

Auburn Valley Property Owners Association
(AVPOA)
April 30,2019 to June 30, 2020 Annual Disclosures

Executive Summary

The Auburn Valley Property Owners Association, (AVPOA) is a California nonprofit mutual benefit corporation. The Association is an "association" as defined in section 4080 of the California Civil Code whose Members are the Owners of Lots in the Development.

The Association consists of 142 Lots and 2 common areas. The common areas are maintained by the Association. It is governed by a volunteer five-member board of directors elected by the membership at its annual meeting held in April of each year.

The Association has hired a Certified Public Accounting firm to oversee the financial aspects of the Association. The firm of Wilson, Wilson and Taylor is our "CPA" and are located at 564 Auburn Ravine Road, Auburn, CA 95603.

Assessments and Revenue

Assessments: Assessments are billed twice a year and are due from property owners on June 30th and December 31. The assessment for the 2020-2021 fiscal year will be \$561.96 for the year or \$280.98 for six months. This equates to \$18.00 a month for association dues and \$28.83 a month for road fees for each property owner. Costs have increased significantly over the past 7 years and there had not been an increase in dues, since 2002, until this year when the board increased the association dues by 20% (the maximum allowable) to \$18.00 per month

Special Assessments: The board continues to evaluate the shortfalls in the budget and it may be necessary to have a special assessment in FY 21.

Total Revenue: This line item in the budget represents the Association's estimated income for FY-21.

Operating Expenses

Administrative - Line Items

Hospitality: Used for purchase of food and condiments for work party during work days or special events such as the annual meeting.

Insurance: Liability Insurance for roads and common areas. Also liability insurance for Directors.

Attorney Fees: Although we don't anticipate the need for an attorney in FY-21, the Association keeps the line item in the budget under expenses.

Office/Other: Office supplies, stamps, paper, ink cartridges, etc.

Accountant Fees: CPA/Bookkeeping services.

Taxes: Tax return. The Association is filed with the California Department of Corporations as an exempt non-profit corporation.

Property Taxes: Common areas and structures.

Storage Expense: The AVPOA shares a storage locker with the Community Service District (CSD) where we store past records, building plans etc.

Bad Debts: Money (road fees, dues etc.) that is owed to the POA, that we have not been able to collect.

Web-Site Maint: A yearly cost for the use and maintenance of the Association WebSite.

Common Area Maint: Routine maintenance for both common areas. Cutting of grass, etc.

Common Area Repairs: Sprinkler repairs, maintenance and repairs to Gazebo, cleaning of ponds, etc.

Road Capital Improvements: Cost of repairs to roads within the community. Signage for the roads etc.

Weed Abatement: Cost of Weed abatement for the common areas and the drainage ditch along Auburn Valley Road.

Tree Service: Pruning of trees in common areas.

Water: Fee paid to Golf Club on a monthly basis for use of NID water for common areas.

Total Expenses: This line represents the Associations estimated operating expenses for FY-21.

Reserve Fund

In October of 2011 the AVPOA established a Road Reserve Fund. This is a separate account from the general operating fund that the POA uses to operate on a daily basis. The road reserve fund is used exclusively for maintenance, repair, signage and any other expense associated with the roads that the Association owns. All of the assessed road fees that are collected from Association members are deposited into the road fee account at First Northern Bank in Auburn, CA. This money cannot be used for any other purpose, without the Association's approval.

