

Seagate Village Community Association

c/o CHAMPS, a Division of AAM, LLC

3520 Seagate Way, Ste. #100

Oceanside, CA 92056

(760)603-0501 · FAX (760)603-0505

DATE: June 1, 2019
TO: All Homeowners, Seagate Village
FROM: The Board of Directors

Your Association's fiscal year is rapidly coming to a close and California Civil Code requires that all homeowners be sent a copy of the Association's budget for the coming year. Civil code also requires the Association to provide additional information, all of which is provided in this letter or enclosed.

In conjunction with the budgeting process and in accordance with California Civil Code 4177 & 4178, the services of a professional reserve analyst were engaged to complete a Reserve Study and to recommend funding requirements for the repair and/or replacement of major capital items. A summary of the Reserve Study is enclosed. The conclusions and recommendations of the Reserve Study were used in the budgeting process to establish the amount of funds committed each month for reserve component replacement.

Enclosed, please find the Association's budget for the fiscal year beginning July 1, 2019. As you can see by the enclosed Budget, the patio assessments will increase to \$117 per month and the condo assessments will increase to \$385 per month. The increases are due to the rising cost of landscape maintenance, utilities, repairs and insurance. In addition, it's imperative to continue funding Reserves for long term repairs.

Your Board of Directors diligently works to increase property values while attempting to keep expenses to a minimum. Your Association's Recreation Reserves are currently 49% funded, Condo Reserves are currently 31% funded and Patio Home Reserves are currently 83% funded. The enclosed budget reflects the adopted funding plan for Reserves.

Your Board of Directors will continue to enhance the appearance of the community, keeping home prices on the rise. Currently, the Board of Directors is working on a multi-year common area landscape refurbishment and reclaimed water project.

Currently, the association has no outstanding bank loans.

Also enclosed are copies of the Association's Collection Policy, information concerning Arbitration of CC&R Disputes (Civil Code 5905), FHA/VA Disclosure Statement (Civil Code 5300(b)), a Statement of Insurance coverages (Civil Code 5805), a schedule of the monetary penalties for violating governing documents (Civil Code 5850(a)) and a copy of the Architectural Rules and application (Civil Code 4760-4765). You may wish to keep these items available in the event you elect to sell or refinance your home. Most lenders are now requiring that these items be submitted to them as part of the mortgage approval process.

Board of Directors Meeting Agendas are posted 4 days prior to the meeting date on the fence at the entrance to Chas Park. Copies of Board Meeting minutes are available upon request throughout the year and are also posted on the website. Minutes will be released approximately 30 days after the meeting date, following their approval by the Board at its next regularly scheduled meeting. There is a nominal charge for copying and postage which must be paid by the requesting homeowner. Please call CHAMPS at 760/603-0501 should you have any questions or if you would like to have a copy of the complete Reserve Study.

SEAGATE VILLAGE COMMUNITY ASSOCIATION
C/O CHAMPS, A DIVISION OF AAM, LLC
2019 - 2020 FISCAL YEAR END BUDGET

	2019/20 ANNUAL	MONTHLY JULY Patio 127	MONTHLY JULY Condo 78
INCOME			
Assessments	538,668	\$ 117.00	\$ 385.00
Late Fees	285	0.12	0.12
Misc Income	200	0.08	0.08
TOTAL INCOME	539,153	\$ 117.20	\$ 385.20
EXPENSES			
GENERAL MAINTENANCE			
General Maintenance Common	5,500	2.24	2.24
General Maintenance - Condo	6,500	0.00	6.94
General Maintenance - Patio	350	0.23	0.00
Plumbing Common Area	1,200	0.49	0.49
Plumbing Condo Drain Cleaning	2,000	0.00	2.14
Pest Control - Condo Termites	20,000	0.00	21.37
Pest Control Condo	5,500	0.00	5.88
Janitorial Services - Common	2,736	1.11	1.11
Total General Maintenance	43,786	\$ 4.07	\$ 40.16
POOL/SPA MAINTENANCE			
Pool Service Contract	4,500	1.83	1.83
Pool Miscellaneous	2,000	0.81	0.81
TOTAL POOL/SPA	6,500	\$ 2.64	\$ 2.64
LANDSCAPE MAINTENANCE			
Landscape Service Contract	100,000	22.97	69.44
Landscape Miscellaneous	10,000	2.30	6.94
Tree Trimming	8,000	1.84	5.56
TOTAL LANDSCAPE MAINTENANCE	118,000	\$ 27.10	\$ 81.94
UTILITIES			
Telephone Common	3,600	1.46	1.46
Trash - Condo	16,451	0.00	17.58
Electricity Common	16,575	6.74	6.74
Water & Sewer	53,000	12.17	36.81
Gas Common	6,500	2.64	2.64
TOTAL UTILITIES	96,126	\$ 23.02	\$ 65.22
ADMINISTRATIVE			
Legal	3,000	1.22	1.22
Audit/Tax Prep	3,000	1.22	1.22
Reserve Study	1,700	0.69	0.69
Printing/Postage	8,000	3.25	3.25
Permits, Licenses & Fees	660	0.27	0.27
Management Contract	31,140	12.66	12.66
Federal/State Taxes	650	0.26	0.26
Insurance General	5,500	1.26	3.82
Insurance Condo	13,000	0.00	13.89
Misc. Expense	4,000	1.63	1.63
Meeting Minutes	1,050	0.43	0.43
Newsletter Expenses	900	0.37	0.37
Security Patrol	0	0.00	0.00
Bad Debt	0	0.00	0.00
TOTAL ADMINISTRATIVE	72,600	23.25	39.70
CAPITAL IMPROVEMENTS	0	0.00	0.00
TOTAL OPERATING EXPENSE	\$ 337,012	\$ 80.08	\$ 229.67
RESERVES			
Patio Reserves	39,870	\$ 26.16	\$ 0.00
Condo Reserves	135,314	\$ 0.00	\$ 144.57
Recreation Reserves	26,957	\$ 10.96	\$ 10.96
TOTAL RESERVES	202,141	\$ 37.12	\$ 155.53
TOTAL EXPENSE	\$ 539,153	\$ 117.20	\$ 385.20
NET INCOME	\$ 0	\$ 0.00	\$ 0.00

RESERVE FUNDING DISCLOSURE REPORT (CA CIVIL CODE §5570)



Seagate Village Community Assoc - Patio Homes

Units: 127 Start Date: 07/01/2019

Project Description

Property Name: Seagate Village Community Assoc - Patio Homes
 City and State: Encinitas, CA
 Type of Project: Planned Unit Development
 Number of Units: 127

Financial Summary

Starting Reserve Balance: \$149,407
 Fully Funded Reserve Balance: \$180,665
 Deficit/Surplus vs. Fully Funded Reserve: (\$31,258)
 or (\$246.13) Per Unit Avg
 Percent Funded: 83%
 Current Replacement Cost: \$345,960

Component Summary by Category

	UL	RUL	Current Replacement Cost	Accumulated Reserve Balance	Annual Fully Funded Requirement	Fully Funded Reserve Balance	Annual Reserve Contribution
Asphalt & Concrete Surfaces	5-30	0-15	\$267,860	\$133,588	\$14,852	\$161,537	\$30,455
Fencing, Gates, & Rails	5-30	1-26	\$73,525	\$12,792	\$3,675	\$15,468	\$7,537
Painting/Staining	5-5	1-1	\$4,575	\$3,027	\$915	\$3,660	\$1,876
Totals			\$345,960	\$149,407	\$19,442	\$180,665	\$39,868

