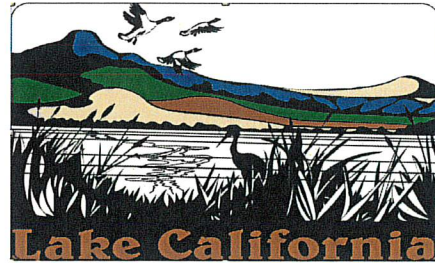


# Lake California Property Owners Association, Inc.

A California Non-Profit Corporation



2022/2023 PRO FORMA

OPERATING BUDGET

RESERVE SUMMARY AND

STATEMENT OF SIGNIFICANT POLICIES

Lake California Property Owners Association is a nonprofit mutual benefit corporation formed to provide the proper maintenance and administration of the common areas within the planned development of Lake California, and to uphold the Declaration of Covenants, Conditions and Restrictions (CC&R's) that govern the planned development.

This information is provided by the Board of Directors of Lake California Property Owners Association for the benefit of its members and in compliance with California Civil Code and the governing documents of the Association.

If you have any questions about this information or about the operations and responsibilities of the Association, you may contact the general manager at the LCPOA office or you may write to the Board of Directors.

# LAKE CALIFORNIA PROPERTY OWNERS' ASSOCIATION

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2022 - 2023

Dear Lake California Homeowner:

The following Association information and/or documents are enclosed:

- Association Dues Amount (Below)
- Notice of Right to Receive Annual Report (Below)
- Notice of Right to Minutes of Board (Below)
- Alternative Dispute Resolution Rights
- Annual Operating Budget
- Reserve Funding Disclosure
- Insurance Coverage Disclosure
- Assessment Collection Policy

## ASSOCIATION DUES

The annual Association Dues for the fiscal year 2022-2023 will be \$1,049.00. When you receive your statement, you have the option to pay online on our website [lakecalifornia.net](http://lakecalifornia.net) or make your check payable to Lake California POA, include your account number on the check, and submit or mail payment to:

**LCPOA**  
**19999 Lake California Drive**  
**Cottonwood, CA 96022**

## NOTICE OF RIGHT TO RECEIVE ANNUAL REPORT

A copy of the Association Annual Report (Financial Statement and Review) shall be distributed to all owners within 120 days of the fiscal year end.

## NOTICE OF RIGHT TO MINUTES OF BOARD (\$4950)

Owners have the right to copies of the minutes of meetings of the Board of Directors. Minutes are available upon request from the management office.

## ABILITY TO SUBMIT SECONDARY ADDRESS FOR COLLECTION NOTICES (\$5040)

You have the right, for the purposes of collection, to request that any notices be sent to a secondary address. This request must be in writing from the owner on title.

## ARCHITECTURAL CHANGES NOTICE

Improvements constructed on any Lot shall conform to the following Construction and Architectural Standards, as more fully delineated in the Architectural Rules, which are available in the association's office at Goff Hall.

## INSURANCE COVERAGE

Your insurance coverage may have changed. Please refer to the 'Civil Code 5300' page of this document to review your current Association policy.

# LAKE CALIFORNIA PROPERTY OWNERS' ASSOCIATION

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## LOAN DISCLOSURE STATEMENT

The Association does not currently have an outstanding loan.

## DEFERRED or NOT COMPLETED RESERVE COMPONENTS

Upon review of the association's 2022 Reserve Study, the Board of Directors does not anticipate deferring the repair or replacement of components listed in the Reserve Study.

## DISCLOSURE OF SPECIAL ASSESSMENT

Please carefully review the enclosed Reserve Study Summary and Reserve Disclosure Statement. The Board does not anticipate the need of a special assessment to fund necessary components.

## OFFICIAL COMMUNICATIONS (§4035)

Members of the association may deliver official communication to the association by mail to the following address: President of the Board; c/o LCPOA, 19999 Lake California Drive, Cottonwood CA 96022.

## OFFICIAL GENERAL NOTICE POSTINGS (§4045)

The location designated for posting of general notices, is at the LCPOA Office, in Goff Hall, entry reader board, located at: 19999 Lake California Drive, Cottonwood, CA 96022.

## NOTICE TO RECEIVE GENERAL NOTICE BY INDIVIDUAL DELIVERY (§4045)

A member may request to receive all general notices to be delivered by individual delivery pursuant to Section §4040 of the Civil Code.

Thank you for your time in reviewing these important documents. We recommend you keep these documents with other important information about your home. This information can be helpful for working with the Association or in the sale or refinance of your home. If you should have any questions or concerns, please do not hesitate to contact our office.

