

ANNUAL HOMEOWNERS' MEETING DOCUMENTS, BUDGET, & DISCLOSURES

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CARNELIAN WOODS



Request for Annual Preferred Delivery Methods, Representative and Rental Status

Civil Code §4041 requires each owner of a separate interest to provide written notice to the Association of all the following information annually. **Please provide the information in the form below and return the completed form to the Association within 30 days (email to: office@carnelianwoods.org or mail to: PO Box 68, Carnelian Bay, CA 96140).** If you do not provide a valid delivery method pursuant to *Civil Code §4041*, we will use the last mailing address provided in writing. (*Civil Code §4041(c)*.) To change your preferred delivery method or other information, contact the Association's designated contact in the Annual Policy Statement.

UNIT NUMBER (required): _____

MEMBER NAME(S) (required): _____

1. Member's Preferred Delivery Method (Check one or both and provide the information.)

Notice: Members do not have to provide an email address to the Association.

A valid mailing address and phone number:

Name		Phone		
Street Address or PO Box	City	State	Zip Code	Phone

A valid email address: _____

2. An alternate or secondary delivery method (Optional. Check one or both and provide information.)

A valid mailing address:

Name		Phone		
Street Address or PO Box	City	State	Zip Code	

A valid email address: _____

3. The name, mailing address, and, if available, valid email address of your legal representative, if any, including any person with power of attorney, or other person who can be contacted in the event of your extended absence from the unit/separate interest.

Name	Phone	Email	
Mailing Address or PO Box	City	State	Zip Code

4. Is the unit/separate interest:

- Owner-Occupied Optional: Full-Time Part-Time
- Rental Optional: Short-Term Rental Long-Term Rental
- Vacant

NOTICE OF ANNUAL MEMBERSHIP MEETING

An open meeting of the board of directors of Carnelian Woods will be held at

Saturday, October 26, 2024, 11AM

Location: This meeting will be held **in person** at the Carnelian Woods Lodge **and virtually** via Google Meet.

See connection links below.

Online: <https://meet.google.com/pwy-ozvg-gwn>

Google Meet Smartphone App code: pwy-ozvg-gwn

Telephone: +1 904-900-0934 and enter this PIN: 303 967 020#

To view more phone numbers, see: <https://meet.google.com/tel/pwy-ozvg-gwn?hs=5>

MEETING AGENDA

A. CALL TO ORDER/ROLL CALL

***** ACTION ITEMS *****

B. REVIEW/APPROVE ANNUAL MEETING MINUTES

1. Review / Approve the October 21, 2023, Annual Meeting minutes

C. PRESIDENTIAL ANNOUNCEMENTS

1. Report to Membership

D. FINANCIAL REVIEW

1. Board Treasurer to Review Status of Association Financials

E. COMMITTEE REPORTS

1. Amenities (formerly Pool/Spa)
2. Forestry
3. Bylaws Update
4. Strategic Planning
5. Architectural Review Committee (ARC)

F. NEW BUSINESS

1. Review of 2024-2025 Election by Acclamation
 - a. Don Adams, Unit 24
 - b. Lindsey Pho, Unit 54
 - c. George Shaw, Unit 36

G. 2025 ANNUAL MEETING DATE

1. Saturday, October 25, 2025

H. OPEN FORUM. During open forum, each attendee may address the board for up to three (3) minutes. A director or manager may briefly respond to statements made or questions posed. Speakers must observe rules of decorum and not engage in other disruptive behavior. If a speaker is in the middle of a sentence when time is called, he/she may finish their thought before sitting down. The time guidelines ensure that others will have an opportunity to speak. Speakers may not allot their time to others. All persons must follow the Meeting Rules listed at the bottom of this agenda.

I. ADJOURNMENT

MEETING RULES: No audio or video recording allowed by attendees. However, the secretary may record the meeting to aid in the preparation of minutes. The recording is deleted once the minutes have been prepared. As provided in the "Open Meeting Act," members may observe the meeting but do not have the right to participate in the board's deliberations or votes. Members may address issues during the open forum portion of the meeting. If attendees become disruptive, they may be expelled from the meeting and/or fined.

A copy of the minutes or a summary of the minutes of the meeting will be provided to the unit's owners upon request, in electronic format at no charge to the unit's owner or, if the association is unable to provide the copy or summary in electronic format, in paper format at a cost not to exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter.

BOARD MEETING MINUTES

10:00 AM to 1:00 PM on October 21, 2023

In-Person and Via Google Meet

1. Call to Order – President
 - a. Meeting Called to Order at 10:01 AM
2. Roll Call/Quorum Check - Secretary

Position	Unit #	Name	Present	
			Yes	No
President	144	Greg Hubachek	X	
Vice President	11	Celia Barry	X	
Treasurer	148	Perry Fox	X	
Secretary	24	Don Adams	X	
Board Member	112	Dave Sullivan		X
Board Member	152	Karen Cleland	X	
Board Member	36	George Shaw	X	
Board Member	139	Larry Nowels	X	
Board Member	52	Mike Proffitt	X	

- a. Quorum Confirmed
3. Approval of minutes for the August 23, 2023 board meeting - Board
 - a. *Motion to approve minutes as corrected. Motion approved unanimously.*
4. Approval of minutes for 2022 Annual homeowners meeting - Board
 - a. *Motion to approve minutes. Motion carries 6 Yes: 0 No: 1 Abstention*
5. Open Forum – Homeowners 10:03 AM
 - a. An Open Forum was held, where members were given an opportunity to address the board.
6. General Manager's Report
 - a. Lodge gas line repair complete
 - b. Winterization
 - i. Snow Stakes, Snow Blowers, Loader
 - ii. Update on Unit 48 Winterization
 - c. Pest issues
 - i. Homeowners should notify the HOA of pest issues

- ii. Homeowners are responsible for hiring an exterminator
 - iii. Update on unit 136 pest control
 - d. Hot Tub schedule discussed
 - i. Hot Tubs to resume “shoulder season” schedule of Friday and Saturdays; this will be posted to the website
 - ii. Board forms Hot Tub and Pool Committee
 - 1. Chair - Carlos Sanchez
 - 2. Members - Units 16, 50, 52, 133
 - e. Discuss Request for heat tape on Unit 48
 - i. Board agreed that Carnelian Wood Services does not have the capacity now to perform the work.
- 7. Secretary’s Report 10:28 AM
 - a. Google Drive for Document Storage
 - b. Please check the Roster and complete the preferred delivery method form
- 8. Treasurer’s Report 10:37 AM
 - a. 2023 Year End Report
 - i. Operating Fund (Wells Fargo): \$241,555
 - ii. Capital Replacement Fund: \$204,505
 - iii. Year-to-Date Actual Revenue: \$941,307
 - iv. Year-to-Date Actual Expenses: \$927,267
 - v. Year-to-Date Net Revenue: \$14,040
- 9. President’s Report 10:59 AM
 - a. Financial Presentation
 - i. Discussion of Special Assessment with input from homeowners
- 10. Committee Reports
 - a. Insurance - Greg/Celia/Don 11:29
 - i. Update on Winter 2022/23 Damage and Repairs
 - 1. RMC performing work - updates will be provided
 - 2. Account set-up not complete for financial tracking
 - 3. Complete proposal pending
 - b. HOA Management and GM/PM Position Committee - Perry 11:45

