	0	\$24,000
707	Trash Enclosure Gates - Replace	25	2	\$17,500
1001	Backflow Devices - Replace	15	0	\$9,050
1003	Irrigation Controllers - Replace	10	5	\$17,500
1005	Controller Enclosures - Replace	24	5	\$11,050
1130	Wood Trellis - Replace/Refurbish	25	0	\$83,500
1402	Signage - Replace	6	0	\$3,600
1701	Fountains - Refurbish	18	0	\$9,100
1702	Fountain Equipment - Replace	6	0	\$1,400
1807	Sewer Pump - Replace	8	0	\$7,950
1808	Tree Trimming - Periodic	2	0	\$5,150
1821	Minor Termite Treatment	2	0	\$13,000
47	Total Funded Components			

Note 1: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Note 2: Yellow highlighted line items are expected to require attention in the initial year, green highlighted items are expected to occur within the first five years.

Assessment and Reserve Funding Disclosure Summary

Crystal Cay Condominium Assoc., Laguna Niguel, CA

For Fiscal Year Beginning: 1/1/2017

of Units: 303

1) Budgeted Amounts:	Total	Average Per unit*
Reserve Contributions:	\$502,776.00	\$1,659.33
Total Assessment Income:	\$1,127,160.00	\$3,720.00

per: Year

- 2) Additional 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:

Date Due	Total Amount Per Unit*	Purpose
N/A		
N/A		
Total:		\$0.00

- 3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will 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**
- 4) If the answer to #3 is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*
N/A	
N/A	
N/A	
N/A	
Total:	
	\$0

- 5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

6) All computations/disclosures are based on the fiscal year start date of:	1/1/2017
Fully Funded Balance (based on formula defined in 5570(b)4):	\$2,044,458.00
Projected Reserve Fund Balance:	\$1,601,601.00
Percent Funded:	78.3%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$1,461.57

From the 11/7/2016 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate per unit per the attached.

- 7) See attached 30-yr Summary Table, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

Prepared by: Association Reserves (Sean Erik Andersen, RS)

Date: 11/30/2016

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

Table 5: 30-Year Reserve Plan Summary

2174-4

Fiscal Year Start: 01/01/17

Interest: 1.0%

Inflation: 3.0%

Reserve Fund Strength Calculations
 (All values as of Fiscal Year Start Date)

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loans or Special Assmts	Interest Income	Reserve Expenses
2017	\$1,601,601	\$2,044,458	78.3%	Low	\$502,776	\$0	\$12,139	\$1,289,200
2018	\$827,316	\$1,097,340	75.4%	Low	\$502,776	\$0	\$10,380	\$90,898
2019	\$1,249,575	\$1,365,642	91.5%	Low	\$502,776	\$0	\$14,354	\$144,176
2020	\$1,622,529	\$1,596,987	101.6%	Low	\$429,600	\$0	\$18,063	\$78,512
2021	\$1,991,680	\$1,913,072	104.1%	Low	\$429,600	\$0	\$20,860	\$259,993
2022	\$2,182,148	\$2,062,186	105.8%	Low	\$429,600	\$0	\$20,750	\$662,873
2023	\$1,969,625	\$1,811,593	108.7%	Low	\$429,600	\$0	\$21,375	\$113,435
2024	\$2,307,165	\$2,130,511	108.3%	Low	\$429,600	\$0	\$24,814	\$103,863
2025	\$2,657,716	\$2,480,299	107.2%	Low	\$429,600	\$0	\$26,707	\$428,105
2026	\$2,685,917	\$2,518,397	106.7%	Low	\$443,562	\$0	\$26,083	\$622,638
2027	\$2,532,925	\$2,369,408	106.9%	Low	\$457,978	\$0	\$25,629	\$421,385
2028	\$2,595,147	\$2,435,742	106.5%	Low	\$472,862	\$0	\$27,825	\$123,543
2029	\$2,972,292	\$2,823,723	105.3%	Low	\$488,230	\$0	\$30,453	\$370,128
2030	\$3,120,847	\$2,982,626	104.6%	Low	\$504,098	\$0	\$33,381	\$100,227
2031	\$3,558,098	\$3,437,955	103.5%	Low	\$520,481	\$0	\$37,702	\$130,688
2032	\$3,985,593	\$3,889,643	102.5%	Low	\$537,396	\$0	\$41,020	\$342,130
2033	\$4,221,880	\$4,151,591	101.7%	Low	\$554,862	\$0	\$43,193	\$399,492
2034	\$4,420,443	\$4,377,244	101.0%	Low	\$572,895	\$0	\$36,698	\$2,107,794
2035	\$2,922,241	\$2,865,493	102.0%	Low	\$591,514	\$0	\$31,438	\$177,223
2036	\$3,367,970	\$3,312,715	101.7%	Low	\$610,738	\$0	\$36,285	\$122,921
2037	\$3,892,072	\$3,845,600	101.2%	Low	\$630,587	\$0	\$38,197	\$810,312
2038	\$3,750,544	\$3,703,263	101.3%	Low	\$651,081	\$0	\$36,506	\$884,291
2039	\$3,553,840	\$3,497,763	101.6%	Low	\$672,241	\$0	\$37,823	\$249,860
2040	\$4,014,045	\$3,957,390	101.4%	Low	\$694,089	\$0	\$42,766	\$208,115
2041	\$4,542,785	\$4,492,164	101.1%	Low	\$716,647	\$0	\$46,729	\$499,153
2042	\$4,807,008	\$4,762,125	100.9%	Low	\$739,938	\$0	\$45,775	\$1,240,773
2043	\$4,351,949	\$4,295,796	101.3%	Low	\$763,986	\$0	\$46,404	\$229,461
2044	\$4,932,878	\$4,877,192	101.1%	Low	\$788,815	\$0	\$52,521	\$198,472
2045	\$5,575,742	\$5,528,614	100.9%	Low	\$814,452	\$0	\$56,289	\$759,592
2046	\$5,686,891	\$5,642,912	100.8%	Low	\$840,922	\$0	\$59,245	\$419,822