In early 2010, the Auburn Valley Property Owners Association contracted the services of CHEC Management Systems, Inc. of Redding, CA, to conduct a pavement evaluation of the roads owned by the AVPOA. Subsequently, in July of 2010, CHEC Management Systems issued a 5-Year Pavement Management Plan (PMP). The evaluation conducted by CHEC states that pavement conditions, within Auburn Valley, range from fair to good. The PMP also states that if we neglect our roads and do not maintain them, it would cost approximately \$2,900,000 to replace all the roads within Auburn Valley. CHEC states in their report that none of our roads are any where near this condition, and if properly maintained with digouts (patches) seals and eventually overlays, the life of the pavement should be extended by 50% to 75%. The five year plan that CHEC has developed for Auburn Valley is estimated at \$388,802. This is more than the AVPOA has in our Reserve Fund. Subsequently, using the CHEC PMP as a guide, the POA has enlisted the services of Livingston's Grading and Paving Company of Newcastle, CA. During the past year we have completed digouts and patching of Auburn Valley Road, hot-sealing of cracks on Spyglass Road and sections of Upper Valley Road. Work has also been completed on the reconstruction of the drainage area at Upper Valley and Estates Court. These projects have cost the Association approximately \$39,000. Within the next couple of years, Auburn Valley Road is going to need a complete overlay. The cost of this procedure is yet to be determined.

Assessment Collection Policy

The Association's Assessment Collection Policy is contained in ARTICLE IV ASSESSMENTS, Section 4.10 Collection of Assessments; Enforcement of Liens, of the Association's CC&Rs. The Policy, which includes a description of the policies and practices relating to the collection of delinquent assessments and the Association's lien rights, are available for review on the Associations Web-Site.

Financial Year End Report

The Year-End Financial Report is to be distributed to Association members within 120 days of the end of the Association's fiscal year (May 31).

Enforcement of Governing Documents and Monetary Penalty Schedule

All property owners are obligated to abide by the Governing Documents. The Association asks that each property owner review the CC&Rs, Bylaws, Articles and all associated Rules. Property owners are also encouraged to attend board or committee meetings to stay abreast of requirements contained within the Governing Documents.

In the event of a perceived violation of the Governing Documents, the Association will investigate and determine whether any follow up action is warranted. If further action is needed, the Association will schedule a hearing to consider imposing fines and or penalties. At least 10 days prior notice of a hearing is required. The Owner may attend and respond to the notice and potential fine and or penalty as set forth in the Governing Documents. A fine and/or penalty may be imposed regardless of whether the Owner attends the hearing. Fines and special purpose assessments may be recovered in any matter permitted by law.

A copy of the fine schedule that was adopted by the board in September of 2011 is available for review on the Association Web-Site

Insurance

The Association is insured by George Peterson Insurance Agency, located at 231 Cherry Avenue, Auburn, CA 95603. The current policy is valid from 10/06/2019 to 10/06/2020. The policy covers property and general liability in the amount of \$3 million occurrence limit and \$4 million Aggregate Limit. Building coverage is for \$10,000 (Gazebo) with a deductible of \$1,000. Personal Injury -1 million. Total cost of POA Premium - \$2,020.65 for the year. AVPOA also has a Liability policy for the Directors. The Insurance is Continental Casualty Company through George Peterson Insurance Agency Effective date is 3/20/2020 thru 3/20/2021. Limit of liability: \$2 million each loss. Annual Premium is \$1,724.00.

In addition to the above, the AVPOA is a "Certificate Holder" to the Placer Land Trust Certificate of Liability Insurance. The policy covers property and general liability in the amount of 1 million occurrence limit, and 2 million Aggregate Limit.

Copies of the annual insurance disclosure summaries are available for review on the Association Web-Site.

As required by California law, the following statement is included as part of the Insurance summary:

"This summary of the Association's policies of insurance provides only certain information, as required by section 1365(e) of the California 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 to the Association , review the Associations insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the polices 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 Residence, or personal injuries or other losses that occur within or around your Residence. Even if a loss is covered by the Association's insurance, you may 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."

Each Owner is responsible for reviewing the summary and conferring with their insurance or other advisors to determine whether and to what extent additional insurance should be obtained by each owner to provide the maximum protection afforded by law. An Owner may review a copy of the Association's Insurance policy upon reasonable notice and payment of applicable charges, if any.