Sincerely,

**Lake California POA  
Board of Directors**

## 2022-23 PRO FORMA BUDGET

<b>ANNUAL ASSOCIATION DUES =</b>			<b>\$</b>	<b>1,049</b>	<b>2230 Lots</b>
<b>Acct Code</b>	<b>INCOME</b>		<b>Acct Code</b>	<b>EXPENSES (CONT.)</b>	
5100	Assessments-Current	\$ 2,339,270	7055	Copier Maintenance Contract	\$ 12,500
7399	Assessments-Uncollectible	\$ (25,000)	7056	IT Management	\$ 31,600
5150	Assessments - Interest	\$ 30,000	7061	Education	\$ 1,300
5160	Assessments - Penalties	\$ 34,000	7070	Equipment Rental	\$ 800
5696	Bad Debt Recovery	\$ 1,500	7075	Uniforms	\$ 1,800
5310	Fees-Tenant & Transfer	\$ 21,000			
5321	Fees-Building Storm Drains	\$ 32,683	7079	Contract Services-Personnel	\$ 56,000
5322	Fees-Building Road Maint.	\$ 86,204	7080	Contract Services-Other	\$ 280,800
5323	Fees - Building Parks	\$ 61,042	7081	Weed Abatement Expense	\$ 70,000
5325	Plan Submittal	\$ 4,600	7091	Water	\$ 32,480
5335	Fees-Pool Card Purchase	\$ 800	7092	Electricity	\$ 58,300
5336	Fees- Boat Pass	\$ 1,000	7093	Heating Fuel (Propane)	\$ 9,100
5337	Fees- Road Encroachment	\$ 2,000	7094	Refuse Service	\$ 20,700
5345	Weed/Brush Abatement	\$ 45,000	7095	Telephone/Internet/Cable	\$ 30,520
5500	Airport Rental	\$ 300	7096	Water Contract	\$ 9,000
5500	Campground Rental	\$ 66,000	7097	Janitorial	\$ 10,150
5500	EQ Center	\$ 22,000	7098	Janitorial supplies	\$ 6,570
5500	RV Rental	\$ 57,000	7099	Security/Bouncer	\$ 700
5509	Interest Income Operating	\$ 1,000	7100	LC Entertainment	\$ 13,000
5510	Interest Income Taxable CFRA	\$ 800	7110	Road Maintenance	\$ 800
5530	Lounge Sales Income	\$ 135,000	7121	Equipment Repair & Maintenance	\$ 17,000
5536	Lounge Food Sales	\$ 135,000	7130	Building Repair & Maintenance	\$ 2,600
5560	Advertising Income (LC News)	\$ 11,500	7131	Groundskeeping	\$ 4,500
5500	Lake Club (Rental)	\$ 4,000	7132	Dredging	\$ -
5600	Misc. Income	\$ 2,000	7137	Mileage Reimbursement	\$ 1,000
5601	Pump Agreement	\$ 12,000	7140	Meals & Entertainment	\$ -
5691	Misc./Violations/Fines	\$ 16,000	7141	Fuel/Travel/Vehicle	\$ 9,800
5695	Foreclosure/Collection Fee	\$ 40,000	7142	Meetings	\$ 100
	<b>TOTAL INCOME</b>	<b>\$ 3,136,699</b>	7150	Accounting	\$ 20,000
	<b>EXPENSES</b>		7160	Legal	\$ 25,300
6050	Cost of Sales-Lounge	\$ 55,000	7190	Income Tax - State	\$ 1,000
6054	Food Purchases - LC & Lounge	\$ 84,000	7191	Income Tax - Federal	\$ 2,000
6055	Kitchen Supplies/Utensils	\$ 1,000	7241	Community Events	\$ 1,300
7010	Salaries & Wages	\$ 528,200	7260	Dues & Publications	\$ 800
7010	Salaries & Wages - Overtime	\$ 4,000	7270	Small Tools	\$ 1,500
7019	Payroll Processing	\$ 24,300	7275	Lake Treatment/Ponds	\$ 55,000
7020	Payroll Taxes	\$ 34,900	7280	Foreclosures/Collection	\$ 25,000
7021	Tax & License	\$ 5,960	7308	Fuel Charge/Delivery Charge	\$ 3,400
7023	Property Taxes	\$ 18,870	7310	Bank Fees	\$ 3,000
7025	Board of Equalization	\$ -	7314	Security Alarm	\$ 2,900
7030	Insurance - General	\$ 97,050	7315	Credit Card Usage Fees	\$ 18,200
7031	Workers Comp Insurance	\$ 34,100	7321	Storm Drain Expense	\$ 32,683
7032	Insurance - Auto	\$ 9,600	7322	Building Road Maint Expense	\$ 86,204
7033	Insurance - D & O	\$ 23,000	7323	Building Parks Expense	\$ 61,042
7034	Insurance - Property	\$ 14,950	7390	Miscellaneous Contingency	\$ 23,500
7040	Health Insurance	\$ 63,800	Capex	NEW Items	\$ -
7045	Interest Expense - Solar	\$ 14,000		<b>TOTAL EXPENSES</b>	<b>\$ 2,179,479</b>
7046	Principal Expense - Solar	\$ 63,000		Recreational Fields Project	\$ 90,000
7050	Supplies General	\$ 48,900		CFRA Contribution	\$ 833,020
7053	Postage	\$ 10,500		Solar Reserve	\$ 34,200
7054	Copier Supplies	\$ 400		<b>GRAND TOTAL</b>	<b>\$ 3,136,699</b>