- i. Update on status of HOA Management Proposals and potential candidates for GM/PM Position
 - ii. Update on temporary staff
 - c. Forestry - Celia 11:53
 - i. Summary of Forestry Report by consultant
 - ii. Firewise certification renewed
 - iii. Homeowners should notify Forestry committee of Short Term Rental (STR) inspections
 - d. Architectural - Jack
 - i. No Report
 - e. Webmaster - George
 - i. Web site continue to receive 100-200 hits a day, thought down from peak season
 - ii. Updates to documents on website will be made when resources are available
 - f. Communications - Karen
 - i. Need new chair of this committee
- 11. Old Business - Board
 - a. Status of Capital Reserve Study - 12:09 PM
 - i. Update anticipated in December for financial planning
 - ii. Full Inspection and new report anticipated in Spring 2024
 - b. Review of 2024 Election by Acclamation - 12:25
 - i. 3 vacancies and 3 nominations, therefore new members elected by Acclamation (refer to previous minutes)
 - ii. Karen Cleland is no longer on the board, and Carlos Sanchez is now on the board
 - c. Status of Utilities 12:33
 - i. Phone - Carlos - investigation underway
 - ii. Cable Carlos - investigation underway
 - iii. Others - Pending Committee
- 12. New Business - Board

- a. Election of 2024 Executive Committee 12:46
 - i. Motion to elect Don Adams as President; Don Adams accepts with amendment to elect Celia Barry as Vice President, George Shaw as Treasurer, and Larry Nowels as Secretary. Motion with amendment seconded. Motion carries 8 yes: 0 no
 - b. Special Assessment for Capital Replacement 12:48
 - i. Homeowners recommended a poll
 - ii. Various payment plans discussed (1 time, 1 year / 4 times, and 2 year / 8 times)
 - c. Committee to investigate the Pavilion 1:09 PM
 - i. Board Forms Committee to investigate the pavilion
 - 1. Chair - Don Adams
 - 2. Members - George, Carlos, Jack
 - d. Committee to investigate Utilities 1:14
 - i. Tabled pending hiring of new GM
 - e. Board Meeting Schedule for 2024
 - i. 3rd Tuesday of Month from 5 to 7 PM
 - ii. October 26, 2024 for next annual meeting
13. Executive Session (Closed Session - Tuesday October 24, 2023, Noon)
- a. Roll Call/Quorum Check
 - b. Approval of minutes for the August 23, 2023 Executive Session
 - c. Old Business
 - i. Accounts Receivable Update
 - ii. Position Descriptions Update
 - iii. Insurance Claim
 - d. New Business
 - i. Staffing
14. Next Board Meeting – November 21, 2023, 5 PM
15. Adjournment 1:22 PM

ANNUAL BUDGET REPORT Information Included per Civil Code § 5300

1. **Pro Forma Operating Budget**
2. **Reserve Summary:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code § 5300, 5550 and 5560).
3. **Reserve Funding Plan:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code § 5300, 5550 and 5560). Full report available at: www.carnelianwoods.org/board-of-directors.
4. **Major Component Repairs:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code § 5300, 5550 and 5560).
5. **Anticipated Special Assessments:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code § 5300, 5550 and 5560).
6. **Reserve Funding Mechanism:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code § 5300, 5550 and 5560).
7. **Procedures for Calculating Reserves:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code § 5300, 5550 and 5560).
8. **Outstanding Loans** (Civil Code § 5300(b)(8))
9. **Insurance Disclosure** (Civil Code § 5300(b)(9))
10. **Assessment & Reserve Form:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code § 5300, 5550 and 5560)
11. **FHA/VA Certification**
12. **Charges for Documents Provided** (Civil Code § 4528)

Carnelian Woods
Financial Forecast
Statement of Operating Fund Revenue and Expenses and Changes in Fund Balance
For the Year Ending September 30, 2025

Revenue		2024-25 Budget
4000	Dues and Assessments	1,083,712
0	Reserve Fund Allocation	(296,060)
4005	Special Assessments	113,044
4015	Rental Income	40,800
4020	CW Maintenance Services	0
4025	Late Charges	1,000
4030	Transfer Fees	1,680
4040	Misc. Income	500
4042	Key Card Income	500
4055	Fall Maintenance Income	1,200
4300	Operating Interest	0
	Total Revenue	946,376
<hr/>		
Expense		
Equipment Maintenance and Repairs		
5020	Fuel	10,200
5021	General Equipment Maintenance	9,600
TOTAL		19,800
Administrative Expenses		
5030	Bank Service Charges	60
5065	Licenses and Permits	2,257
5069	Meetings - Director & HO	2,500
5070	Miscellaneous	3,600
5072	Office Expenses/Supplies	7,826
5075	Postage and Delivery	2,950
TOTAL		19,193
Property Inspection/Maintenance		
5032	Pavilion	2,000
5036	Fall Maintenance	10,500
5059	Bat Inspections/Mitigation	1,525
5101	Lodge Maintenance Supplies	3,600
5102	General Ground Maintenance	5,000
5103	Materials and Supplies - Grounds Maintenance	2,200
5104	Forestry Management	20,000
5106	Repairs and Supplies - Building Maintenance	2,000
5107	Materials and Supplies - Building Maintenance	2,000
TOTAL		48,825
Snow Removal Expense		
5034	Snow Removal	5,000
5134	Snow Removal Contract	40,000
TOTAL		45,000
Payroll Expenses		
5055	Employees Benefits	13,150
5073	Payroll Tax Expense	28,020
5074	Payroll Service Fee	4,680
5136	Wages - Maint/Mgmt	176,900
5137	Wages - Rec	116,974
5185	Workers Comp Insurance	9,764
TOTAL		349,488
Insurance Expense		
5060	Insurance	112,415
TOTAL		112,415
Professional Services		
5080	Professional Fees	4,000
5081	Management Fee	99,450

5085	Accounting	6,300
5095	Legal Fees	7,800
5145	Security	9,840
TOTAL		<u>127,390</u>
Pool/Spa		
5125	Pool/Spa Repairs	400
5147	Supplies Pool/Spa	13,800
TOTAL		<u>14,200</u>
Taxes		
5155	Taxes - IRS	1,500
5160	Taxes - Property	7,335
5165	Taxes - State	800
TOTAL		<u>9,635</u>
Utilities		
5170	Telephone/Internet	2,140
5175	Utilities - Other	6,150
5176	Utilities - Refuse	49,574
5177	Utilities - Lodge	32,788
5178	Utilities - Pavilion	8,677
5179	Utilities - Pool	16,257
TOTAL		<u>115,586</u>
Other Expense		
5097	Employee Settlement	6,000
TOTAL		<u>6,000</u>
	TOTAL EXPENSE	<u>867,532</u>
Excess of Revenue Over/(Under) Expenses		78,844
10/1/23 Fund Balance Carry Over Beg Balance (net of P&E)		(307,611)
23/24 Forecast Over/Under		<u>345,732</u>
Estimated Fund Balance at 9/30/24		<u>38,120</u>
Budget 24/25 Over/Under		<u>78,844</u>
2025 Fund Balance Estimated at 9/30/25		<u>116,964</u>

**Statement of Replacement Fund Revenue, Expenses and Changes in Fund Balance
For the Year Ending September 30, 2025**

Revenue		
6100	Dues Allocated to Reserves	296,060
6010	Interest Income - Reserve	10,350
	Total Revenue	<u>306,410</u>
Expense		
7025	Asphalt Seal/Repair	20,500
7045	Pavilion	20,500
7084	Lighting Project	51,250
7115	Structural Improvements	9,328
7190	Pool Cover/Reel - Replace	3,192
7191	Spa Covers	1,538
7195	Tennis Court	1,845
7200	Landscaping	30,750
7201	Furnishings	1,538
7202	Security System	51,250
7203	Infrastructure	18,450
7225	Lodge Improvements	7,175
	Total Expense	<u>217,316</u>
Excess of Revenue Over/(Under) Expenses		89,094
Fund Balance 10/1/23		466,910
Forecast 23/24 Revenue Over/(Under) Expense		<u>(41,752)</u>
Forecast Reserve Fund Balance 9/30/24		<u>425,158</u>