Adopted Funding Plan

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
2019	\$39,868	\$26.16	\$47,540	\$143,191	\$157,144	91%
2020	\$41,064	\$26.94	\$11,716	\$174,117	\$170,417	102%
2021	\$42,296	\$27.75	\$0	\$218,365	\$196,775	111%
2022	\$43,565	\$28.59	\$0	\$264,331	\$224,561	118%
2023	\$44,872	\$29.44	\$0	\$312,071	\$253,837	123%
2024	\$46,218	\$30.33	\$31,926	\$329,554	\$251,783	131%
2025	\$47,604	\$31.24	\$13,582	\$367,042	\$269,259	136%
2026	\$49,032	\$32.17	\$0	\$419,990	\$301,965	139%
2027	\$50,503	\$33.14	\$0	\$474,946	\$336,392	141%
2028	\$52,018	\$34.13	\$0	\$531,974	\$372,613	143%
2029	\$53,579	\$35.16	\$63,890	\$526,931	\$344,898	153%
2030	\$55,186	\$36.21	\$15,746	\$571,838	\$366,747	156%
2031	\$56,842	\$37.30	\$0	\$634,683	\$406,301	156%
2032	\$58,547	\$38.42	\$0	\$699,870	\$447,899	156%
2033	\$60,304	\$39.57	\$174,099	\$592,504	\$312,304	190%
2034	\$62,113	\$40.76	\$206,836	\$452,983	\$139,832	324%
2035	\$63,976	\$41.98	\$27,039	\$494,634	\$148,312	334%
2036	\$65,895	\$43.24	\$0	\$565,805	\$185,861	304%
2037	\$67,872	\$44.54	\$0	\$639,675	\$225,529	284%
2038	\$69,908	\$45.87	\$0	\$716,330	\$267,410	268%
2039	\$72,006	\$47.25	\$85,863	\$709,567	\$223,162	318%
2040	\$74,166	\$48.67	\$21,161	\$769,933	\$245,315	314%
2041	\$76,391	\$50.13	\$0	\$854,405	\$291,046	294%
2042	\$78,683	\$51.63	\$0	\$942,025	\$339,300	278%
2043	\$81,043	\$53.18	\$0	\$1,032,894	\$390,187	265%
2044	\$83,474	\$54.77	\$105,820	\$1,020,766	\$334,828	305%
2045	\$85,979	\$56.42	\$107,021	\$1,009,826	\$277,828	363%

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
2048	\$93,951	\$61.65	\$0	\$1,318,223	\$445,166	296%

Assessment and Reserve Funding Disclosure

1. The current average regular Assessment per ownership interest is: **\$117.00** per month.

Note: if Assessments vary by the size or type of unit, the assessment applicable to this unit may be found on attached pages to be provided by Board or Management.

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 Assessment is Due	Average Amount Per Unit	Purpose Of Assessment
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Note: if Assessments vary by the size or type of unit, the assessment applicable to this unit may be found on attached pages, to be provided by Board or Management.

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

YES	NO
X	

4. If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Approximate date assessment will be due	Amount of Assessment	Amount Per Unit
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Note: Indicates the first year of a deficit based on the Adopted Funding Plan. The additional assessment amount indicates what will be required in that year to assure the reserve balance for the remaining years of the report will be above zero. Actual assessments may vary from year to year.

5. All major components are included in the reserve study and are included in its calculations (Note below the status of components with a 30+ yr. remaining life).

Component Name	Status
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6. Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$180,665, based in whole or in part on the last reserve study or update prepared by Barrera & Company, Inc. as of 2019-05-29. The projected reserve fund cash Balance at the end of the current fiscal year is \$149,407, resulting in reserves being 83% at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$ N/A.

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 5 budget years is \$ (column E), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$ (column D), leaving the reserve at (column F) percent funding. Please see the projected five year funding plan below that has been implemented and approved by the association.

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
A	B	C	D	E	F	
2019	\$39,868	\$26.16	\$47,540	\$143,191	\$157,144	91%
2020	\$41,064	\$26.94	\$11,716	\$174,117	\$170,417	102%
2021	\$42,296	\$27.75	\$0	\$218,365	\$196,775	111%
2022	\$43,565	\$28.59	\$0	\$264,331	\$224,561	118%
2023	\$44,872	\$29.44	\$0	\$312,071	\$253,837	123%

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 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.

The preparer of this form will be indemnified and held harmless against all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been relied upon by others, or which may result from any improper use or reliance on the disclosure by you or a third party.

The reserve study report completed and reviewed for the purposes of completing the enclosed summary was finalized based on approval from the Board of Directors. Therefore, the final decisions for implementation, updating or revising the information obtained in this report, for any changes in assumptions, is the sole right and responsibility of the Board of Directors. This report and the numbers generated herein are for use only for the year it was developed. The preparer of this form is not responsible for the use of the Assessment and Reserve Disclosure Summary in any subsequent year, or in updating the summary in any subsequent year, or in updating the summary for events and circumstances occurring after the date of this report.

RESERVE FUNDING DISCLOSURE REPORT
(CA CIVIL CODE §5570)



Seagate Village C.A. - Condos

Units: 78 Start Date: 07/01/2019

Project Description

Property Name: Seagate Village C.A. - Condos
 City and State: Encinitas, CA
 Type of Project: Condominium
 Number of Units: 78

Financial Summary

Starting Reserve Balance: \$216,865
 Fully Funded Reserve Balance: \$784,942
 Deficit/Surplus vs. Fully Funded Reserve: (\$568,077)
 or (\$7,283.04) Per Unit Avg
 Percent Funded: 28%
 Current Replacement Cost: \$1,377,775

Component Summary by Category

	UL	RUL	Current Replacement Cost	Accumulated Reserve Balance	Annual Fully Funded Requirement	Fully Funded Reserve Balance	Annual Reserve Contribution
Asphalt & Concrete Surfaces	5-30	1-12	\$162,603	\$34,157	\$8,906	\$123,633	\$15,004
Fencing, Gates, & Rails	20-30	13-22	\$236,498	\$26,471	\$9,373	\$95,813	\$15,791
Lighting	20-20	18-18	\$40,000	\$1,105	\$2,000	\$4,000	\$3,370
Miscellaneous	10-30	0-27	\$126,075	\$25,149	\$9,642	\$91,028	\$16,245
Painting & Repairs	5-30	0-28	\$418,350	\$21,058	\$28,284	\$76,218	\$47,654
Roofing	15-20	0-0	\$394,250	\$108,924	\$22,111	\$394,250	\$37,253
		Totals	\$1,377,775	\$216,865	\$80,314	\$784,942	\$135,318

Adopted Funding Plan

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
2019	\$135,318	\$144.57	\$489,050	(\$136,467)	\$387,492	0%
2020	\$139,377	\$148.91	\$109,401	(\$106,492)	\$371,639	0%
2021	\$143,558	\$153.37	\$8,845	\$28,221	\$461,439	6%
2022	\$147,865	\$157.98	\$0	\$177,108	\$565,676	31%
2023	\$152,301	\$162.71	\$0	\$331,941	\$675,753	49%
2024	\$156,870	\$167.60	\$21,852	\$470,954	\$769,417	61%
2025	\$161,576	\$172.62	\$10,311	\$627,685	\$880,656	71%
2026	\$166,423	\$177.80	\$45,305	\$755,686	\$962,151	79%
2027	\$171,416	\$183.14	\$4,149	\$931,346	\$1,091,534	85%
2028	\$176,559	\$188.63	\$0	\$1,118,101	\$1,232,216	91%
2029	\$181,855	\$194.29	\$359,874	\$950,374	\$1,009,686	94%
2030	\$187,311	\$200.12	\$11,953	\$1,136,113	\$1,142,174	99%
2031	\$192,930	\$206.12	\$106,986	\$1,233,849	\$1,184,188	104%
2032	\$198,718	\$212.31	\$55,599	\$1,390,022	\$1,283,930	108%
2033	\$204,680	\$218.68	\$279,829	\$1,328,398	\$1,159,351	115%
2034	\$210,820	\$225.24	\$262,876	\$1,289,366	\$1,052,250	123%
2035	\$217,145	\$231.99	\$13,857	\$1,506,564	\$1,202,292	125%
2036	\$223,659	\$238.95	\$13,781	\$1,732,558	\$1,360,896	127%
2037	\$230,369	\$246.12	\$68,097	\$1,912,966	\$1,472,414	130%
2038	\$237,280	\$253.50	\$49,975	\$2,120,338	\$1,610,169	132%
2039	\$244,398	\$261.11	\$623,415	\$1,760,629	\$1,165,765	151%
2040	\$251,730	\$268.94	\$16,064	\$2,015,080	\$1,338,082	151%
2041	\$259,282	\$277.01	\$431,611	\$1,862,041	\$1,092,172	170%
2042	\$267,061	\$285.32	\$6,463	\$2,142,561	\$1,281,542	167%
2043	\$275,073	\$293.88	\$0	\$2,440,435	\$1,488,149	164%
2044	\$283,325	\$302.70	\$99,140	\$2,649,945	\$1,603,883	165%
2045	\$291,825	\$311.78	\$18,622	\$2,951,013	\$1,811,220	163%

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
2046	\$300,579	\$321.13	\$100,708	\$3,181,394	\$1,945,581	164%
2047	\$309,597	\$330.77	\$457,746	\$3,064,318	\$1,721,736	178%
2048	\$318,885	\$340.69	\$0	\$3,415,440	\$1,968,332	174%

Assessment and Reserve Funding Disclosure

1. The current average regular Assessment per ownership interest is: \$385.00 per month.

Note: if Assessments vary by the size or type of unit, the assessment applicable to this unit may be found on attached pages to be provided by Board or Management.