## POA FINANCIAL STATUS REPORT

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The Budget Committee, consisting of 8 concerned owners and two LCPOA employees, completed the task of analyzing income and expenses, thus putting together the 2022/2023 annual budget. The 2022/2023 fiscal year budget was passed at the February 15<sup>th</sup> Board Meeting. Based on the increase in expenses to almost every part of our community operations over the past year along with the start of 2022 (Purchases, Transportation, Maintenance, Wages, Insurance, etc.) we were forced to increase last year's assessments by \$24 for the upcoming year. The annual assessment of \$1,049.00 will be due on July 1, 2022.

Our CFRA reserve contribution for the 2022/23 fiscal year is \$833,020.

The association dues will provide the necessary funds to operate the POA and meet our reserve funding requirements for the next fiscal year as required by State law. No Special assessment is anticipated.

Thanks again to all of you for keeping your association dues current.

Leonard Betts  
Lake California POA  
Chief Financial Officer

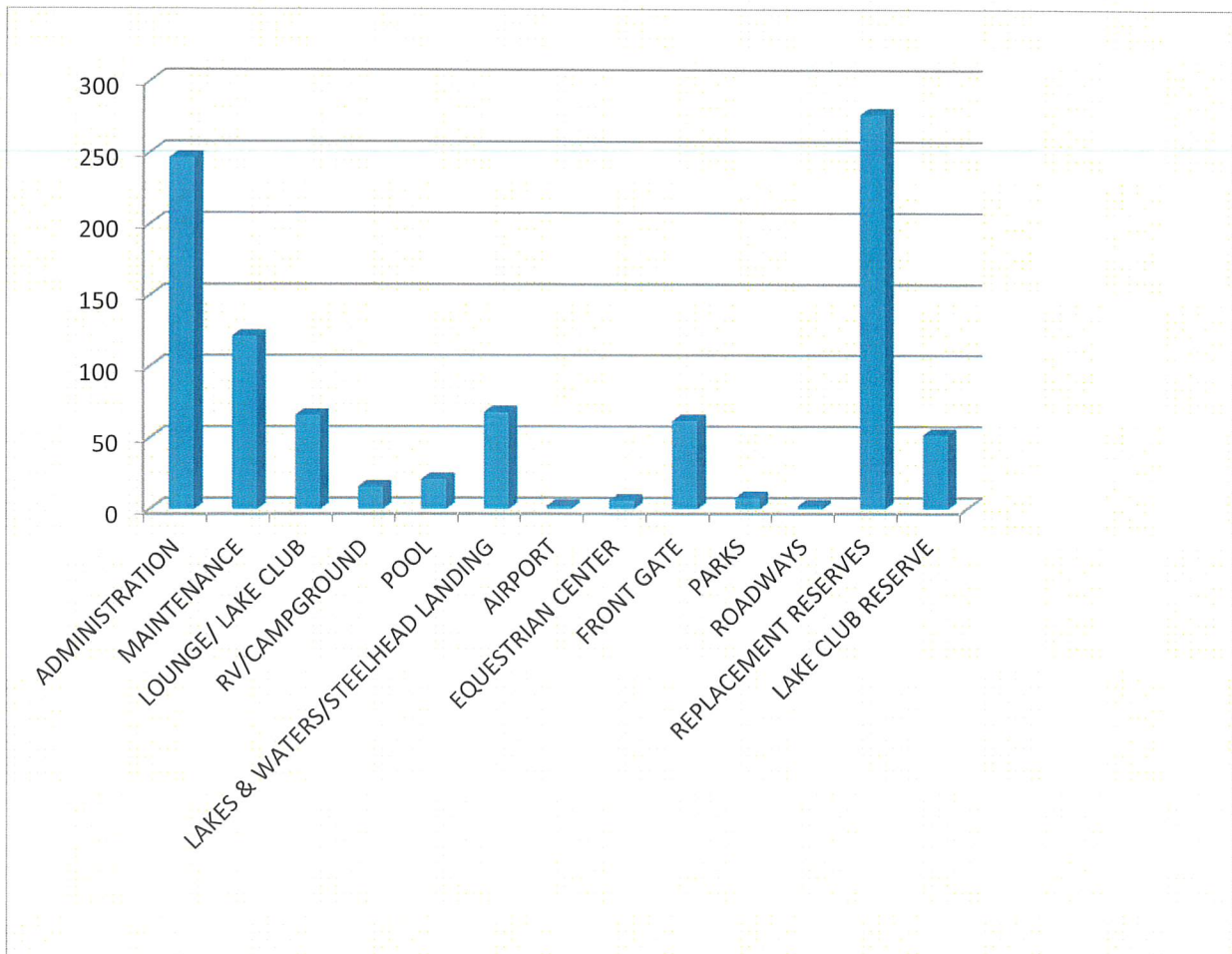
\$ 1,049

ADMINISTRATION	267
MAINTENANCE	132
LOUNGE/ LAKE CLUB	72
RV/CAMPGROUND	17
POOL	23
LAKES & WATERS/STEELHEAD LANDING	74
AIRPORT	2
EQUESTRIAN CENTER	7
FRONT GATE	70
PARKS	9
ROADWAYS	2
REPLACEMENT RESERVES	315
RECREATIONAL FIELDS PROJECT	59

0.254605  
0.125677  
0.068256  
0.016251  
0.021668  
0.070423  
0.002167  
0.006501  
0.067172  
0.008667  
0.002167  
0.300108  
0.056338

\$ 1,049

1



## **CIVIL CODE §5300-INSURANCE NOTIFICATION REQUIREMENTS**

The following data addresses the requirements outlined in California Civil Code §5300 regarding insurance disclosure. A summary of the association's general liability policy that states all of the following:

Philadelphia Insurance Company provides the following coverage\*:

Coverage Type	Limit	Deductible
Property	\$4,589,000.00	\$2,500.00
Liability	\$1,000,000/\$2,000,000	0
Umbrella	\$5,000,000	\$10,000

Philadelphia Insurance Company provides the following coverage:

Coverage Type	Limit	Deductible
Fidelity and/or Crime	\$1,000,000 Employee theft	\$10,000
	\$1,000,000 Forgery or Alteration	
	\$1,000,000 Computer Fraud	\$10,000
	\$ 10,000 Money & Securities (Inside/Outside)	\$10,000 \$1,000

\*Lake California Property Owners Association does not purchase earthquake or flood insurance.

The Association's Insurance Agent is:

***Kyle Garton***  
**Vice President**  
**George Peterson Insurance Agency**  
**2920 Bechelli Lane**  
**Redding, CA 96002**  
**Phone: 530-244-9400 Office**  
**530-244-9444 Fax**  
**License #0F84208**

The summary of the Associations policies of insurance provides only certain information, as required by Section §5300 of the Civil Code and should not be considered a substitute of the policy terms and conditions contained in the actual policies of insurance. Any Association member, may, upon request and provision of reasonable notice, review the Associations insurance policies and upon request and payment of reasonable duplication charges, obtain copies of these 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 brokers or agents for appropriate action coverage.

## SCHEDULE OF MONETARY PENALTIES CIVIL CODE SECTION §5850(a)

The following fines will be assessed upon the nature of the violation as described below.

Any fine assessed is a personal debt of the violator and the member and must be paid within sixty (60) days to avoid initiation of appropriate legal action by the Association to collect said sums. In the event legal action is initiated, the violator and the member will be responsible for all court costs and attorney's fees.

**Violations Requiring Cure or Compliance:** No fine will be levied if the violation is cured within the time set in the initial Courtesy Notice. If a First Offense-Hearing Notice is issued and the violation is not cured or compliance obtained within the time limits set forth in this Notice, a fine of \$250 will be levied. The expiration of each subsequent time period specified in the initial Notice of Violation for which a cure or compliance has not been accomplished will result in a subsequent offense and a fine will be assessed for each time period.

The following fines will be levied:

1. Courtesy Notice	\$ -0-
2. First Offense/Hearing Notice	\$ 250.
3. Second Offense	\$ 500.
4. Third Offense	\$1000.
5. Forth Offense within a 12 month period	\$2000.

If violation still exists after the above notices and hearing, the file may be sent to our Legal Department for further action.

### **Summary of Dispute Resolution Procedures**

#### *Internal Dispute Resolution (§5900)*

This section applies to an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article.

(b) Either party to a dispute within the scope of this article may invoke the following procedure:

- (1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
- (2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
- (3) The board shall designate a director to meet and confer.
- (4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
- (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 to its designee or the agreement is ratified by the board.