INTERNAL DISPUTE RESOLUTION CIVIL CODE 5900 through 5920

California Civil Code Sections 5900 through 5920 requires community associations and their homeowners to participate in some form of Internal Dispute Resolution ("IDR") prior to initiating certain types of disputes in superior court. An association shall provide a fair, reasonable, and expeditious procedure for resolving a dispute between an association and a member involving their rights, duties, or liabilities under the Davis-Stirling Common Interest Development Act, the Corporations Code or the association's governing documents. The IDR process supplements, and does not replace ADR.

Statutory dispute resolution procedure.

Either party to a dispute within the scope of California Civil Code Sections 5900 through 5920 may invoke the following procedure:

- A. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be made in writing.
- B. A member of an association may refuse a request to meet and confer. An association may not refuse a request to meet and confer.
- C. The association's board of directors shall designate a member of the board to meet and confer.
- D. 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.
- E. 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.
- F. 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 the 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.
- G. A member of the Association may not be charged a fee to participate in the process.

Each homeowner should consult with his or her own attorney regarding appropriate compliance with the ADR and IDR statutes.

ALTERNATIVE DISPUTE RESOLUTION CIVIL CODE 5925 through 5965

California Civil Code Sections 5925 through 5965 requires community associations and their homeowners to offer to participate in some form of Alternative Dispute Resolution ("ADR") prior to initiating certain types of lawsuits in superior court. ADR means mediation, arbitration, negotiation, conciliation, or other non-judicial procedure that involves a neutral party in the decision making process. ADR may either be binding or non-binding, with the voluntary consent of the parties. This provision does not apply to the filing of cross complaints.

ADR required prior to filing an enforcement action.

An association, owner or member of an association may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to ADR. The ADR requirement 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 under \$5,000.00 or for enforcing the Davis-Stirling Common Interest Development Act, the Corporations Code or association's governing documents.

It is not necessary to offer ADR prior to filing any type of small claims action. Except as otherwise provided by law, the ADR requirement does **not** apply to an assessment dispute.

Service of Request for Resolution.

Any party to a dispute may initiate the ADR process by serving on all other parties to the dispute a Request for Resolution, which shall include the following:

- A. A brief description of the dispute between the parties.
- B. A request for ADR.
- C. A notice that the party receiving the Request of Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
- D. If the party on whom the request is served is the owner of a separate interest, a copy Civil Code Sections 5925 through 5965

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. 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.

Completion of resolution process within 90 days.

If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the ADR within 90 days after the party initiating the request receives the acceptance, unless the period is extended by written stipulation signed by both parties. The cost of ADR shall be borne by the parties.

Filing certification of compliance.

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 through 5965. Failing to do so will be grounds for challenging the lawsuit.

Court discretion in awarding fees and costs based upon participation in ADR.

In an enforcement action in which fees and costs may be awarded pursuant to subdivision (c) of Section 5975, the court, in determining the amount of the award, may consider whether a party's refusal to participate in ADR before commencement of the action was reasonable.