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 Assessment is Due	Average Amount Per Unit	Purpose Of Assessment
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Note: if Assessments vary by the size or type of unit, the assessment applicable to this unit may be found on attached pages, to be provided by Board or Management.

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

YES	NO
	X

4. If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Approximate date assessment will be due	Amount of Assessment	Amount Per Unit
2019	\$135,117	\$1,732.27

Note: Indicates the first year of a deficit based on the Adopted Funding Plan. The additional assessment amount indicates what will be required in that year to assure the reserve balance for the remaining years of the report will be above zero. Actual assessments may vary from year to year.

5. All major components are included in the reserve study and are included in its calculations (Note below the status of components with a 30+ yr. remaining life).

Component Name

Status

6. Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$784,942, based in whole or in part on the last reserve study or update prepared by Barrera & Company, Inc. as of 2019-05-30. The projected reserve fund cash Balance at the end of the current fiscal year is \$216,865, resulting in reserves being 28% at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$ N/A.

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 5 budget years is \$ (column E), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$ (column D), leaving the reserve at (column F) percent funding. Please see the projected five year funding plan below that has been implemented and approved by the association.

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
A	B	C	D	E	F	
2019	\$135,318	\$144.57	\$489,050	(\$136,467)	\$387,492	0%
2020	\$139,377	\$148.91	\$109,401	(\$106,492)	\$371,639	0%
2021	\$143,558	\$153.37	\$8,845	\$28,221	\$461,439	6%
2022	\$147,865	\$157.98	\$0	\$177,108	\$565,676	31%
2023	\$152,301	\$162.71	\$0	\$331,941	\$675,753	49%

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 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.

The preparer of this form will be indemnified and held harmless against all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been relied upon by others, or which may result from any improper use or reliance on the disclosure by you or a third party.

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RESERVE FUNDING DISCLOSURE REPORT (CA CIVIL CODE §5570)



Seagate Village Community Assoc - Recreation

Units: 205 Start Date: 07/01/2019

Project Description

Property Name: Seagate Village Community Assoc - Recreation
 City and State: Encinitas, CA
 Type of Project: Planned Unit Development
 Number of Units: 205

Financial Summary

Starting Reserve Balance: \$106,281
 Fully Funded Reserve Balance: \$218,650
 Deficit/Surplus vs. Fully Funded Reserve: (\$112,369)
 or (\$548.14) Per Unit Avg
 Percent Funded: 49%
 Current Replacement Cost: \$308,695

Component Summary by Category

	UL	RUL	Current Replacement Cost	Accumulated Reserve Balance	Annual Fully Funded Requirement	Fully Funded Reserve Balance	Annual Reserve Contribution
Fencing, Gates, & Rails	20-30	0-14	\$78,160	\$30,808	\$3,227	\$63,380	\$3,868
Landscaping	3-20	1-15	\$63,740	\$17,024	\$4,644	\$35,023	\$5,566
Lighting	20-20	16-16	\$20,664	\$2,009	\$1,033	\$4,133	\$1,238
Miscellaneous	10-20	0-16	\$43,295	\$18,653	\$2,680	\$38,375	\$3,212
Painting	4-12	0-0	\$10,718	\$5,210	\$1,865	\$10,718	\$2,235
Pool & Spa	4-16	0-12	\$59,268	\$24,057	\$6,194	\$49,493	\$7,425
Roofing	35-35	25-25	\$7,000	\$972	\$200	\$2,000	\$240
Security and Fire Systems	16-16	9-9	\$18,350	\$3,902	\$1,147	\$8,028	\$1,375
Tennis Courts / Rec Facilities	5-5	0-0	\$7,500	\$3,646	\$1,500	\$7,500	\$1,798
Totals			\$308,695	\$106,281	\$22,489	\$218,650	\$26,957

Adopted Funding Plan

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
2019	\$26,957	\$10.96	\$79,016	\$55,024	\$166,987	33%
2020	\$27,766	\$11.29	\$33,140	\$50,173	\$161,721	31%
2021	\$28,599	\$11.63	\$59,071	\$20,050	\$130,304	15%
2022	\$29,457	\$11.97	\$5,354	\$44,474	\$154,010	29%
2023	\$30,340	\$12.33	\$22,960	\$52,335	\$161,053	32%
2024	\$31,251	\$12.70	\$22,026	\$62,129	\$170,051	37%
2025	\$32,188	\$13.08	\$0	\$95,099	\$202,811	47%
2026	\$33,154	\$13.48	\$18,743	\$110,533	\$218,078	51%
2027	\$34,148	\$13.88	\$29,900	\$115,908	\$223,168	52%
2028	\$35,173	\$14.30	\$23,943	\$128,353	\$235,425	55%
2029	\$36,228	\$14.73	\$41,026	\$124,815	\$231,362	54%
2030	\$37,315	\$15.17	\$39,956	\$123,409	\$229,213	54%
2031	\$38,434	\$15.62	\$29,194	\$133,929	\$239,045	56%
2032	\$39,587	\$16.09	\$36,155	\$138,718	\$242,994	57%
2033	\$40,775	\$16.58	\$21,176	\$159,802	\$263,509	61%
2034	\$41,998	\$17.07	\$23,775	\$179,714	\$283,016	63%
2035	\$43,258	\$17.58	\$79,781	\$144,806	\$246,503	59%
2036	\$44,556	\$18.11	\$19,008	\$171,929	\$272,606	63%
2037	\$45,892	\$18.66	\$0	\$219,771	\$320,219	69%
2038	\$47,269	\$19.22	\$14,905	\$254,495	\$355,092	72%
2039	\$48,687	\$19.79	\$113,563	\$191,840	\$290,612	66%
2040	\$50,148	\$20.39	\$20,603	\$223,451	\$321,201	70%
2041	\$51,652	\$21.00	\$60,932	\$216,360	\$312,462	69%

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
2042	\$53,202	\$21.63	\$2,467	\$269,512	\$365,010	74%
2043	\$54,798	\$22.28	\$51,083	\$275,941	\$370,433	74%
2044	\$56,442	\$22.94	\$112,959	\$221,900	\$313,698	71%
2045	\$58,135	\$23.63	\$0	\$282,545	\$373,064	76%
2046	\$59,879	\$24.34	\$36,740	\$308,626	\$397,868	78%
2047	\$61,676	\$25.07	\$62,689	\$310,693	\$398,231	78%
2048	\$63,526	\$25.82	\$27,101	\$350,408	\$436,852	80%

Assessment and Reserve Funding Disclosure

1. The current average regular Assessment per ownership interest is: **\$10.96** per month.

Note: if Assessments vary by the size or type of unit, the assessment applicable to this unit may be found on attached pages to be provided by Board or Management.

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 Assessment is Due	Average Amount Per Unit	Purpose Of Assessment
------------------------	-------------------------	-----------------------

Note: if Assessments vary by the size or type of unit, the assessment applicable to this unit may be found on attached pages, to be provided by Board or Management.

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

YES	NO
X	

4. If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Approximate date assessment will be due	Amount of Assessment	Amount Per Unit
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Note: Indicates the first year of a deficit based on the Adopted Funding Plan. The additional assessment amount indicates what will be required in that year to assure the reserve balance for the remaining years of the report will be above zero. Actual assessments may vary from year to year.

5. All major components are included in the reserve study and are included in its calculations (Note below the status of components with a 30+ yr. remaining life).

Component Name	Status
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6. Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$218,650, based in whole or in part on the last reserve study or update prepared by Barrera & Company, Inc. as of 2019-05-29. The projected reserve fund cash Balance at the end of the current fiscal year is \$106,281, resulting in reserves being 49% at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$ N/A.

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 5 budget years is \$ (column E), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$ (column D), leaving the reserve at (column F) percent funding. Please see the projected five year funding plan below that has been implemented and approved by the association.