Forecast 24/25 Revenue Over/(Under) Expense	89,094
Forecast Reserve Fund Balance 9/30/25	<u>514,252</u>

**Statement of Property & Equipment Fund Revenue, Expenses and Changes in Fund Balance
For the Year Ending September 30, 2025**

Balance at 10/1/23 Net Assets	42,661
Additions 23/24	30,000
Less Estimated Depreciation 23/24	<u>(7,500)</u>
Net Property and Equipment 9/30/24 Estimated	<u>65,161</u>
	-
Additions 24/25	-
Less Estimated Depreciation 23/24	<u>(7,500)</u>
Net Property and Equipment 9/30/25 Estimated	<u>57,661</u>

**Statement of Loan Fund Revenue, Expenses and Changes in Fund Balance
For the Year Ending September 30, 2025**

Loan Balance at 9/30/24 Estimated	<u>(818,360)</u>
	-
	-
Loan Assessments 24/25	206,736
Less Loan Interest Estimate 24/25	<u>(45,600)</u>
Loan Balance at 9/30/25 - Forecast	<u>(657,224)</u>

A complete pro forma operating budget is available for review at the management office, copies will be provided upon request at no charge.

See attached Reserve Component List and Thirty-Year Cash Flow Analysis

The funding analysis contained in the current reserve study is based on the full funding method and includes representations made by the management company, the Board of Directors and from actual costs submitted by vendors. A complete copy of the study can be made available through the management office.



RESERVE STUDY

Member Distribution Materials

Carnelian Woods

Update w/ Site Visit Review

Third Draft

Published - August 19, 2024

Prepared for the 2024/2025 Fiscal Year

<i>Section</i>	<i>Report</i>	<i>Page</i>
<i>California:</i>	Member Summary	1
	Assessment and Reserve Funding Disclosure Summary	<i>[Civil Code §5570]</i> 3
<i>Section III:</i>	30 Year Reserve Funding Plan	<i>Cash Flow Method {c}</i> 5



August 19, 2024

This is a summary of the Reserve Study that has been performed for Carnelian Woods, (the "Association") which is a Condominium with a total of 118 Units. This study was conducted in compliance with California *Civil Code Sections 5300, 5550 and 5560* and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

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

Browning Reserve Group, LLC prepared this Update w/ Site Visit Review for the October 1, 2024 - September 30, 2025 fiscal year. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

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

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves are **inadequately funded** as the reserve fund ending balances may fail to remain positive throughout the replacement of all major components during the next 30 years. **Additional reserve funding including some combination of increased contributions, special assessments and loans may be necessary to meet all reserve obligations.**

California statute imposes no reserve funding level requirements.

Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2023/2024 Fully Funded Balance	2024/2025 Fully Funded Balance	2024/2025 Line Item Contribution based on Cash Flow Method
01000 - Paving	855,375	2-30	0-15	489,351	534,500	40,584
02000 - Concrete	129,695	5-40	0-27	47,501	50,731	5,135
04000 - Structural Repairs	2,801,158	2-40	0-30	671,401	755,560	4,931
04500 - Decking/Balconies	190,490	5-25	0-9	136,512	109,347	7,974
05000 - Roofing	2,708,630	5-40	5-33	1,437,063	1,542,569	49,251
08000 - Rehab	102,200	2-30	1-27	30,655	50,816	10,675
12000 - Pool	128,208	5-25	0-13	58,792	59,400	8,192
13000 - Spa	59,288	10-20	1-11	30,209	35,183	3,203
14000 - Recreation	21,400	10-20	5-7	14,790	16,400	904
17000 - Tennis Court	256,320	5-40	1-23	123,354	139,306	11,750
18000 - Landscaping	131,655	1-20	1-9	93,499	102,973	6,764
19000 - Fencing	80,770	5-40	2-16	43,687	48,999	3,372
20000 - Lighting	50,000	20-20	1-20	29,452	31,775	2,023
21000 - Signage	4,500	12-12	10-10	750	1,153	313
23000 - Mechanical Equipment	26,620	10-30	5-20	11,494	13,445	1,352
24000 - Furnishings	15,000	5-10	1-2	12,000	13,991	1,127
24600 - Safety / Access	52,500	5-10	1-3	46,000	52,788	3,698
25000 - Flooring	14,030	10-10	3-8	8,456	10,105	1,012
26000 - Outdoor Equipment	28,811	10-20	3-13	13,736	15,843	1,402
27000 - Appliances	6,000	6-6	8-8	667	769	530
29000 - Infrastructure	58,000	2-50	0-5	40,833	22,140	7,753
30000 - Miscellaneous	184,984	5-20	0-12	99,225	87,785	14,552
Totals	\$7,905,634			\$3,439,426	\$3,695,579	\$186,500
Estimated Ending Balance				\$303,567	\$300,713	\$131.71
Percent Funded				8.8%	8.1%	/Unit/month @ 118



California Assessment and Reserve Funding Disclosure For the Fiscal Year Ending 2024/2025

Third Draft

August 19, 2024

(1) The regular assessment per ownership interest is \$2296.00 per month for the fiscal year beginning October 1, 2024.

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

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Table with 3 columns: Date assessment will be due, Amount per ownership interest per month or year, Purpose of the assessment. Row 1: N/A, \$0.00, N/A. Row 2: Total, \$0.00, (blank).

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

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

Yes ___ No X

This disclosure has been prepared by Browning Reserve Group, LLC and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation.

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

Table with 2 columns: Approximate date assessment will be due, Amount per ownership interest per month or year. Row 1: N/A, N/A.

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

(6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$3,439,426, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of August, 2024.

An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast).

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is presented in column (b) 'Fully Funded Balance' in the table immediately below; and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2024/25	\$3,695,579	\$300,713	8.1%
2025/26	\$3,898,973	\$219,423	5.6%
2026/27	\$4,001,052	\$361,284	9.0%
2027/28	\$4,309,730	\$570,173	13.2%
2028/29	\$4,660,942	\$700,792	15.0%

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

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, 2.50% per year was the assumed long-term inflation rate, and 2.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of September 30, 2025 is \$28,770 per ownership interest (average).

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

$$\text{Deficiency} = \frac{\text{2024/2025 Fully Funded Balance} - \text{2024/2025 Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§5300(b)(4) The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years, unless noted below:

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

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

2024/25 reserve contribution and 15% reserve contribution increases in years 2025/26 - 2029/30 per client. Current funding plan results in lower than recommended ending balances through 2028/29.

30 Year Reserve Funding Plan Cash Flow Method

Third Draft

Prepared for the 2024/2025 Fiscal Year

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Beginning Balance	204,505	303,567	300,713	219,423	361,284	570,173	700,792	1,022,376	1,285,431	1,600,428
Inflated Expenditures @ 2.5%	133,210	196,814	302,187	111,954	86,254	211,261	74,807	164,937	146,099	271,623
Reserve Contribution ¹	226,000	186,500	214,475	246,646	283,643	326,189	375,117	399,500	425,468	453,123
<i>Units/month @ 118</i>	159.60	131.71	151.47	174.19	200.31	230.36	264.91	282.13	300.47	320.00
<i>Percentage Increase</i>		-17.5%	15.0%	15.0%	15.0%	15.0%	15.0%	6.5%	6.5%	6.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	6,273	7,460	6,421	7,169	11,499	15,691	21,274	28,491	35,628	42,279
Ending Balance	303,567	300,713	219,423	361,284	570,173	700,792	1,022,376	1,285,431	1,600,428	1,824,207

¹) 2024/25 reserve contribution and 15% reserve contribution increases in years 2025/26 - 2029/30 per client. Current funding plan results in lower than recommended ending balances through 2028/29.