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



LaBarre/Okşnee Insurance

Crystal Cay Condominium 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: 01/01/2016 - 01/01/2017

II. PROPERTY INSURANCE

- A. Name of insurer: QBE Insurance Company
- B. Policy limits: \$45,825,000
- C. Amount of deductible: \$10,000
- D. Policy dates: 01/01/2016 - 01/01/2017

III. EARTHQUAKE INSURANCE

- A. Name of insurer: N/A
- B. Policy limits: N/A
- C. Amount of deductible: N/A
- D. Policy dates: N/A

IV. FLOOD INSURANCE

- A. Name of insurer: N/A
- B. Policy limits: N/A
- C. Amount of deductible: N/A
- D. Policy dates: N/A

V. FIDELITY BOND INSURANCE

- A. Name of insurer: Liberty Mutual Insurance
- B. Policy limits: \$1,500,000
- C. Amount of deductible: \$10,000
- D. Policy dates: 01/01/2016 - 01/01/2017

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.

CRYSTAL CAY

CONDOMINIUM ASSOCIATION

RULES AND REGULATIONS – ARCHITECTURAL CHANGES

1. Any architectural change requests to add to, change or otherwise modify buildings, structures, interior and exterior structural elements, or add exterior attachments must be submitted in the approved format to the Architectural Review Committee and be approved in writing, by the association's Board of Directors prior to the commencement of the work. The removal or modification of any original interior or exterior structures or structural elements, which weakens or diminishes the safety or load bearing capacity of the buildings as originally constructed is strictly prohibited and will not be approved under any circumstances.
2. The unit owner is responsible for the subsequent maintenance, upkeep and repair or replacement of the added structure, structural elements or attachments and is responsible for any damage to association property or personal property of others caused by, or resulting from approved or unapproved changes.
3. The unit owner must secure all permits and pay for all fees and costs associated with the changes. Changes, additions or attachments must comply with all applicable codes and laws and must be accomplished promptly and completely in a safe, professional and workmanlike manner by qualified individuals.
4. Interior additions, which do not alter, change, diminish or otherwise damage the original structure, structural elements or in some other way violate the association's CC&Rs and Rules & Regulations and all applicable codes and laws (i.e., bookcases, shelves, cabinets, self-supporting structures) do not need the approval of the association.
5. Architectural change requests should be submitted through the association's managing agent who should be contacted for the appropriate request forms and procedures prior to commencement of any work. **The unit owner should carefully review the CC&Rs prior to the submission of architectural change requests and commencement of work.**
6. Failure to adhere to the CC&Rs and the Rules & Regulations will constitute a violation of the association governing documents.
7. Upon approval of the request the work must be conducted only during the weekdays between the hours of 8:00 a.m. and 5:00 p.m.
8. Whether or not the work or changes require approval, the same should be conducted with consideration for noise and inconvenience to other residents.
9. Installation of entrance screen doors of the type, style and design pre-approved by the association does not require the submission of a request for approval. Contact the association's managing agent for the specifications.

CRYSTAL CAY

CONDOMINIUM ASSOCIATION

RULES AND REGULATIONS – FINE SCHEDULE

1. Letter to homeowner stating alleged violation.
2. Letter to homeowner stating the alleged violation continues and requesting homeowner to appear before the Hearing Committee of the Board of Directors.
3. If result of Hearing is a monetary fine, a fine of \$125.00 will be applied to the owner's account.
4. If the violation continues past the Hearing and the first fine stage, the fine automatically doubles every thirty (30) days (i.e., \$250.00 at 30 days, \$500 at 60 days, etc.). Any fines not paid may result in legal action in accordance with California law.
5. At any point, the Board may determine to use the legal system or cause correction of the violation to effect a cure and the owner may be responsible for legal fees and/or reimbursement of costs to the Association.

NOTE:

SHOULD A VIOLATION OCCUR, WHICH IMPOSES FINANCIAL OBLIGATION OF THE ASSOCIATION, THEN THE PARTY RESPONSIBLE FOR SAID VIOLATION SHALL REIMBURSE, BY WAY OF SPECIAL ASSESSMENT TO THE ASSOCIATION FOR THE FINANCIAL OBLIGATION. IF, FOR EXAMPLE, A PARTY DAMAGES A FENCE, TREE OR ANY OTHER COMMON AREA PROPERTY; REPAIR AND REPLACEMENT COSTS WILL BE CHARGED TO THAT PARTY.

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 not (circle one) a condominium project.
The association of this common interest development ☒ is not (circle one) certified by the Federal Housing Administration.

Note: The information regarding the association's FHA status is as of **October 26, 2016**. Please check the FHA website for current information.

<https://entp.hud.gov/idapp/html/condlook.cfm>

VA CERTIFICATION DISCLOSURE

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

This common interest development ☒ is not (circle one)] a condominium project.
The association of this common interest development ☒ is not (circle one)]
certified by the federal Department of Veterans Affairs.

Note: The information regarding the association's FHA/VA status is as of **October 26, 2016**. Please check the VA website for current information.

<https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>