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



## *Alternative Dispute Resolution (§5930)*

California law strongly encourages the resolution of disputes between homeowners and residents and POAs by through the use of Alternative Dispute Resolution (“ADR”), without resorting to litigation. Prior to the filing of an action for enforcement of any of the Association’s governing documents, the party seeking enforcement is required to endeavor to resolve the matter using ADR prior to filing an enforcement action in Superior Court. The procedure is found in Civil Code Section 5935, summarized below:

1. Either party must serve a "Request for Resolution" on the other party, either by certified mail (return receipt requested) or personal delivery. If a certified letter is sent out and no response is forthcoming, the personal delivery is required. The person who "serves" the Request for Resolution may not be a party to the action.
2. This Request for Resolution must include:
  - a. A brief description of the dispute between the parties;
  - b. A request for ADR; and,
  - c. A notice that the party receiving the Request for Resolution is required to respond within 30 days or it will be deemed rejected.
3. The party receiving a Request for Resolution has 30 days from the date he or she receives it to accept or reject ADR and if not accepted, it shall be deemed rejected.
4. If the party receiving the Request for Resolution agrees to ADR, the parties have 90 days to complete the process (more by agreement of the parties).
5. The costs of ADR shall be paid by the parties.
6. At the time a civil action is filed in Superior Court, the filing party must file a certificate stating that ADR has been completed, or that a “Request for Resolution” was made and was rejected or deemed rejected through non-response. Failure to file the certificate may result in dismissal of the lawsuit.
7. Exceptions to the process:
  - Where temporary restraining orders or preliminary injunctions are needed immediately to stop a particular action;
  - Where either party would suffer substantial prejudice by delays caused by filing of the Request for Resolution; or,
  - Where any damage claim exceeds the applicable jurisdictional limit of a small claims court, as found in CCP Sections 116.220 and 116.221.
  - Small Claims actions.
  - Assessment disputes

Failure to follow the steps above would give a judge the right to decrease any attorney’s fees award where either party of the lawsuit would otherwise be entitled to reimbursement of all reasonable attorney’s fees under statute or contract.

**Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member’s right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.**

## **NOTICE ASSESSMENTS AND FORECLOSURE**

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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**

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

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

## **SUSPENSION OF ACCESS TO AMENITIES**

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- 1) When it has been determined by the Board of Directors (the “Board”) of Lake California Property Owners Association (the “LCPOA”) that a member of the LCPOA (“Member”) is in violation of the Covenants, Conditions and Restrictions and/or Bylaws (the “Governing Documents”) of the LCPOA, or any rules promulgated by any committee of the LCPOA; and,
  - a. The Member in violation has been provided notice pursuant to the Governing Documents; and,
  - b. The Member in Violation has been provided due process pursuant of the Governing Documents in California Civil Code Sections 4000-6150 (the “Davis-Stirling Act”).
- 2) The rights of the Member in violation to access the amenities of the LCPOA may be suspended by a vote of the Board of Directors of LCPOA (the “Board”) at an executive meeting session for up to 364 days, at the discretion of the Board.
- 3) Amenities in this rule are defined to include, but are not limited to: the pool, tennis court, basketball court, archery range, disc golf course, equestrian center, lake, boat launches, Lake Club/Lounge, campground, rv storage, and right to use the barcode admission system for the gate, but, excludes any suspension of voting privileges, ingress or egress, meeting attendance of utilities.

## **PAYMENTS**

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When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

*An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.*

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

## **MEETINGS AND PAYMENT PLANS**

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An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The property owner can contact the POA office and request 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)

**LAKE CALIFORNIA PROPERTY OWNERS ASSOCIATION, INC.**  
**DELINQUENT ASSESSMENT COLLECTION POLICY STATEMENT**

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1. **Annual assessments of \$1,049.00 are due in the POA office on or before the first (1<sup>st</sup>) day of July and are delinquent if not received in full by the Association on or before July thirty-first (31<sup>st</sup>).**
2. At the election of an owner, Annual assessments may be payable in 2 equal installments; the first half installment MUST be received in the POA office on or before July 1<sup>st</sup> and are delinquent if not received in full by the Association on or before July thirty-first (31). The second half installment must be received in the POA office on or before December first (1<sup>st</sup>) and are delinquent if not received in full by December thirty-first (31<sup>st</sup>).
  - 2a. An owner may elect to have their annual assessments payable in a 6-month installment plan of \$174.83 per month plus interest. The first installment must be received in the POA office on or before July 1<sup>st</sup> and will be considered delinquent if not received by July 31<sup>st</sup>. All other payments must be made by the end of each consecutive month following July. The final payment is due on or before December 1<sup>st</sup> and is considered delinquent if not paid by December 31<sup>st</sup>. The owner understands an interest charge of 1% per month will be added onto their balance until payment is received in full. Any default to an agreed upon payment plan will result in immediate cancellation of payment plan offering and all balance are to be paid in full.
3. A ten percent (10%) penalty and twelve percent (12%) interest charge will be assessed on August 1st for any delinquent amounts not received in the POA office on or before their due dates as stated in 1 and 2 above.
  - 3a. a 12% interest charge will be assessed on all unpaid amounts from August 1 until paid.
4. Special Reimbursement and Enforcement Assessments are due on the date(s) specified upon imposition and each installment will be delinquent if not received by the Association within fifteen (15) days after it is due.
5. If any such amounts including penalties and interest have not been received, in full, by the due date or extended due date, the Association will, without further advance notice, proceed to take any and all additional enforcement remedies as the Association, in its sole discretion, deems appropriate, including, without limitation, non judicial foreclosure of such Lien, judicial foreclosure or suit for money damages all at the expense of the property owner(s).
6. All payments received by the Association, regardless of the amount paid, will be directed to the oldest assessment balances first, until which time all assessment balances are paid, and then to late charges, interest and costs of collection unless otherwise specified by written agreement.
7. The Association shall charge a "returned check charge" of twenty-five dollars (\$25.00) plus charges for any and all bank fees for all checks returned as "non-negotiable", "insufficient funds", or any other reason.
8. All above-referenced notices will be mailed to the record owner(s) at the last mailing address provided in writing to the Association by such owner(s).
9. The mailing address for overnight payment of assessments: LCPOA, 19999 Lake California Drive, Cottonwood, CA 96022.
10. The Board of Directors of the Association may revise the policy, either generally or on a case-by- case basis, if it finds good cause to do so.