	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
Beginning Balance	1,824,207	1,907,465	2,155,893	2,416,028	1,710,186	1,325,151	813,520	1,374,218	2,011,132	2,450,789
Inflated Expenditures @ 2.5%	445,388	315,681	343,657	1,339,710	1,043,326	1,199,204	147,976	107,679	340,013	142,594
Reserve Contribution	482,576	513,943	547,349	582,927	620,817	661,170	681,666	702,798	724,585	747,047
<i>Units/month @ 118</i>	340.80	362.95	386.55	411.67	438.43	466.93	481.40	496.33	511.71	527.58
<i>Percentage Increase</i>	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	3.1%	3.1%	3.1%	3.1%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	46,070	50,165	56,443	50,941	37,473	26,403	27,009	41,794	55,085	68,825
Ending Balance	1,907,465	2,155,893	2,416,028	1,710,186	1,325,151	813,520	1,374,218	2,011,132	2,450,789	3,124,067

	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53
Beginning Balance	3,124,067	3,609,684	4,121,277	4,766,536	5,555,167	6,392,407	7,001,006	7,935,078	8,609,501	9,647,342
Inflated Expenditures @ 2.5%	367,721	377,932	283,166	182,875	180,505	453,974	175,360	483,542	170,830	83,589
Reserve Contribution	770,205	794,081	818,698	844,078	870,244	897,222	925,036	953,712	983,277	1,013,759
<i>Units/month @ 118</i>	543.93	560.79	578.18	596.10	614.58	633.63	653.27	673.53	694.40	715.93
<i>Percentage Increase</i>	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	83,133	95,444	109,726	127,428	147,501	165,351	184,396	204,254	225,393	252,811
Ending Balance	3,609,684	4,121,277	4,766,536	5,555,167	6,392,407	7,001,006	7,935,078	8,609,501	9,647,342	10,830,323



Carnelian Woods



FIREWISE USA
RESIDENTS REDUCING WILDFIRE RISKS

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CARNELIAN WOODS

OUTSTANDING LOANS

September 30, 2024

Purpose: Building siding

Payee: Mutual of Omaha

Interest Rate: 5.31% Fixed

Current Balance: \$845,204 (July 31, 2024)

Annual Payment: \$206,680.32

Ending Date: February 13, 2029



Carnelian Woods
Insurance Disclosure
 Civil Code 4000 (01/01/14)



“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.”

COVERAGE DATES ALL POLICIES	03/31/2024 TO 03/31/2025
COMPANY & POLICY NUMBER [PROPERTY INSURANCE]	California FAIR Plan # COM 0300204489 00
BUILDING LIMIT NOT BLANKETED	\$20,000,000
DEDUCTIBLE	\$75,000
RATE & COINSURANCE	ACV with 70% Coinsurance
COMPANY & POLICY NUMBER [GENERAL LIABILITY]	Atain Specialty Insurance Company # CIP471044
LIABILITY LIMIT PER OCCURRENCE/AGGREGATE	\$1,000,000/\$2,000,000
DEDUCTIBLE	\$500
COMPANY & POLICY NUMBER [D&O, CRIME, CYBER PKG]	Travelers Casualty & Surety Company of America # 108022080
COMMUNITY ASSOCIATION MANAGEMENT LIABILITY	\$1,000,000
CRIME	\$500,000
CYBER	\$100,000
DEDUCTIBLE	\$2,500/\$5,000 RETENTION (CRIME)
COMPANY & POLICY NUMBER [EXCESS LIABILITY]	StarStone National Insurance Company # 78001Y240ALI
UMBRELLA	\$5,000,000

COMPANY & POLICY NUMBER [COMMERCIAL AUTO]	AmGUARD Insurance COmpany # CAAU548531
COMBINED SINGLE LIABILITY LIMIT	\$1,000,000
COMPREHENSIVE AND COLLISION DEDUCTIBLES	\$1,000

As described on the prior page, five different insurance companies currently cover the insurance that the association has available.

CC&Rs sections 9.7 and 2.2(a) describe the homeowners insurance requirements and are summarized here for convenience. Some limitations of the property insurance are described below. Refer to those documents and the master policy for an exact definition and coverage.

The property insurance is a “walls-out” policy. It covers only the unfinished surfaces (drywall, subfloor, ceiling) outward of the structural outer walls of the building. The homeowner must keep in full force and effect liability as well as property insurance to cover the remainder. In addition to the finished surfaces of the outer walls inward, the homeowner is responsible for everything on the interior, window glazing, and all utilities from the individual unit connection point at the service entrance inward. If damage occurs due to a failure of the outer walls, such as a water leak, the homeowner is responsible for the repair of the finished surfaces and any other interior damage. Depending on the architectural committee approval, improvement or alterations made by any current or prior homeowner to the structural outer walls are generally also not covered.

You should purchase an HO6 policy (walls-in coverage) to cover your personal property, unit interior and improvements.

Our property insurance, the California FAIR plan (our only option):

- is a cash-value (limited to 20 million dollars) and not a replacement cost (over \$50 million dollars) policy. This may or may not satisfy lenders. Some have accepted an HO3 policy (full-structure coverage), though it is unclear that this is valid given the terms of the CC&Rs and lack of other association coverage.
- has a \$75,000 deductible that collectively the homeowners will be responsible for in the event of a claim. You might be able to purchase a rider on your policy to pay your portion of the deductible should that occur.
- covers only about 40% of the replacement cost of the association's structures, allocated among the buildings. Should a loss occur, a potentially large assessment will likely be necessary to rebuild. You might also be able to purchase a Loss Assessment Rider to pay part of all of such an assessment. The deductible, above, might or might not be covered by this rider, depending on your policy.
- does not cover snow and ice damage (the current repairs), and in our current situation (repairs in progress and loss history) this coverage is currently unavailable.
- does not cover business assets and other items a normal policy would cover. Coverage for these items would reduce the coverage for property. A great enough loss in these areas might also require an assessment, potentially covered by a Loss Assessment Rider.

Certificates of insurance are available on the website at:

<https://www.carnelianwoods.org/committees/insurance/>

Or from our agent:

Brian Grant

Pacific Premier Insurance

(858) 386-4443

brian@pacpremier.com

Federal Housing Administration (FHA)

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 is not certified by the Federal Housing Administration.

Veterans Affairs (VA)

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.

Civil Code § 4528. Document Disclosure Summary Form.

<https://www.davis-stirling.com/HOME/Statutes/Civil-Code-4528#axzz2CR2IjrY>

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525*
The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.
A seller may request to purchase some or all of these documents but shall not be required to purchase ALL of the documents listed on this form.
Property Address: 5101 North Lake Blvd., Carnelian Bay, CA 96140
Owner of Property: Carnelian Woods
Owner's Mailing Address (If known or different from property address.): PO 68, Carnelian Bay, CA. 96140
Provider of the Section 4525 Items: Alpenhof Management Services, LLC.
Print Name: Nicholas Saadi, Community Association Agent
Date Form Completed: 8/30/2024

Document	Civil Code Section Included	Fee for Document	Not Available (N/A) or Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)		
CC&Rs	Section 4525(a)(1)		
Bylaws	Section 4525(a)(1)		
Operating Rules	Section 4525(a)(1)		
Age restrictions, if any	Section 4525(a)(2)		N/App
Rental restrictions, if any	Section 4525(a)(9)		N/App
Annual budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)		
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)		
Financial statement review	Sections 5305 and 4525(a)(3)		
Assessment enforcement policy	Sections 5310 and 4525(a)(4)		
Insurance summary	Sections 5300 and 4525(a)(3)		

Regular assessment	Section 4525(a)(4)		
Special assessment	Section 4525(a)(4)		
Emergency assessment	Section 4525(a)(4)		
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)		
Approved changes to assessments	Sections 5300 and 4525(a)(4) , (8)		
Settlement notice regarding common area defects	Sections 4525(a)(6), (7) , and 6100		
Preliminary list of defects	Sections 4525(a)(6) , 6000 , and 6100		
Notice(s) of violation	Sections 5855 and 4525(a)(5)		
Required statement of fees	Section 4525		
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section 4525(a)(10)		

Total fees for these documents: \$200.00 for complete document request.