Year	Annual Reserve Contributions	Monthly Reserve Contributions (Avg. Per Unit)	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
A	B	C	D	E	F	
2019	\$26,957	\$10.96	\$79,016	\$55,024	\$166,987	33%
2020	\$27,766	\$11.29	\$33,140	\$50,173	\$161,721	31%
2021	\$28,599	\$11.63	\$59,071	\$20,050	\$130,304	15%
2022	\$29,457	\$11.97	\$5,354	\$44,474	\$154,010	29%
2023	\$30,340	\$12.33	\$22,960	\$52,335	\$161,053	32%

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 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.

The preparer of this form will be indemnified and held harmless against all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been relied upon by others, or which may result from any improper use or reliance on the disclosure by you or a third party.

The reserve study report completed and reviewed for the purposes of completing the enclosed summary was finalized based on approval from the Board of Directors. Therefore, the final decisions for implementation, updating or revising the information obtained in this report,

for any changes in assumptions, is the sole right and responsibility of the Board of Directors. This report and the numbers generated herein are for use only for the year it was developed. The preparer of this form is not responsible for the use of the Assessment and Reserve Disclosure Summary in any subsequent year, or in updating the summary in any subsequent year, or in updating the summary for events and circumstances occurring after the date of this report.

Seagate Village Community Association
COLLECTION POLICY

The Seagate Village Community Association (the "Association") has the right and duty under the Association's governing documents and California law to impose and collect assessments so that the Association can, among other things, manage, maintain and operate your development.

Timely payment of assessments is of critical importance to the Association. Although most property Owners consistently pay their assessments on time, the failure of any Owner to pay assessments when due creates a cash-flow problem for the Association and causes those Owners who make timely payments of their assessments to bear a disproportionate share of the Association's financial obligations. Therefore, to encourage the prompt payment of assessments and as required by law and/or the Association's governing documents, the Board of Directors has enacted the following policies and procedures (this "Collection Policy") concerning collection of delinquent assessment accounts, subject to Civil Code section 4340, et seq., if applicable.

1. **DUE DATES.** All Regular Assessments shall be due and payable, in advance, in equal monthly installments, on the first day of each month. Special Assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a Special Assessment be due and payable earlier than thirty (30) days after it is imposed.

2. **PAYMENT / RECEIPTS / OVERNIGHT PAYMENT LOCATION.** The Association will be the collectors of the assessments (current and delinquent), late charges, interest, and collection costs (which may include attorneys' fees). Assessments may be paid by personal check, bank drafts, cashier's checks and/or money orders, as well as by electronic payment, if available. A charge of \$25.00, in addition to late fees, if applicable, will be assessed against any account whose check has been returned for Non-Sufficient Funds (NSF). When an Owner makes a payment, the Owner may request a receipt and the Association will provide such receipt, which will indicate the date of payment and person who received such payment. (Civil Code Section 5655) Any Owner is entitled to inspect the Association's accounting books and records. Any request for a receipt of payment must be submitted directly to the Association's business address (separately from any actual payment). Overnight payment of assessments may be sent/delivered to the following address:

Seagate Village Community Association
c/o CHAMPS/The Kelly Group
3520 Seagate Way, Suite 100
Oceanside, CA 92056

3. **APPLICATION OF PAYMENTS.** Payments received on delinquent assessments shall be applied to the Owner's account in the following order of priority: First, the principal on the assessments owed; then to accrued interest and late charges; then to attorneys' fees; then the title company and foreclosure service company charges and other reasonable costs of collection. Payments on account of principal shall be applied in reverse order so that the oldest arrearages are retired first.

4. **LATE CHARGE:** All assessments shall be delinquent if not paid within **thirty (30) days** after they become due and will result in the imposition of a late charge of **ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater.** Furthermore, the Association shall be entitled to recover any reasonable collection costs, including attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

5. **LATE LETTER.** If a delinquent assessment payment is not paid within **thirty (30) days** after it becomes due, a late letter or current ledger may be sent to the Owner reminding the Owner of his or her delinquent account status. The Association, however, is in no way required to send a late letter or ledger before

sending a pre-lien letter referenced below.

6. INTEREST. If an assessment payment is not paid within **thirty (30) days** of its original due date, interest may be imposed on all sums due, including the delinquent assessment, attorneys' fees, collection costs, and late charges, at an annual percentage rate of **twelve percent (12%)** or the rate specified within the CC&RS, whichever is less.

7. SECONDARY ADDRESS. Upon receipt of a written request by an Owner identifying a secondary address for the purposes of assessment collection notices, the Association shall send collection notices required by this Collection Policy to the secondary address provided. The Owner's notice of a secondary address must be in writing and mailed to the Association in a manner that shall indicate that the Association has received it. The Association shall only send notices to the indicated secondary address at the point in time the Association receives the written request.

8. PRE-LIEN LETTER. If an assessment payment from the Owner is not paid within **thirty (30) days** after its original due date (for example, if an Owner fails to pay an assessment which was due on June 1st and the failure to pay continues through July 1st, then the June assessment would not have been paid within 30 days after its original due date), a notice of delinquency (Pre-Lien Letter) may be sent to the Owner by regular first-class mail and certified mail, return receipt requested. The Pre-Lien Letter shall provide at least 30 days' written notice to a delinquent Owner prior to recording an Assessment Lien and further provide an itemized statement of the charges owed, including a breakdown of the following items: (a) The principal amount owed; (b) any late charges with the method of calculation used to determine such charges; (c) any attorneys' fees incurred; and (d) a description of collection practices, including the right of the association to the reasonable costs of collection. A copy of the Association's collection policy shall be attached to the Pre-Lien Letter.

9. ALTERNATIVE DISPUTE RESOLUTION PROCESS.

a. Assessment Lien. Prior to recording an assessment lien, the Association shall offer the Owner and, if so requested by the Owner, the option of participating in dispute resolution, consistent with Civil Code sections 5910 and 5915, et seq. The Association's offer shall either be placed within the Association's Pay or Lien Letter or in a separate written communication to the Owner. An Owner who desires to accept the offer to "meet and confer" under this section shall elect such option by submitting a written request to the Association or the Association's legal counsel, which written request must be received by the Association within twenty (20) days from the date of the offer to "meet and confer." If the offer to "meet and confer" under sections 5910 and 5915, is accepted by the Owner, the Association shall designate a prompt date and time for the meet and confer, at a location that shall either be the Association's principal office or another convenient location as designated by the Association. The Association shall designate a Board officer, along with its Property Manager to participate in the meet and confer with the Owner.

b. Foreclosure. Prior to initiating foreclosure proceedings against an Owner's separate interest, the Association shall offer the delinquent Owner, and if so requested by the Owner, to meet and confer with a delinquent Owner (Civil Code sections 5910 and 5915) OR alternative dispute resolution (Civil Code sections 5925, et seq.) to resolve any dispute related to the total amount of delinquencies owed by the delinquent Owner to the Association and/or the Association's Collection Policy ("ADR Offer"). The Association's ADR Offer shall either be placed within the Association's Pay or Lien Letter or in a separate written communication to the delinquent Owner. An Owner who wishes to accept the ADR Offer must do so by submitting his/her/its written request to facilitate the ADR that is elected with the Association, which written request must be received by the Association within thirty (30) days from the day the ADR Offer is submitted to the delinquent Owner. The Association shall designate a prompt date and time for the elected ADR. If a "meet and confer" is elected by the delinquent Owner, the Association shall designate a Board member, along with its Property Manager to participate in the meet and confer with the delinquent Owner. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

10. SHOW CAUSE HEARING. Additionally, the Association may elect to provide a delinquent Owner a written notice (either in the Pay or Lien Letter or in a separate written document, as determined by the Board of Directors) of a hearing before the Board of Directors, wherein the Owner shall be invited to show good cause why (a) the Owner's voting privileges; and/or (b) the Owner's privileges for use of the common area/recreational facilities (hereinafter collectively "Membership Privileges") should not be suspended for non-payment of the delinquent assessment(s) ("Show Cause Hearing"). The notice and hearing procedures shall be in accordance with the governing documents for the Association.