February 09, 2022

This is a summary of the Reserve Study that has been performed for Lake California Property Owners, Inc., (the "Association"). This study was conducted in compliance with California *Civil Code Sections 5300, 5550 and 5560* and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group, LLC prepared this Update w/o Site Visit Review for the July 1, 2022 - June 30, 2023 fiscal year.

Lake California Property Owners, Inc. is a Planned Development with a total of 2,230 Lots.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

### **Funding Assessment**

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

Lake California Property Owners, Inc.  
California Member Summary  
2021/2022 Update- 2  
Prepared for the 2022/2023 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2021/2022 Fully Funded Balance</i>	<i>2022/2023 Fully Funded Balance</i>	<i>2022/2023 Line Item Contribution based on Cash Flow Method</i>
<b>01000 - Paving</b>	<b>14,318,962</b>	<b>1-35</b>	<b>0-29</b>	<b>7,369,805</b>	<b>7,404,087</b>	<b>605,347</b>
<b>02000 - Concrete</b>	<b>66,692</b>	<b>30-30</b>	<b>19-19</b>	<b>24,454</b>	<b>27,344</b>	<b>2,393</b>
<b>03000 - Painting: Exterior</b>	<b>40,542</b>	<b>2-10</b>	<b>1-6</b>	<b>28,572</b>	<b>34,643</b>	<b>3,973</b>
<b>03500 - Painting: Interior</b>	<b>33,038</b>	<b>7-15</b>	<b>2-11</b>	<b>22,755</b>	<b>27,547</b>	<b>2,952</b>
<b>04000 - Structural Repairs</b>	<b>1,059,332</b>	<b>2-85</b>	<b>1-48</b>	<b>586,647</b>	<b>630,323</b>	<b>17,922</b>
<b>04500 - Decking/Balconies</b>	<b>5,000</b>	<b>9-9</b>	<b>1-1</b>	<b>4,444</b>	<b>5,125</b>	<b>383</b>
<b>05000 - Roofing</b>	<b>209,347</b>	<b>15-30</b>	<b>2-26</b>	<b>124,425</b>	<b>137,535</b>	<b>8,229</b>
<b>08000 - Rehab</b>	<b>131,123</b>	<b>5-20</b>	<b>2-24</b>	<b>65,109</b>	<b>75,559</b>	<b>7,409</b>
<b>11000 - Gate Equipment</b>	<b>87,848</b>	<b>10-10</b>	<b>1-9</b>	<b>55,929</b>	<b>66,332</b>	<b>6,489</b>
<b>12000 - Pool</b>	<b>190,706</b>	<b>5-50</b>	<b>1-46</b>	<b>34,081</b>	<b>45,171</b>	<b>6,797</b>
<b>14000 - Recreation</b>	<b>18,095</b>	<b>3-20</b>	<b>0-14</b>	<b>8,803</b>	<b>8,637</b>	<b>1,067</b>
<b>17000 - Tennis Court</b>	<b>55,032</b>	<b>7-21</b>	<b>3-6</b>	<b>37,298</b>	<b>42,291</b>	<b>2,981</b>
<b>17500 - Basketball / Sport Court</b>	<b>6,066</b>	<b>7-15</b>	<b>4-14</b>	<b>2,126</b>	<b>2,965</b>	<b>588</b>
<b>18000 - Landscaping</b>	<b>106,001</b>	<b>1-15</b>	<b>0-11</b>	<b>72,868</b>	<b>68,544</b>	<b>17,108</b>
<b>18500 - Lakes / Ponds</b>	<b>97,750</b>	<b>3-20</b>	<b>1-2</b>	<b>74,655</b>	<b>91,538</b>	<b>10,256</b>
<b>19000 - Fencing</b>	<b>195,290</b>	<b>10-35</b>	<b>5-24</b>	<b>63,117</b>	<b>71,488</b>	<b>7,383</b>
<b>20000 - Lighting</b>	<b>59,809</b>	<b>10-25</b>	<b>1-21</b>	<b>25,054</b>	<b>29,938</b>	<b>3,476</b>
<b>21000 - Signage</b>	<b>38,724</b>	<b>5-25</b>	<b>0-8</b>	<b>34,567</b>	<b>7,334</b>	<b>1,682</b>
<b>22000 - Office Equipment</b>	<b>91,174</b>	<b>5-10</b>	<b>1-6</b>	<b>50,776</b>	<b>66,336</b>	<b>10,099</b>
<b>23000 - Mechanical Equipment</b>	<b>148,082</b>	<b>5-15</b>	<b>1-11</b>	<b>84,887</b>	<b>99,140</b>	<b>9,120</b>
<b>24000 - Furnishings</b>	<b>29,105</b>	<b>4-10</b>	<b>2-3</b>	<b>18,808</b>	<b>24,091</b>	<b>3,337</b>
<b>24500 - Audio / Visual</b>	<b>11,101</b>	<b>3-10</b>	<b>2-3</b>	<b>7,380</b>	<b>8,957</b>	<b>979</b>
<b>24600 - Safety / Access</b>	<b>72,658</b>	<b>1-10</b>	<b>0-8</b>	<b>46,226</b>	<b>13,264</b>	<b>6,398</b>
<b>25000 - Flooring</b>	<b>50,881</b>	<b>7-20</b>	<b>1-16</b>	<b>31,585</b>	<b>37,454</b>	<b>3,686</b>
<b>26000 - Outdoor Equipment</b>	<b>177,527</b>	<b>2-30</b>	<b>1-27</b>	<b>61,131</b>	<b>81,630</b>	<b>14,824</b>
<b>27000 - Appliances</b>	<b>241,402</b>	<b>5-20</b>	<b>1-19</b>	<b>110,595</b>	<b>131,076</b>	<b>14,117</b>
<b>28000 - Water System</b>	<b>442,302</b>	<b>3-40</b>	<b>1-19</b>	<b>239,559</b>	<b>268,954</b>	<b>19,515</b>
<b>29000 - Infrastructure</b>	<b>98,125</b>	<b>2-30</b>	<b>0-28</b>	<b>56,308</b>	<b>19,335</b>	<b>3,116</b>
<b>30000 - Miscellaneous</b>	<b>582,294</b>	<b>5-25</b>	<b>0-23</b>	<b>375,631</b>	<b>421,555</b>	<b>41,394</b>
<b>Totals</b>	<b>\$18,664,008</b>			<b>\$9,717,595</b>	<b>\$9,948,191</b>	<b>\$833,020</b>
Estimated Ending Balance				<b>\$2,138,586</b>	<b>\$1,037,538</b>	<b>\$373.55</b>
Percent Funded				<b>22.0%</b>	<b>10.4%</b>	<b>/Lot/year @ 2230</b>