* The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of [Section 4525](#) may be charged separately.

CARNELIAN WOODS



Notice of Increase in Monthly Assessment

8/26/2024

Civil Code Section 5615 requires Associations to give written notice of an increase in the monthly assessment no less than 30 days, no more than 60 days, before the increase is effective.

The Board of Directors has approved the 2024/25 Budget (October 1, 2024, through September 30, 2025). **Please note the regular quarterly assessment will increase from \$1,988 (with the mid-year increase) to \$2,296, effective October 1, 2024.** This results from a **reduction** in budgeted operating expenses by over 4% with that savings and the increase used to fund reserves going forward.

If you have not paid off the reserve special assessment, then your October 1, 2024, and January 1, 2025, payments will be:

\$2,296	2024/25 Dues
\$438	Siding Special Assessment (ends Jan 2029)
\$479	Reserve Special Assessment (ends Jan 2025)
TOTAL: \$3,213	October 1 and January 1 Total Dues

The April 1, 2025, and July 1, 2025, payments will be:

\$2,296	2024/25 Dues
\$438	Siding Special Assessment (ends Jan 2029)
TOTAL: \$2,734	April 1 and July 1 Total Dues

If you have any questions regarding this notice, please contact Alpenhof Management, at office@carnelianwoods.org.

Financial Discussion

Presented by George Shaw, Treasurer

Carnelian Woods has gone through significant changes in the last two years and is still recovering organizationally and financially. With limited personnel resources and no full time management, the board picked the category of overall utilities (gas, electric, water, telephone, internet, TV), accounting for over 13% of the budget, to make improvements. Success on the energy items is hard to compare from year-to-year as it literally depends on the weather. The hours the pool, hot tubs and lodge are operating, and thus heating and electrical expenses all depend on the seasonal snow. The laws of physics are hard to break, so reasonable measures to seal the buildings and prevent heat loss are guaranteed to save money.

Office

The office had expensive dedicated landlines originally needed for the security system. These were replaced with Spectrum phone service and cell-connected security. TV service was also terminated. The lodge TV can be set up to use internet streaming services when desired. Combined saved for the change was about \$750/month.

Pool and Hot Tubs

A contractor was hired to evaluate emergency efficiency. The pool and hot tub pumps and heaters are very efficient and there was only a little room for improvement. The primary suggested change was to keep the hot tubs covered with the rigid covers when not in use.

We added easy to remove floating thermal covers and bought new, lighter rigid covers (they were due for replacement). The floating covers will help some during the day as some users have trouble placing and removing the much more efficient rigid covers. The majority of the hot tub heating cost is the hot tubs not being covered by the rigid covers during opening hours. The pool covers are at end-of-life and will be replaced this next year.

We are working to calculate or measure approximate energy consumption (gas and electric) so we know just what these amenities cost to operate and to evaluate future energy saving improvements.

Lodge

Examining the lodge found that in its over 50 years it appears to have never had energy issues addressed.

- The glass door weather stripping and hinges were worn so that the weather stripping could not seal, thus leaking air around the doors when closed. The doors were not

CARNELIAN WOODS



originally installed correctly so they sagged in the door frames making a seal even with new materials a problem.

- The other secondary doors had no weatherstripping at all.
- The attic spaces that are a part of the heated enclosure had gaps and cracks to the outside and no insulation.
- The floor insulation had fallen to the ground under the lodge. It is planned to be replaced by staff in slack off-season time.
- The lighting was a mix of inefficient incandescent, CFL and older LED bulbs and supplied inadequate light. New LED lighting was installed throughout the lodge, engineered to supply adequate lighting for evening work activities and new dimmers were installed for lighter social settings.
- Run-hour meters were installed on the medium-efficiency furnaces to accurately determine lodge heating costs to later evaluate if newer more efficient heat pumps might have a short enough payback period to make replacement prudent.

Porch and Path Lighting

Path and porch lighting is also a significant expense, at just over \$6,000/year. New LED lighting was tested and installed in the porch lamps around Sahara Drive. The latest LED bulbs are inexpensive and 40% more efficient than LED bulbs just a few years ago, so the payback period is one to two seasons. Unfortunately, the design of the bulbs, while more efficient, were also much brighter than expected when in place, creating more light than desired for the setting. Fixtures and bulbs aligning with the Dark Skies Initiative (darksky.org) are planned in the reserve study and will be installed when appropriate fixtures and bulbs meeting requirements are found and resources permit.

Ongoing Financial Challenges

Even with Alpenhof's help, we continue to struggle to find contractors and staff to work on the facilities. Alpenhof's contract calls for them to work with a facilities manager that manages the maintenance and development of the project while Alpenhof takes care of the association management. We are actively looking to fill this role to unburden our current staff so they can focus their resources on doing work and not managing it.

We have budgeted money for the facilities manager position, as well as additional seasonal maintenance staff. We are looking at updating the lodge security to allow unmanned operation and extended operating hours of the lodge and hot tubs. Currently when the hot tubs or pool are open, the lodge is staffed, at a cost of over \$60,000 per year.

Due to the turmoil in the office with the departure of Serge (our office manager) and the shutting down of Carnelian Woods Services, we have ended up in two lawsuits with prior staff. One has settled, and the other is still in negotiations. The total settlement and legal costs are expected to be in the neighborhood of \$1000 per homeowner, paid by the mid-year budget increase in April and July of 2024 and included the dues for 2024/25.

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The California FAIR Plan moderated our insurance expenses but at substantially reduced coverage. To even look for other insurance, we need to complete the 2022/23 repairs and replace problematic Federal Pacific Electric electrical panels, a project speculated to cost between \$50,000 and \$100,000. California FAIR Plan has not performed a site inspection and our rates may change when this occurs.

As we complete insurance repairs, even though project costs from RMC are approved by Farmers Insurance (our prior property insurance carrier), we cannot be certain that Farmers will pay the entire costs of the repairs. Costs are estimated to top over \$900,000 to date and we have been reimbursed and paid RMC just over \$700,000 to date. There may also be additional costs to complete repairs that Farmers will not pay.

2025/25 Budget–15.49% Dues Increase

Due to reallocation of expenses among accounts, first for greater information and then to conform to Alpenhof's account practices, the financial statement from year-to-year this year will not be directly comparable on an account-by-account basis. Looking back at the account books, the assignment of expenses to accounts lacked consistency, so this has always been an issue.

Overall, the operating budget decreased about 4.3% over the mid-year adjusted budget from 2023/24. The entirety of the dues increase is to fund reserves.

Starting with the adopted 2023/24 budget, much more detail was put into the budget and planning.