Board of Directors Meetings

Board of Directors meetings are held monthly the second Saturday of the month, at the Auburn Valley Golf Club. Meetings are held in conjunction with the Community Service District, and start time alternate between 9:00 and 10:00 AM The agenda is distributed to the Association two days in advance of the meeting via email, and posting on the AVPOA web-site. The exact time of the meeting is contained in the agenda.

Board of Directors Meeting Minutes

Minutes from monthly Board of Directors meetings are distributed by the secretary to the Association via email, and are posted on the Association web-site. The minutes are normally posted within two weeks of the meeting. Additionally, agendas for meetings are usually posted two days prior to the meeting using the same distribution system as the minutes.

Alternative Dispute Resolution

California law provides a means by which Owners and the Association can engage in mediation, arbitration or other forms of dispute resolution with respect to disputes arising under the Nonprofit Mutual Benefit Corporation Law. California Civil Code requires common interest owners, associations and their members to attempt to resolve disputes involving the enforcement or interpretation of the development's Governing Documents through the use of alternative dispute resolution (ADR), rather than formal civil litigation. ADR involves the use of a neutral party to assist the parties in

reaching a resolution to a dispute without litigation. If litigation results, the prevailing party is entitled to an award of reasonable attorney fees and costs.

California law requires a common interest development to make the following disclosure:

Failure of a member of the Association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of his or her right to sue the Association or another member of the Association regarding enforcement of the governing documents.

California Civil Code 5920 requires that the Association have our own (internal) dispute resolution process. The following procedure has been approved by the board as Rule 2.0 3-10-12, and will be incorporated into the Governing Documents during the next amendment.

The Association shall be fair, reasonable and expeditious in resolving disputes within the community.

Either party to a dispute within the scope of this article may invoke the following procedure.

1. Either party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. A member of the association may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
3. The Association's Board of Directors shall designate a member of the Board to meet and confer.
4. The parties shall meet promptly at a mutually agreed time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.
6. An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:
 - (a) The agreement is not in conflict with the law or the governing documents of the common interest development or Association.
 - (b) The agreement is either consistent with the authority granted by the Board of Directors to its designee or the agreement is ratified by the Board of Directors.

7. A member of the Association may not be charged a fee to participate in the process.

Rules and Architectural Changes

All property owners within the Association have been provide copies of the Governing Documents. It is in your best interest to read and abide by the rules contained within the CC&Rs and Bylaws. If you rent your property out, please advise the Board, and also provide copies of the CC&Rs and Bylaws to your tenants so they know what is permitted or prohibited and can familiarize themselves with the community in which they live.

All plans and specifications for any exterior improvements including landscaping, undertaken or contemplated by an Owner on any lot in the Development, are subject to design review and approval by the AVPOA Architectural Review Committee.

The following documents were used to develop the annual disclosure summary, and are available for review on the Association Web-Site. With the exception of the proposed FY-20/21 Budget, the Insurance information, the Pavement Management Plan and the California Civil Code, the information presented is contained within the Governing Documents of the Association.

- * Proposed Auburn Valley Property Owners Association Budget for FY-14.
- * ARTICLE IV ASSESSMENTS Section 4.10 Collections of Assessments; Enforcement of Liens (pages 27-32) Covenants, Conditions and Restrictions (CC&Rs) for Auburn Valley. Dated 2/14/2011
- * ARTICLE XIII OTHER REQUIRED DISCLOSURES TO MEMBERS. Section 13.01- Section 13.12 (pages 36-40) BYLAWS of the AVPOA February, 2011
- * RULE 1.0 8-13-2011 PENALTY FINES AND ENFORCEMENT FEES
- * RULE 2.0 3-10-2012 AVPOA Alternative Dispute Resolution
- * AVPOA Insurance Summary – George Peterson Insurance Agency
- * AVPOA Directors Liability Insurance Summary – George Peterson Insurance Agency
- * Certificate of Liability Insurance - Placer Land Trust
- * Pavement Management Plan (PMP) CHEC Management Systems INC
- * California Civil Code: Section 5900-5920 and 5925-5965