**California Assessment and Reserve Funding  
Disclosure For the Fiscal Year Ending 2022/2023**  
2021/2022 Update- 2

February 9, 2022

(1) The regular assessment per ownership interest is 1,049.00 per year for the fiscal year beginning July 1, 2022.

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page \_\_\_ of the attached summary.*

(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:

Date assessment will be due:	Amount per ownership interest per month or year (if assessments are variable, see note immediately below):	Purpose of the assessment:
N/A	\$0.00	N/A
<b>Total:</b>	<b>\$0.00</b>	

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page \_\_\_ of the attached report.*

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

Yes  No

*This disclosure has been prepared by Browning Reserve Group, LLC and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation. The accuracy of this information over the next 30 years will be dependent upon circumstances which are impossible to predict with specificity, and will require future action to adjust assessments over the period in accordance with the current projections and future developments.*

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

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N/A	N/A

(5) All major components are included in the reserve study and are included in its calculations. See next page §5300(b)(4), for any major component exclusions.

(6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$9,717,595, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of February, 2022. The projected reserve fund cash balance at the end of the current fiscal year is \$2,138,586 resulting in reserves being 22.0% percent funded at this date. Civil code section 5570 does not require the board to fund reserves in accordance with this calculation.

*An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast). This is a method of developing a reserve funding plan where the contributions to the reserve fund are designated 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.*



(7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is presented in column (b) 'Fully Funded Balance' in the table immediately 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 presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2022/23	\$9,948,191	\$1,037,538	10.4%
2023/24	\$9,065,325	\$691,993	7.6%
2024/25	\$9,217,491	\$924,955	10.0%
2025/26	\$9,577,452	\$1,526,763	15.9%
2026/27	\$10,288,425	\$2,051,672	19.9%

If the reserve funding plan approved by the association is implemented, the projected fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

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, 2.50% per year was the assumed long-term inflation rate, and 1.50% per year was the assumed long-term interest rate.