- Emphasis was put on developing good operating estimates of monthly expense allocations so monthly budget comparisons during the year are now of value.
- The annual budget was generated by looking at the actual monthly expenses for the current year and where appropriate applying an inflation amount, contacting vendors for expected next year pricing where possible, and also looking at the recent and historical account books for the components of each budget account to detail and justify the amounts for every account as much as practical.
- A contingency amount (excess revenue over expenses) was also budgeted to thoughtfully consider the uncertainty in budget items and ensure the association is sufficiently and reasonably funded.
- Amounts above the minimum needed in the operating account were applied to reduce the budgeted dues. These amounts come from prior overall expenses under budget and from unused contingency amounts.
- Every item in the reserve study was analyzed with staff to look at replacement cost, remaining lifetime, and relevance.
- Previously unconsidered items that needed to be in the reserve study were added.
- Reserve study components with flexible replacement times were adjusted to ease funding requirements.

The reserve study is now more comprehensive and better planned. The entirety of the increase in dues is to fund the reserves as in 2023/24 the reserves were funded by special assessment

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and had no funding in the budget. The reserves are still, and will be, underfunded and will take several years to recover. Saving from operations, when available, could be used to additionally fund the reserves. The current reserve study has a 15% increase in reserve funding each year (a few percent increase in overall dues). A higher increase in reserve funding will recover more quickly, but at the expense of higher dues.

Loans have been the considered form of funding by past boards for large reserve items, but are the most expensive. They represent poor planning. We are still paying off the \$2,000,000 siding loan over 15 years (done in Feb 2029), for over \$3,000,000 with interest. Saving that same amount of money with the same payment for 9.7 years in advance would save over \$1,000,000. Further, because of how HOA loans are collateralized, it is unlikely that we could get a second loan while the first loan is outstanding. This could be problematic in an emergency.

Amounts in the reserve study are best estimates of costs and timing for needed repairs. Costs and timing may vary when incurred. For instance, several items budgeted for 2023/24 have yet to be spent. The reserve study can be updated each year (rather than just a full study every three years) to adapt the study to actualities. Doing so will keep us financially agile to adapt to the needs of our aging infrastructure.

CARNELIAN WOODS ANNUAL POLICY STATEMENT

Pursuant to Civil Code Section 5310, Carnelian Woods provides the following Annual Policy Statement to its members.

Commencing after January 1, 2014, Civil Code Section 5310 requires that within 30 to 90 days before the end of its fiscal year, the board shall distribute an annual policy statement that provides the members with information about association policies. All references to “Section” are to the Civil Code unless otherwise noted.

The Annual Policy Statement shall include all of the following information:

(1) The name and address of the person designated to receive official communications to the Association, pursuant to Civil Code Section 4035:

Mailing

Don Adams, President
Carnelian Woods
P.O. Box 68
Carnelian Bay, CA 96140

Physical

Don Adams, President
Carnelian Woods
5101 North Lake Blvd.
Carnelian Bay, CA 96140

(2) A member may submit a request to have notices sent to up to two different specified addresses, pursuant to subdivision (b) of Sections 4040. Please do this through the eUnify portal for your account with Alpenhof Management Services.

(3) The location, if any, designated for posting of a general notice, pursuant to paragraph (3) of subdivision (a) of Civil Code Section 4045:

Carnelian Woods Lodge
5101 North Lake Blvd
Carnelian Bay, California 96140

<https://www.carnelianwoods.org/>

(4) A member may request to receive general notices by individual delivery, pursuant to subdivision (b) of Civil Code Section 4045. The member’s written request to the person identified in paragraph (a) above should specify if he or she prefers to receive such general notice by first-class mail, certified mail or e-mail.

- (5) A member may request to receive copies of Board meeting minutes (other than executive session) under Civil Code Section 4950(b) within 30 days of the meeting by sending a written request to the person identified in paragraph (1) above. The minutes may be in DRAFT form until approved by the Board. Minutes are also typically available on the eUnify portal and the Carnelian Woods website.
- (6) The statement of assessment collection policies required by Civil Code Section 5730. (see Attached)
- (7) The board will use the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments
- (8) The board will use the association's discipline policy, if any, including any schedule of penalties for violations of the governing documents pursuant to Civil Code Section 5850.
- (9) The board will use its dispute resolution procedures, pursuant to Civil Code Sections 5920 and 5965.
- (10) The board has requirements for association approval of a physical change to property, pursuant to Civil Code Section 4765. (See Attached)
- (11) The mailing address for overnight payment of assessments, pursuant to Civil Code

Carnelian Woods
Attn: Lodge/Office
5101 North Lake Blvd.
Carnelian Bay, CA 96140

To the board's knowledge, there is not any other information that is required by law or the governing documents or that the board determines to be appropriate for inclusion.

**CARNELIAN WOODS
ANNUAL NOTICE REGARDING COLLECTION POLICIES
DELINQUENT ASSESSMENTS**

These notices concern procedures in effect for collection of delinquent assessments and procedures to enforce the Association's rights to such assessments. A complete copy of Civil Code Section 5730 is attached to this notice.

As you know, you are required to pay homeowners dues and special assessments, as applicable, on your unit in a timely fashion on a quarterly basis. Overdue amounts are assessed interest under the articles and bylaws of the association. The current interest rate on these amounts is set by the Association at the start of each year and may change from year to year.

Under the Association articles, bylaws and policies, the Association may collect overdue assessments by first giving you an opportunity to cure the default or participate in other resolution procedures. If the default is not cured, it can record a lien on your property to secure payment of these amounts. If the Association is forced to record a lien, it will add to the amount due \$300.00 for legal and administrative processing expenses incurred in initiating this matter for collection and sending notices. Additional reasonable legal fees may be assessed if a lien is recorded, and/or foreclosure or other enforcement proceedings are required. In addition, it will add the cost of recording fees charged by the County, and if foreclosure is required, those costs charged by the foreclosure trustee as well. 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 Sections 5705, 5710 and 5720 of the Civil Code.

The foreclosure Trustee authorized to commence and prosecute the foreclosure proceedings is S.B.S. Lien Services, 31194 La Baya Drive, Suite 106, Westlake Village, California 91362.

In addition, where a unit is delinquent, the Association may suspend that unit's access to and use of recreational and other facilities at Carnelian Woods. This suspension applies to the Owners and any renters, guests or other users of that unit.

You have the right to request a meeting with the board as provided by paragraph (3) of subdivision (c) of Civil Code Section 5665. An owner may submit a written request to meet with the board to discuss a payment plan for the debt. The association shall provide the owners the standards for payment plans, if any exist. The board shall meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice, unless there is no regularly scheduled board meeting within that period, in which case the board may 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 the delinquent assessments from the time prior to entering into the payment plan.

You have the right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required under Civil Code or alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925.

You have the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925 before the association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

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.

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 a 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.

For liens recorded on or after January 1, 2006, 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. The board shall approve the decision by a majority vote of the board members in an open meeting. The board shall record the vote in the minutes of that meeting.

Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the association shall send additional copies of any notices required by this section to the secondary address provided. **The association shall notify owners of their right to submit secondary addresses to the association, at the time the association issues the pro forma operating budget pursuant to Section 5300.** The owner's request shall be in writing and shall be mailed to the association in a manner that shall indicate the association has received it. The owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the association shall only be required to send notices to the indicated secondary address from the point the association receives the request.

You are also notified of the following matters:

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

The owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association.

Any payments made by the owner of a separate interest toward the debt set forth, shall first be applied to the assessments owed, and, only after the assessments owed are paid in full shall the payments be applied to the fees and costs of collection, attorney's fees, late charges, or interest. When an

owner makes a payment, the owner may request a receipt and the association shall provide it. The receipt shall indicate the date of payment and the person who received it. The association shall provide a mailing address for overnight payment of assessments. That address is:

Mailing Address:

CARNELIAN WOODS
P.O. Box 68
Carnelian Bay, California 96140

Physical Address:

CARNELIAN WOODS
Attn: Lodge/Office
5101 North Lake Blvd.
Carnelian Bay, California 96140

CIVIL CODE**§ 5730. Statement of collection procedure**

- (a) The annual policy statement, prepared pursuant to Section 5310, shall include the following notice, in at least 12-point type:

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 areas

damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements 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)”

(b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plan.