11. ASSESSMENT LIEN.

a. If the delinquent Owner does not bring his or her account current within the deadline set forth in the Pay or Lien Letter, the Board of Directors may proceed with recording an assessment lien against that Owner's separate interest.

b. The decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. Prior to causing an assessment lien to be recorded, the Board of Directors must approve the recordation of an assessment lien against the delinquent Owner's separate interest. The Board of Directors for the Association shall approve the decision to record an assessment lien by a majority vote in an open meeting; the Board shall record the vote in the minutes of that meeting. The Board's action should refer to the Unit or account number of the property that is delinquent, rather than the name of the Owner.

c. The Assessment Lien shall be recorded in the County Recorder's Office itemizing all sums that are then delinquent, including the delinquent assessment(s), the then current monthly assessment amount which will also accrue and be a part of the lien, interest, late charges, collection costs and reasonable attorneys' fees. Recording this notice creates a lien, which may be foreclosed upon by the Association.

12. FORECLOSURE.

a. ADR Procedure. The Association, prior to initiating foreclosure proceedings against a delinquent Owner's separate interest, must comply with the alternative dispute resolution procedure set forth above (except that the timeline for the delinquent Owner to accept a meet and confer would be thirty (30) days from the date of the Owner's receipt of this pre-foreclosure offer) or alternative dispute resolution consistent with *Civil Code* sections 5925, 5910 and 5915. ("IDR/ADR Offer"). The Owner shall have thirty (30) days from the date of the IDR/ADR Offer to decide whether or not the Owner wishes to pursue dispute resolution or a particular type of alternative dispute resolution (except that binding arbitration is not available to any delinquent Owner if the Association intends to initiate a judicial foreclosure).

b. Board Approval. Prior to initiating foreclosure proceedings, the Board of Directors must, in executive session, approve the decision to proceed with foreclosure by a majority vote. The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall record the Board's executive session decision in the minutes of the next meeting of the Board open to the members by referencing the Unit or account number of the property that is delinquent, not the name of the delinquent Owner. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale. The Board of Directors shall provide notice by personal service to an Owner of a separate interest who occupies the separate interest or to the Owner's legal representative, if the Board votes to foreclosure upon the separate interest. If the Owner does not occupy the subject lot/unit, the Board shall provide written notice via first-class mail to the most current address shown on the books of the Association.

c. Threshold. The Board of Directors shall not proceed with any form of foreclosure unless and until the amount of delinquent assessments (exclusive of any accelerated assessments, late charges, fees, costs of

collection, attorneys' fees or interest) equals or exceeds One Thousand Eight Hundred Dollars (\$1,800.00) or the assessments have been delinquent for more than twelve (12) months ("Threshold"). Once the Threshold has been met and all other requirements identified above have been completed, the Board may proceed with foreclosure of the assessment lien pursuant to the Association's governing documents and *Civil Code* sections 5700, 5705, 5710, 5715 and 5720. Unless otherwise provided herein, the procedure used shall be private foreclosure pursuant to *Civil Code* section 2924, *et seq.*, and *Civil Code* sections 5700 and 5710. The foreclosure action shall include, but is not necessarily limited to the following procedures:

- i. Notice of Default (NOD). A NOD will be recorded at the County Recorders office. The cost of all attorneys' fees and/or trustee's fees will be added to the debt.
- ii. Notice of Trustee's Sale (NOS). If the delinquency is not paid within ninety (90) days after the NOD is recorded (and a lawsuit has not been filed), the Association will proceed with the recording and publishing of an NOS. The Owner is responsible for all publication, recording, posting and mailing costs, as well as attorneys' and/or trustee's fees.
- iii. Sale of Property by Public Auction. If the trustee's sale proceeds, it is conducted as a public auction in the county in which the separate interest is located, during normal business hours on any business day. ANY OWNER WHOSE SEPARATE INTEREST IS IN FORECLOSURE IS URGED TO CONSULT WITH COMPETENT LEGAL COUNSEL OF THE OWNER'S SELECTION IN ORDER TO BE PROPERLY ADVISED OF THE OWNER'S RIGHTS AND OPTIONS AND THE TECHNICAL REQUIREMENTS OF THE FORECLOSURE PROCESS.
- iv. Right of Redemption. The Trustee's Sale shall be subject to a statutory right of redemption, which shall terminate ninety (90) days after the trustee's sale is completed

13. MONEY JUDGMENT OPTION. If the Association determines that the property is over-encumbered, or otherwise makes a determination that a lawsuit is appropriate, the Association may file a personal lawsuit against the delinquent Owner to recover all delinquent assessments owing to the Association. If a lawsuit is necessary to collect the delinquent assessments from the Owner, all expenses, costs and attorneys' fees in connection with said lawsuit, including but not limited to pre- and post- judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees shall be recovered from the Owner defendant. The Association may also refer certain accounts to collection agencies.

14. RELEASE OF LIEN. When a delinquent Owner has paid in full all delinquent assessments and charges, the attorney shall prepare a Release of Lien, which shall be recorded in the County Recorder's Office within twenty-one (21) days of receipt of the sums necessary to satisfy the delinquent amount and mail a copy of the lien release to the Owner of the residential Lot.

15. PAYMENT PLANS. An Owner of a separate interest which is not a timeshare or who is not a developer may, if mailed to the Association within fifteen (15) days of the postmark date of the pay or lien notice, submit a written request to meet with the Board to discuss a payment plan for the payment of any delinquency. The Association shall provide the Owner with the Association's standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request, unless there is no regularly scheduled Board meeting within that period, in which case the Board shall designate a committee of one or more members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to record a lien on the Owner's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect delinquent assessments from the time prior to entering into the payment plan. The Association shall have the

power and authority to include (without limitation) the following elements/terms in any payment plan agreement that is reached with the Owner:

- a. That Owner comply with the governing documents during the course of the payment plan agreement;
- b. That Owner waive any defenses or claims related to the Association's collection efforts;
- c. That the Association may place a lien against other real or personal property owned by Owner;
- d. That Owner agrees to waive any homestead rights he/she may have relative to the delinquent assessments;
- e. That Owner assign the Association all amounts owed under any rental/lease agreement; and,
- f. That Owner be required to provide identifying information, including social security number, driver's license number, off-site address(es), phone numbers, etc.

16. PARTIAL PAYMENTS. Once a delinquent account has been turned over to the Association's legal counsel, owners shall not send any assessment payments to the Association; such payments shall only be accepted by the Association's legal counsel. Any payments delivered to the collection agent shall be forwarded to the attorney's office; the attorney shall then release the lien if payment in full was made by the delinquent Owner.

17. PERSONAL OBLIGATION TO PAY ASSESSMENTS AND CHARGES. Assessments, together with late charges, reasonable fees and costs of collection, reasonable attorneys' fees, and interest determined in accordance with California Civil Code Sections 5600 and 5605 and the Association's governing documents are a debt of the Owner of a separate interest (the Owner's lot) at the time that the assessment or other charges are levied. Whether or not the Association records a notice of delinquent assessment (lien) on your property, the Association has a right to look to the Owner, personally, to pay the debt and pursue collection of that debt in a court action. The Association is also entitled, upon compliance with the requirements of California law and provided certain criteria and procedures as specified by law are satisfied, to record a lien against your property and to take enforcement action to sell your property without court action by non-judicial foreclosure. The recording of a lien against your property does not limit the right of the Association to pursue any Owner personally for payment of all monies due.

18. COURTESY STATEMENTS AND TIMELY PAYMENTS. It is the Owner's responsibility to allow ample time to drop off or mail all monies due before the delinquency date. As a courtesy only, invoices or statements for regular assessments may be regularly sent to an Owner by first-class mail addressed to the Owner at his or her address as shown on the books and records of the Association. However, it is the Owner's responsibility to be aware of the assessment payment due dates and to pay any and all assessments when due, whether or not an invoice or statement has been sent. Owners should promptly advise the Association of any changes in the Owner's mailing address. The Association also reserves the right to send out coupon booklets in lieu of sending invoices or statements.

19. RIGHT TO REQUEST VALIDATION OF DEBT. An Owner has the right to request validation of the debt by notifying the Association in writing of such request within thirty (30) days of the Association's initial communication to the Owner. Upon such request being made, an account history or other document reflecting the delinquent balance will be forwarded to the Owner. Any information obtained in the collection process or obtained from an Owner will be used for the purpose of collecting any monies owed.