#### Additional Disclosures

**§5565(d)** The current deficiency in reserve funding as of June 30, 2023 is \$3,996 per ownership interest (average).

*This is calculated as the current estimate of the amount of cash reserves necessary as of the end of the fiscal year for which the study is prepared, less, the amount of accumulated cash reserves actually (Projected to be) set aside to repair, replace, restore, or maintain the major components.*

Deficiency = 
$$\frac{2022/2023 \text{ Fully Funded Balance} - 2022/2023 \text{ Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

**§5300(b)(4)** The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years.

Major Component:	Justification for Deferral:
N/A	N/A

**§5300(b)(5)** The board of directors as of the date of the study does not anticipate the levy of a special assessment for the repair, replacement, or restoration of the major components.



**Browning**  
RESERVE GROUP

**Section III**  
Lake California Property Owners, Inc.  
30 Year Reserve Funding Plan Cash Flow Method  
2021/2022 Update- 2  
Prepared for the 2022/2023 Fiscal Year

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Beginning Balance</b>	2,124,579	2,138,586	1,037,538	691,993	924,955	1,526,763	2,051,672	2,099,897	2,387,382	2,527,417
<b>Inflated Expenditures @ 2.5%</b>	781,378	1,957,712	1,267,245	770,602	457,547	594,888	1,130,497	951,127	1,162,020	728,422
<b>Reserve Contribution</b>	763,649	833,020	908,825	991,528	1,041,104	1,093,159	1,147,817	1,205,208	1,265,468	1,328,741
<i>Lots/Year @ 2230</i>	342.44	373.55	407.54	444.63	466.86	490.21	514.72	540.45	567.47	595.85
<i>Percentage Increase</i>		9.1%	9.1%	9.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 1.50%</b>	31,736	23,644	12,875	12,037	18,251	26,638	30,905	33,404	36,587	42,414
<b>Ending Balance</b>	2,138,586	1,037,538	691,993	924,955	1,526,763	2,051,672	2,099,897	2,387,382	2,527,417	3,170,150
<b>2031/32</b>		<b>2032/33</b>		<b>2033/34</b>		<b>2034/35</b>		<b>2035/36</b>		<b>2036/37</b>
<b>Beginning Balance</b>	3,170,150	3,967,156	4,412,143	4,856,628	5,292,522	6,325,712	6,544,777	6,223,732	7,325,549	8,792,689
<b>Inflated Expenditures @ 2.5%</b>	651,303	1,082,327	1,162,698	1,254,751	749,146	1,657,385	2,285,768	962,203	714,161	1,363,517
<b>Reserve Contribution</b>	1,395,178	1,464,937	1,538,184	1,615,093	1,695,848	1,780,640	1,869,672	1,963,156	2,061,314	2,123,153
<i>Lots/Year @ 2230</i>	625.64	656.92	689.77	724.26	760.47	798.49	838.42	880.34	924.36	952.09
<i>Percentage Increase</i>		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 1.50%</b>	53,131	62,377	68,998	75,552	86,488	95,810	95,051	100,863	119,987	137,588
<b>Ending Balance</b>	3,967,156	4,412,143	4,856,628	5,292,522	6,325,712	6,544,777	6,223,732	7,325,549	8,792,689	9,689,913
<b>2041/42</b>		<b>2042/43</b>		<b>2043/44</b>		<b>2044/45</b>		<b>2045/46</b>		<b>2046/47</b>
<b>Beginning Balance</b>	9,689,913	11,428,060	12,459,796	13,766,399	15,129,791	16,215,144	16,084,198	16,861,482	17,878,064	18,669,018
<b>Inflated Expenditures @ 2.5%</b>	605,907	1,398,542	1,208,656	1,241,345	1,609,301	2,906,544	2,079,181	1,931,573	2,251,343	1,499,147
<b>Reserve Contribution</b>	2,186,848	2,252,453	2,320,027	2,389,628	2,461,317	2,535,157	2,611,212	2,689,548	2,770,234	2,853,341
<i>Lots/Year @ 2230</i>	980.65	1,010.07	1,040.37	1,071.58	1,103.73	1,136.84	1,170.95	1,206.08	1,242.26	1,279.53
<i>Percentage Increase</i>		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 1.50%</b>	157,206	177,825	195,232	215,108	233,337	240,442	245,253	258,607	272,063	290,192
<b>Ending Balance</b>	11,428,060	12,459,796	13,766,399	15,129,791	16,215,144	16,084,198	16,861,482	17,878,064	18,669,018	20,313,403