**CARNELIAN WOODS
ANNUAL NOTICE TO HOMEOWNERS
SUMMARY OF ALTERNATIVE DISPUTE RESOLUTION
UNDER CIVIL CODE SECTION 5925
AND INTERNAL DISPUTE RESOLUTION (“MEET AND CONFER”)
RULES**

Under California Civil Code Section 5965, the Association is required to annually provide its members a summary of the provisions of Article 3, Chapter 10, Title 6, of the California Civil Code, (“Article 3”) commencing with Civil Code Section 5925, which provides laws and procedures for alternative dispute resolution for disputes between the Association and its members or among its members. The summary must include the following notice:

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

The summary shall be provided either at the time the pro forma budget is distributed or in the manner prescribed in Section 5016 of the Corporations Code. The summary shall include a description of the association’s internal dispute resolution process, as required by Civil Code Section 5920. A complete copy of Article 3 should be consulted for all details and provisions.

The following definitions apply to this law as provided in Civil Code Section 5925.

“Alternative dispute resolution” means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision-making process and may be binding or nonbinding, with the voluntary consent of the parties.

“Enforcement action” means a civil action or proceeding in court for any of the following purposes:

- (1) Enforcement of the Davis Stirling Common Interest Development Act.
[Civil Code Section 4000 et seq.]

- (2) Enforcement of the Nonprofit Mutual Benefit Corporation Law.
- (3) Enforcement of the governing documents of a common interest development.

Under Civil Code Section 5930, an association or a member of a common interest development may not file an enforcement action in the superior court unless the parties have tried to submit their dispute to alternative dispute resolution. This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000), in a small claims action. This section does not apply to a small claims action, and except as otherwise provided by law, to an assessment dispute.

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)

An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.

Under Civil Code Section 5935, any party to a dispute may initiate the process by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution must include:

- (1) A brief description of the dispute between the parties.
- (2) A request for alternative dispute resolution.
- (3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
- (4) If the party on whom the request is served is the owner, a copy of Article 3.

A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

Under Civil Code Section 5940, if alternative dispute resolution is accepted, the parties must complete the process within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties. Provisions of the Evidence Code apply to this process, making evidence of the process inadmissible in a court proceeding, if any follows. The costs of the alternative dispute resolution shall be borne by the parties.

Under Civil Code Section 5945, a Request for Resolution stops the running of any statute of limitation on the subject claim, (if it is served before the time runs out), during any time for response to the request, and if accepted, any time spent in the alternative dispute resolution process.

Under Civil Code Section 5950, if a party later sues in court, he, she or it must file a certificate stating that there was compliance with Article 3 or that certain exceptions to compliance apply to the case, such as a request for an injunction or temporary restraining order. If this certificate is not filed, the court can dismiss the case unless the court finds that dismissal of the action for failure to comply would result in substantial prejudice to one of the parties.

If after an action is filed in court, Civil Code Section 5955, the parties agree to alternative dispute resolution, the action can be stayed during the process.

Under Civil Code Section 5960, in an enforcement action in which fees and costs may be awarded pursuant to Civil Code Section 5975, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

CARNELIAN WOODS MEET AND CONFER RULES

Civil Code Sections 5900; 5915; 5920

These Meet and Confer Rules apply to resolve disputes between the Association and any member, including disputes regarding assessments.

A. The Association or the member may invoke the following procedure:

- (1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
- (2) A member of the Association may refuse a request to meet and confer. The Association shall 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 convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
- (5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

B. An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

- (1) The agreement is not in conflict with law or the governing documents of the common interest development or Association.
- (2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.
- (3) A member of the Association may not be charged a fee to participate in the process.

CARNELIAN WOODS ARCHITECTURAL CONTROL DISCLOSURE

Pursuant to Civil Code Section 4765(c), the following disclosures are made regarding architectural control at Carnelian Woods.

Basically stated, nothing shall be done to the exterior of the buildings or in the common area without permission from the board of directors through its Architectural Control Committee. Any request for a change, addition, modification, etc., shall include a written description and a diagram of the proposed changes, and must be signed and submitted to the Committee by the unit owner. No work shall commence until the owner secures all the necessary approvals, engineering, permits and proof of insurance. Any infraction noticed by staff shall be cause to notify the ACC Chair and board of directors for corrective action. Forms and additional information are available from the Association office at (530) 546-5077. A typical form of General Conditions is attached.

Any decision of the Architectural Control Committee can be reviewed and/or reconsidered, and affirmed, modified, or reversed by the Board in an open meeting. The applicant is entitled to attend the meeting and address the Board regarding the decision.

*Listed below are some typical items which will require board approval. Also listed are typical owner improvements which will not:

Require approval: (Placer County Building Permit required)

All exterior penetrations or modifications including decks, doors and windows.

Interior structural changes are not limited to reconstructions or elimination of walls or partitions.

Electrical wiring changes and alterations.

Extensive unit remodeling.

Fireplace modifications, including wall surround coverings.

Changes of appliances requiring new wiring, gas or exterior surface penetration.

Vehicle Charging and Solar Energy Systems (Note new rules effective 2018 to these installations under Civil Code Sec. 4600 and 4764)

Do not require approval:

Floor covering changes.

Window coverings.

Painting or staining of interior walls or partitions.

Repair or replacement of appliances.

Repair or replacement of plumbing fixtures.

Repair or replacement of electrical fixtures.

Decorating items.

The CC&R’s sections applicable to architectural control are set out below. No modification or addition to the exterior of any building or common area is permitted without approval of the board. This shall include, but not be limited to, plants and planter boxes from decks and windows, planting of flowers and other plants in the common area, rearrangement of rocks or any landscaping in the common area, installation of any type of carpeting on the decks and entries, painting or staining of decks and entries, hanging of bird feeders, wind socks, wind chimes, and the like. No storage of anything is permitted under or around the townhouses.

Section 5.9. Architectural Control Committee. The Board of Directors shall establish an Architectural Control Committee which shall be composed of at least three Members. No work, addition, modification, expansion, or change of any kind to the exterior of a Unit, (including windows, doors, doorways, vents, chases, chimneys, entrances, balconies, subfloor, or under structure) or to Exclusive Use Common Areas, or any work which is situated on Common Area, may be performed until reviewed and approved by the Architectural Control Committee in accordance with such rules, regulations and policies as the Board or the Members establish from time to time. The Board may grant variances from specific rules or policies subject to terms and conditions it deems reasonable. The Association may charge to an Owner and collect as a condition of approval, a reasonable fee for review of architectural approval applications, which may include costs of retention of outside consultants, such as engineers, architects, soils experts, contractors and additional insurance.

Section 7.7 Construction or Alteration. No alteration or improvement may be built on or appurtenant to any Unit that will be encroached upon or affect the Common Area, or its appearance, without the approval and consent of the Board or any committee thereof devoted to architectural control. No such improvement shall be constructed, erected, painted or maintained upon the Development nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by the Architectural Control Committee and the Board. The Architectural Control Committee or the Board may condition its approval upon the Owner recording a “Notice of Non-Responsibility” or similar document protecting the Association or other Owners from any mechanics lien that may be recorded because of such alteration or improvement. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements, alterations, etc., shall be submitted to the Architectural Control Committee and the Board for approval as to the quality of workmanship, design, harmony of external design with existing structures and location in relation to surrounding structures, topography and finish grade elevation. To the extent required, no construction or repair may

commence until it conforms to all applicable ordinances and building at the time such work commences and all necessary permits have been received.