20. COMPLIANCE WITH CIVIL CODE SECTIONS 5730 AND 5310. The following notice is set forth to comply with the Civil Code.

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

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

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

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

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

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

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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

21. EFFECTIVE DATE OF THIS POLICY. This policy shall be deemed effective once it is approved by the Board of Directors after compliance with Civil Code Section 4340, et seq.

FHA/VA DISCLOSURE STATEMENT
For Seagate Village Patio Homes
Civil Code Section 5300(b)

“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 a condominium project. The association of this common interest development is not certified by the Federal Housing Administration.”

“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 a condominium project. The association of this common interest development is not certified by the Federal Department of Veterans Affairs”.

The above information regarding the Association’s FHA/VA status is as of May 31, 2019. Please refer to the FHA website and VA website for current information.

May, 2019

FHA/VA DISCLOSURE STATEMENT
For Seagate Village Condominiums
Civil Code Section 5300(b)

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

“This common interest development is a condominium project. The association of this common interest development is not certified by the Federal Housing Administration.”

“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 a condominium project. The association of this common interest development is not certified by the Federal Department of Veterans Affairs”.

The above information regarding the Association’s FHA/VA status is as of May 31, 2019. Please refer to the FHA website and VA website for current information.

May, 2019

Annual Insurance Disclosure For Seagate Village Community Association

TO: ALL PROPERTY OWNERS

SUBJECT: ANNUAL INSURANCE DISCLOSURE

California Civil Code section 5310(a) (7) requires annual disclosure of the Association's insurance coverage to the membership. The Code further states that the requirement may be met by providing owners copies of the Declaration sheet of the insurance policy. To satisfy this code requirement, Declaration sheets are enclosed.

Seagate Village is a Planned Unit Development with both condominium units and single family homes (patio home). As such, **the Association maintains a master hazard policy for both condominium buildings and common area property.** The Association's hazard insurance coverage carries a \$25,000 deductible per occurrence. Unit owners would be responsible for their pro-rata share. In the event the loss only affects a single owner's unit, that owner would be responsible for the entire deductible. **Each property owner is responsible for maintaining insurance coverage for their personal property and for items specifically excluded by the master hazard policy.**

The Association's CC&R's (Article XII) sets forth certain insurance requirements including casualty insurance, general liability insurance, directors and officers insurance and fidelity bonding. Your Association has in force policies which meet or exceed those requirements. Your Association's insurance coverage also meets or exceeds requirements set forth in California Civil Code sections 5800 and 5805.

The following statement, bolded by law, is required by California Civil Code §5300(b)(9):

“This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.”

Owners are encouraged to read **Article XII of the Association's CC&R's** for additional insurance information and understanding of the Owners portion of deductible contribution.



SEAGAT1

OP ID: C1

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/24/2018

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

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Wateridge Insurance Services 10717 Sorrento Valley Rd. San Diego, CA 92121 Thomas J. Charlebois	858-452-2200	CONTACT NAME: Thomas J. Charlebois
		PHONE (A/C, No, Ext): 858-452-2200 FAX (A/C, No): 858-452-6004
E-MAIL ADDRESS:		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A: AMCO Insurance Company		19100
INSURER B: Federal Insurance Company		20281
INSURER C: PA. Manufacturers Assoc Ins Co		12262
INSURER D:		
INSURER E:		
INSURER F:		

INSURED Seagate Village Community Asso
5731 Palmer Way, Suite B
Carlsbad, CA 92008

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> D&O \$1,000,000 GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			3037174544	07/15/2018	07/15/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			3037174544	07/15/2018	07/15/2019	COMBINED SINGLE LIMIT (Ea accident) \$ INCLUDED BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			G70935326	07/15/2018	07/15/2019	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	2018010629386Y	07/15/2018	07/15/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Crime			3037174544	07/15/2018	07/15/2019	1,000ded
A	Property			3037174544	07/15/2018	07/15/2019	25,000ded

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
100% Replacement Cost and walls-in property coverage excluding improvements and betterments for 78 condo units. Property and liability coverage also included for association common areas.

CERTIFICATE HOLDER Proof of Insurance	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Thomas Charlebois</i>

ASSESSMENTS AND DUES

- A. Assessments and/or Association dues are due on the first day of each month and are delinquent if not received by the 30th of the month.
- B. Delinquent assessments/dues shall be charged a penalty of \$10.00 per month which shall be added to the original charge.
- C. Those assessments/dues remaining unpaid on the last day of the second month shall be sent a pay or lien letter and liened if payment is not received by the last day of the third month. These costs shall be added to the total due. Assessments/dues remaining delinquent shall subject the unit owner to foreclosure proceedings 120 days after the original due date.

MANAGEMENT AND VIOLATIONS

- A. Emergencies involving the common area (sprinklers broken, graffiti, etc.) should be reported by phone as soon as possible to our management company. They have a 24 hour emergency line provided for such use.
- B. Owners or Tenants may report violations of these Rules and Regulations to our management company in writing and a violation notice will be sent to the offending owner. To report vandalism, residents are requested to call the Sheriff's office and/or write a letter to our management company.

Since the owner of each unit will be held financially responsible whenever applicable, it would be wise to ensure that all tenants are notified of these Rules and Regulations. Lease agreements should include a summary of tenant responsibilities.

The phrases *common area*, *private streets*, and *public streets* are used in this booklet and they are defined as follows:

Common Areas: The green belt (area under the power lines), pool area, tennis court, tot lots, mini parks, and the condominium open areas.

Private Streets: All streets within Seagate Village except Overland and Rambling Roads. All private streets are maintained by the Homeowners Association.

Public Streets: Overland and Rambling Roads. These streets are maintained by the City of Encinitas.

An open invitation is issued to all property owners to serve a term on the Board of Directors, or it's committees. Doing so helps ensure that the responsibility for managing Association business is shared and that homeowner interests are well-represented.

INTRODUCTION

In order to maintain an orderly and pleasurable living environment within Seagate Village, reasonable rules and regulations must be established and enforced. This document provides information on the rules and regulations that have been determined by resolution of the Board of Directors for the benefit of all property owners, residents, and guests.

When a unit is purchased, owners are given two documents: **Covenants, Conditions and Restrictions (CC&R s)** and **By-Laws of Seagate Village Community Association**. Owners and tenants are urged to read both of these documents because they set forth in a complete and detailed form the rights, duties, and obligations of each owner and they together with this booklet **Rules and Regulations**, are the official documents that cover these rights.

This booklet is a summary of excerpts from the original documents. Please review them carefully to be sure that you understand the rules. Please take the time to review the pertinent rules with your children.

To maintain the comfort, enjoyment, safety and beauty for the benefit of the properties and owners of Seagate Village, the following Rules and Regulations have been adopted by the Homeowners Association and must be followed by those residing in Seagate Village.

- C. Notice of violations of these Rules and Regulations shall be sent in writing to the unit owner (and tenant).
- D. Failure to comply within the time given or notification of the same violation within a six month period shall result in a hearing at the next regularly scheduled Board Meeting. Members will be asked to attend this meeting and explain their reason for non-compliance, after which time a fine of \$50 per month may be levied.

REPAIRS PERFORMED BY THE ASSOCIATION

- A. Any repairs performed by the Association that are determined to be an owner's responsibility shall be paid promptly by the owner. Failure to do so shall result in an assessment to cover such charges, plus an administrative fee of \$20.00.
- B. Any repairs, replacing or painting of the common area necessitated by negligent use or vandalism caused by owners, occupants, guests, or their children, or pets shall be billed to the appropriate homeowner.

CONDO	PATIO HOME
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Seagate Village Community Homeowners Association
 c/o CHAMPS, a Division of AAM, LLC
 3520 Seagate Way • Suite 100
 Oceanside, California 92056-2681
 (760)603-0501 • FAX (760)603-0505

REQUEST FOR ARCHITECTURAL COMMITTEE APPROVAL

UNIT ADDRESS: _____ UNIT NO: _____
 HOMEOWNER: _____ DATE: _____
 MAILING ADDRESS: _____ PHONE: _____

 MODIFICATION: _____

If additional space is needed, please use a separate sheet of paper.

The Architectural Committee is hereby advised that the following work is proposed and approval is requested. It is our understanding that building permits for home improvements are required by the City of Encinitas and that the cost of permits, the responsibility for obtaining the permits, and subsequent inspections of modifications done will be the responsibility of the applicant. Attached are the following items:

1. Plans and specifications including drawing or blueprints of the work to be done.
2. Neighbor Impact form.
3. Approximate start and completion dates.

We acknowledge that all approved changes will be at our expense, as well as any damage to or relocation of existing sprinkler system, underground utilities, building structures, and exterior improvements. We acknowledge that the above requested modification must begin within 6 months of the approval date or this architectural request approval will be void and a new request must be submitted and approved. In addition, we acknowledge if any changes are made to the original approved plans, a new architectural request form must be submitted and approved.

Signature(s) of all owners: _____

It is the goal of the Seagate Village Architectural Committee to support and facilitate the homeowners in the maintenance and improvement of the homes in our community.

The above request has been reviewed by the Architectural Committee and has been:

APPROVED () REJECTED () PENDING FURTHER INFORMATION ()

Comments: _____ Date: _____

Approved by: _____ Date: _____

Completed work inspected by: _____ Date: _____

Seagate Village Community Homeowners Association

c/o CHAMPS, a Division of AAM, LLC
3520 Seagate Way • Suite 100
Oceanside, California 92056-2681
(760)603-0501 • FAX (760)603-0505

Home Improvement Form Impacted/Adjacent Neighbor Statement

Homeowner Name:			
Property Street Address:			Lot #:
Mailing Address:		Email Address:	
Home Phone:		Daytime Phone:	
The neighbors listed below have seen the plans I am submitting for architectural project approval. My neighbor's approval does not guarantee approval by the Architectural Committee or the Board of Directors.			
IMPACTED NEIGHBOR:			
Name	Address	Lot#	Phone #
Signature			
Please Check One: Agree _____ Disagree _____			
IMPACTED NEIGHBOR:			
Name	Address	Lot#	Phone #
Signature			
Please Check One: Agree _____ Disagree _____			
ADJACENT NEIGHBOR:			
Name	Address	Lot#	Phone #
Signature			
Please Check One: Agree _____ Disagree _____			
ADJACENT NEIGHBOR:			
Name	Address	Lot#	Phone #
Signature			
Please Check One: Agree _____ Disagree _____			

Please forward to Seagate Village Community Homeowners Association
Architectural Committee c/o: CHAMPS-a Division of AAM, LLC • 3520 Seagate Way,
#100 • Oceanside, CA 92056-2681.

Approved Condominium Window Replacement — Seagate Village

After 22 years, many condo owners are experiencing both functional and cosmetic problems with the original windows. The windows no longer meet building codes, nor are they energy efficient. The Condo Architectural Committee conducted extensive research to determine the type of windows that would be in the best interests of the community at large. Energy efficiency, appearance, type of installation, maximum visibility, warranty, and affordability were the dominant factors in coming their recommendation.

Two Brands of Vinyl Windows Approved

- **CertainTeed** – Six dealers in San Diego County. Nationwide reputation. Company is 100 years old. Rated #1 by Consumer Guide.
- **Vinyl Masters** – Local company. Desirable features includes a soft white color and sleeker frames

Requirements:

- **Retrofit** – Retrofitting is the only installation that meets code, does not require a building permit, and does not affect the stucco. Since retrofit vinyl windows all have 2 5/8" frames, loss of light is a critical problem particularly in condo units with no side windows. Retrofit windows reduce light by 16.7% on a 4'x4' window. Smaller windows have even greater percentage of loss of light. Larger windows less so.
- **Grids Optional** - Window grids are optional.
- **Exterior Color of Vinyl Must be White** – White is compatible with the current exterior color scheme and is the color of choice for 90% of vinyl window sales. They allow flexibility for all color palettes both inside and out.
- **No Impact on Existing Window Trim** – Both windows are cut to fit within the frame of the existing window trim, which allows easy replacement of window trim at any time. Should the installation require the removal of the window trim, it must be replaced with a composite type material and painted to match the existing window trim at the homeowner's expense.
- **Replacement of All Windows on a Single Exposure Required** – If any window in the unit is replaced, **all windows on that same wall for that unit must be replaced at the same time.**
- **Signed Statement of Responsibility by Condo Owner** – The homeowner is required to sign a statement accepting full responsibility for any damage due to water or accidental damage to stucco.

Effective date 4/13/05

Effective 4/1-08 Window Broker is added to the approve window dealer list.

Approved Condominium Front Door Replacement or Refinishing
Approved condominium Screen Doors

ENTRY DOORS

Replacement or refinishing of front door is optional.

1. Stain-grade wooden or fiberglass doors with appropriate stain color only. No steel doors allowed. Owner may use any door manufacturer as long as above policy is met. Photos are available of acceptable door styles. **NO PAINTED ENTRY DOORS ALLOWED.**
2. Stain-grade wooden or fiberglass doors with windows are also acceptable. Owner may use any door manufacturer as long as the following policy is met. Windows must be at the top of the door with clear or tinted glass. See sample photos of acceptable window styles. **NO FULL, OVAL, OR HALF GLASS DOORS ARE ALLOWED. NO PAINTED ENTRY DOORS ALLOWED.**
3. **Signed Statement of Responsibility by Condo Owner.** The homeowner is required to sign a statement accepting full responsibility for any damage due to water or accidental damage to stucco.
4. Stain used for refinishing entry doors may be light or medium oak, mahogany, or walnut. Sample colors are available upon request. **NO PAINTED ENTRY DOORS ALLOWED.**

SCREEN DOORS

1. Screen door color must be black, beige, or copper tone. Photo samples are available.

Approved Condominium Garage Door Windows – Seagate Village

Some condo owners asked about window panels on garage doors. The Architectural Committee has researched garage door windows and herewith is the policy on garage door windows.

1. Garage door windows are optional.
2. Only the upper panel may be replaced with windows.
3. Window must be “full view long style.”
4. Clear or tinted glass. No other style acceptable.
5. The paint on panel must match existing garage door color.
6. Owners are responsible for any damage to trim or stucco caused by upper panel replacement.

Garage door company to be used is Clopay. They have 3 dealers in San Diego County.

See copy of sample garage doors with windows and the addresses of local dealers.

Many of the patio homes have wooden roofs which are nearing the end of their useful live span. Seagate architectural policy requires that old roofs be replaced with Eaglelite, Duralite, or a similar lightweight ceramic product. Permission must be obtained from the Architectural Committee before you make any commitment with your roofing company. Allow up to a month for processing your architectural requests.

Section 7.1 Architectural Approval for Projects.

Notwithstanding anything contained in this Section 7.1, the provisions of this section shall not apply to the Recreation Area, the R-1 property or to any owner of a lot within the R-1 property and the Condominium Architectural Committee shall have no power or authority with respect to the R-1 property or Recreation Area, except as provided in Section 7.3. No fence, wall or other structure shall be commenced, erected or maintained on the property nor shall any exterior addition to or change or alteration therein, including patio covers be made, until the plans and specifications therefor shall have been submitted to and approved in writing as to harmony or external design and location in relation to the surrounding structures and topography, by an Architectural Committee, initially to be appointed by the Declarant (the "Condominium Architectural Committee"). The Condominium Architectural Committee shall have the right, but not the obligation, to require any member to remove, trim, top or prune any shrub, tree, bush, plant or hedge which such Committee reasonably believes materially obstructs the view of any unit. The Declarant shall not be required to comply with any of the provisions of this Section 7.1; provided, however, that if Declarant sells a condominium and thereafter purchases such condominium,

the Declarant shall comply with the provisions of this Section 7.1 as such provisions apply to such condominium. Notwithstanding the foregoing, the owner of a condominium may install landscaping within the area of his patio without obtaining the approval of the Condominium Architectural Committee, however, patio covers, fences and other structures may not be erected within a patio or area without the prior approval of the Architectural Committee pursuant to this Article.

Section 7.2 Architectural Approval for R-1 Property. No fence, wall, building, sign or other structure (including basketball standards) or exterior addition to or change or alteration thereof (including painting) or landscaping, shall be commenced, constructed, erected, placed, altered, maintained or permitted to remain on the R-1 Property, or any portion thereof, until plans and specifications shall have been submitted to and approved in writing by an architectural committee, initially to be appointed by the Declarant (the "R-1 Architectural Committee"). All such plans and specifications shall be prepared by a duly licensed architect or other persons approved by the R-1 Architectural Committee and shall be in compliance with Section 7.1. All such plans and specifications shall be submitted in writing over the signature of the Owner of the property or such Owner's authorized agent. Approval shall be based, among other things, upon the same factors set forth in Section 7.1. In any event, the R-1 Architectural Committee shall have the right, but not the obligation, to require any Member who owns a Lot within the R-1 Property to remove, trim, top or prune any shrub, tree, bush, plant or hedge, which such Committee reasonably believes materially obstructs the view of any Lot within the R-1 Property. The Declarant shall not be required to comply with any of the provisions of this Section 7.2; provided, however, if the Declarant sells a Lot and thereafter purchases such Lot, the Declarant shall comply with the provisions of this Section 7.2 as such provisions apply to such Lot.

Section 7.3 Architectural Approval for Recreation Area.

No fence, wall, building, sign or other structure (including basketball standards) or exterior addition to or change or alteration thereof (including painting) or landscaping, shall be commenced, constructed, erected, placed, altered, maintained or permitted to remain on the Recreation Area or any portion thereof, until the Association has submitted plans and specifications which have been approved in writing by an architectural committee consisting of the Condominium Architectural Committee and the R-1 Architectural Committee, acting as one architectural committee (the "Joint Architectural Committee"). All such plans and specifications shall be prepared by a duly licensed architect or other persons approved by the Joint Architectural Committee and shall be in compliance with Section 7.1. All such plans and specifications shall be submitted in writing over the signature of two authorized officers of the Association or the Association's authorized agent. The Declarant shall not be required to comply with any of the provisions of this Section 7.3.

Section 7.4 Number of Members and Term of Each of the Architectural Committees Appointed by Declarant. The term "Architectural Committee" as used in this Declaration shall mean and refer to the Condominium Architectural Committee and/or the R-1 Architectural Committee, as the case may be, and the term "Architectural Committee" shall mean and refer to both the Condominium and the R-1 Architectural Committee.

) Each Architectural Committee shall consist of not less than three nor more than five members. The Declarant shall have the right to appoint all of the members of each Architectural Committee and their replacements until the first anniversary of the issuance by the California Department of Real Estate of the original public report for Phase 1 (the "Anniversary Date"). After the Anniversary Date, the Declarant shall have the right to appoint a majority of the members of each such Committee and their replacements until ninety percent (90%) or more of the Lots and Condominiums within the Property have been sold, or until the fifth anniversary of the date of original issuance by the California Department of Real Estate of the final subdivision public report for Phase 1 (the "Fifth Anniversary Date"), whichever shall first occur. After ninety percent (90%) or more of the Condominiums and Lots within the property have been sold or after the Fifth Anniversary Date, whichever shall first occur, the Board shall appoint all of the members of each Architectural Committee. Those appointed to the Condominium Architectural Committee by the Board shall be Members who own Condominiums and those appointed to the R-1 Architectural Committee by the Board shall be Members who own Lots; the Declarant, however, need not appoint Owners to either Architectural Committee. Those Members of the Architectural Committees appointed by the Board may be dismissed and replaced at any time and from time to time as determined by the Board in its sole and absolute

discretion.

Section 7.5 Failure to Approve or Disapprove Plans and Specifications. In the event an Architectural Committee, or its representatives designated in accordance with Section 7.11, fails to either approve or disapprove such plans and specifications within thirty (30) days after the same have been submitted to it, it shall be conclusively presumed that such Architectural Committee has approved such plans and specifications. All improvement work approved by either Architectural Committee shall be diligently completed and constructed in accordance with approved plans and specifications.

Section 7.6 Appeal. In the event plans and specifications submitted to an Architectural Committee are disapproved thereby, the party or parties making such submission may appeal in writing to the Board, which appeal shall be delivered to the Board not more than thirty (30) days following the decision of such Architectural Committee. The Board shall notify, in writing, such Architectural Committee of the appeal and such Architectural Committee shall deliver written recommendations to the Board within fifteen (15) days after receipt of such notification from the Board. Within forty-five (45) days following receipt of an appeal, the Board shall render its written decision and deliver a copy thereof to the party or parties submitting the appeal. The failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the party or parties submitting the appeal.

Section 7.7 No Liability. Neither the Declarant, the Association, the Architectural Committees, the Joint Architectural Committee, nor the members or designated representatives thereof shall be liable in damages to anyone submitting plans or specifications to them for approval, or to any Owner of property affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications, or for any defect in any structure constructed from such plans and specifications. Such plans and specifications are not approved for engineering design. Every person or entity who submits plans and specifications to either Architectural Committee or the Joint Architectural Committee, for approval agrees, by submission of such plans and specifications, and every Owner or any of said property agrees that he will not bring any action or suit against the Declarant, the Association, such Architectural Committee, the Joint Architectural Committee, or any of the members or designated representatives thereof to recover any such damages.

Section 7.8 Notice of Noncompliance or Noncompletion. Notwithstanding anything to the contrary contained in this Declaration, after the expiration of (a) one year from the date of issuance of a building permit by any municipal or other governmental authority for any improvements or (b) one year from the date of the commencement of construction within the Property of any improvements, said improvements shall, in

) favor of purchasers and encumbrancers in good faith and for value, be deemed to be in compliance with all provisions of this Article VII, unless actual notice of such noncompliance or noncompletion, executed by the Architectural Committee having jurisdiction or such Architectural Committee's designated representatives, shall appear of record in the office of the County Recorder, or unless legal proceedings shall have been instituted to enforce compliance or completion.

Section 7.9 Rules and Regulations. Each Architectural Committee and the Joint Architectural Committee may, from time to time, in its sole discretion, adopt, amend and repeal reasonable rules and regulations interpreting and implementing the provisions hereof and establishing reasonable architectural standards for that portion of the Property under each such Committee's jurisdiction.

Section 7.10 Variances. Where circumstances such as topography, location of property lines, location of trees, configuration of lots, or other matters require, each of the Architectural Committees, by the vote or written consent of a majority of their respective members, may allow reasonable variances as to any of the covenants, conditions or restrictions contained in this Declaration under the respective jurisdiction of each such Committee, on such terms and conditions as it shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Property.

Section 7.11 Appointment and Designation. Each

Architectural Committee and the Joint Architectural Committee may, from time to time, by a majority of the members thereof, delegate any of its rights or responsibilities hereunder to one or more duly licensed architects or other qualified persons who shall have full authority to act on behalf of such Committee in all matters delegated.

Section 7.12 Review Fee and Address. All plans and specifications required by Sections 7.1 and 7.2 shall be submitted in writing for approval together with a reasonable processing fee. The address of the Condominium Architectural Committee is 2333 Camino Del Rio South, Suite 300, San Diego, California 92108, or such other place as may from time to time be designated by such Committee by a written instrument recorded in the office of the County Recorder. The last instrument so recorded shall be deemed the Condominium Architectural Committee's proper address. Such address shall be the place where the current rules and regulations, if any, of such Committee shall be kept. The address of the R-1 Architectural Committee is 2333 Camino Del Rio South, Suite 300, San Diego, California 92108, or such other place as may from time to time be designated by such Committee by a written instrument recorded in the office of the County Recorder. The last instrument so recorded shall be deemed the R-1 Architectural Committee's proper address. Such address shall be the place for the submittal of plans and specifications and the place where the current rules and regulations, if any, of such Committee shall be kept. The address of the Joint Architectural Committee shall be the same as the R-1

Architectural Committee. Such address shall be the place for the submittal of plans and specifications and the place where the current rules and regulations, if any, of such Committee shall be kept.

Section 7.13 Inspection. Any member or agent of either Architectural Committee may, from time to time, at any reasonable hour or hours and upon reasonable notice, enter and inspect any property subject to the jurisdiction of such Architectural Committee as to its improvement or maintenance in compliance with the provisions hereof.

ARTICLE VIII

GENERAL RESTRICTIONS

Section 8.1 Except as provided in Section 17.10 and subject to the other terms and provisions of this Declaration, none of the Lots or Condominium Units within the property shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any such Lot other than a single family dwelling and no such building shall exceed the height above ground level of the original construction. Furthermore, no room additions (including the conversion of the garage area into a living area), patio covers, fences and/or walls may be made on any such Lot within the property without the prior written approval of the Architectural Committee as provided for in Article VII hereof. Any such alteration must be in compliance with the County of San Diego requirements and the terms of the permit for development of the property. No additional building structure or improvement shall be constructed,