The obligations regarding decisions on Architectural Control under California State Law Civil Code Section 4765 are set out below:

4765. Architectural review and decision making

- (a) This section applies if the governing documents require association approval before a member may make a physical change to the member's separate interest or to the common area. In reviewing and approving or disapproving a proposed change, the association shall satisfy the following requirements:
- (1) The association shall provide a fair, reasonable, and expeditious procedure for making its decision. The procedure shall be included in the association's governing documents. The procedure shall provide for prompt deadlines. The procedure shall state the maximum time for response to an application or a request for reconsideration by the board.
 - (2) A decision on a proposed change shall be made in good faith and may not be unreasonable, arbitrary, or capricious.
 - (3) Notwithstanding a contrary provision of the governing documents, a decision on a proposed change may not violate any governing provision of law, including, but not limited to, the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code), or a building code or other applicable law governing land use or public safety.
 - (4) A decision on a proposed change shall be in writing. If a proposed change is disapproved, the written decision shall include both an explanation of why the proposed change is disapproved and a description of the procedure for reconsideration of the decision by the board.
 - (5) If a proposed change is disapproved, the applicant is entitled to reconsideration by the board, at an open meeting of the board. This paragraph does not require reconsideration of a decision that is made by the board or a body that has the same membership as the board, at a meeting that satisfies the requirements of Article 2 (commencing with Section 4900) of Chapter 6. Reconsideration by the board does not constitute dispute resolution within the meaning of Section 5905.
- (b) Nothing in this section authorizes a physical change to the common area in a manner that is inconsistent with an association's governing documents, unless the change is required by law.

CARNELIAN WOODS

Architectural Committee Approval-General Conditions

ALL HOMEOWNERS must sign and return these General Conditions to the Architectural Committee along with any application for approval of work on or alteration of a unit. No Committee or other Association approval shall be effective unless and until these Conditions are completed by the Homeowner and the Association, and fully complied with. These General Conditions shall be made a part of any Notice of approval by the Architectural Committee and/or any other Association approval in connection with Homeowner's project.

1. Definitions:

- a. "Association" shall mean the Carnelian Woods Townhouse Association.
- b. "Committee" unless otherwise indicated, shall mean the Architectural Committee of the Board of Directors of the Association.
- c. "Homeowner" shall mean the owner of any unit seeking approval of improvements, alterations, and upgrades requiring approval under the Bylaws, CC&Rs, rules, and policies of Carnelian Woods or the Association.
- d. "Project" shall mean any improvements, alterations, and upgrades requiring approval under the Bylaws, Curs, rules, and policies of Carnelian Woods or the Association.
- e. "Association Project Manager" shall mean the Project Manager at Carnelian Woods, as designated by the Association, or any Assistant Project Manager if the Project Manager is absent or unavailable.
- f. "Common Area" shall mean any real property defined as such under the governing documents of Carnelian Woods, including any amendments thereto.

2. Violations. Permission to proceed with a Project is revocable at any time for failure to comply with any of these General Conditions or any conditions of approval by the Committee. The Association shall be empowered to stop, suspend, remove, remediate or repair any portion of the Project in case of such violation or any conditions which pose a nuisance, or risk to the safety, well-being, and cleanliness, or environmental hygiene of Carnelian Woods, its members, visitors, or the public.

3. Licensed Contractors. All work on the Project shall be done by a California-licensed contractor and/or design professional, (architects, engineers, etc.), if one is engaged for the Project, who is licensed, where necessary, in any specialty required by the Project. The complete name, business name, and license number of the proposed contractor or design professional shall be given to the Association Project Manager before commencement of work on the Project.

4. Contact Information. Any contractor shall be given all contact information for the Association Project Manager, including any emergency contact information; and the Homeowner shall provide to any Contractor(s) the same information for the Association Project Manager.

5. Proof of Insurance. Before the commencement of work, any contractor for the Project shall carry and provide proof of insurance in the following types and amounts:

General Liability combined single limit of at least \$1,000,000, including premises liability, and products, completed operations, vehicle coverage, and contractual liability.

Workers Compensation: Statutory coverages as required in California, Employer's liability of at least \$1,000,000, including a waiver of subrogation in favor of Carnelian Woods and/or the Association.

The Association reserves the right to require naming of itself and its officers and directors as additional insureds.

The certificates shall 1) provide that the type of work in the Project is covered by the insurance and 2) show that all coverages are currently in effect at the commencement and through the duration of the Project; and 3) be accompanied by a signed letter of the insurance broker providing the certificate that he/she is aware of the type of Project, and that the coverage(s) applies.

6. Homeowner Insurance. Before the commencement of work, any Homeowner shall carry and provide proof of insurance in the following types and amounts:

General Liability and umbrella if necessary, for combined limits of at least \$1,000,000.

7. Lien Protection. If the Project includes any work, repair, alterations of any kind on the common area of Carnelian Woods, the Homeowner shall ensure that all claims by contractors, design professionals, laborers or materialmen are paid before delinquency. Homeowner shall save, defend, hold harmless and indemnify the Association from any lien claims threatened or recorded against the Common Area, including any legal fees, costs or other expenses.

8. Site Safety, Security and Clean up. Homeowner shall be solely responsible for the security and cleanliness of the Project, Project materials, equipment, contractor property. Homeowner and its Contractor shall maintain the site and Project in a safe condition, and shall not allow the use or storage of equipment, materials or rubbish in unapproved areas. The directives of the Association Project Manager as to such matters shall be complied with promptly and followed at all times. At no time may any fire or other safety equipment be removed or disabled. All rubbish, waste and debris shall be placed in approved containers and removed regularly so that it does not impair the cleanliness, safety of Carnelian Woods or unduly interfere with the use and enjoyment of Carnelian Woods by other homeowners and guests. Leakage or discharge of oil, fuels, lubricants, or other chemicals or substances is prohibited. All personal property, fuel containers, tanks, and equipment shall be locked or secured.

9. Code Compliance and Permits. No work on the Project shall be commenced without the issuance of any and all permits by any local public agency that may be required. The Association Project Manager or the Committee shall be entitled to copies of all such permits. By issuance of these Conditions and any approval, neither the Association nor any member thereof waives the right to appear before any such agency to be heard about the issuance of any such permit, or to advocate against such permit. All permits shall be brought to completion and final inspection. No work shall be done on the Project that violates any local building, planning environmental or other codes and regulations. All work on the Project shall conform to currently applicable building, housing, environmental, safety of other codes and regulations.
10. Indemnity. Homeowner agrees to save, defend, indemnify and hold harmless CWT A and all officers, employees, directors and members thereof, from any and all claims arising out of any damage or injury to persons or property from any cause or causes related to the Project.
11. Limitation of Liability. Unless otherwise prohibited by law, the liability of the Association, Carnelian Woods, or its officers and directors, arising from or in connection with any dispute with Homeowner concerning the Project, its approval, the application of these Conditions, or enforcement thereof, in which the Association or anyone acting on behalf thereof shall be found liable for any act in the granting, denial, revocation, withdrawal of enforcement of the approval of the Project or these Conditions, shall be limited to the interest cost of any funds reserved by Homeowner for the Project, and any fees for permits, or extensions or renewals thereof.
12. Arbitration. Homeowner hereby agrees that in the event any dispute should arise under the provisions of the Approval of the Project, either between Homeowner and the Association, or any other Homeowner, such dispute shall be decided by binding arbitration proceedings under the rules of the American Arbitration Association Such arbitration shall proceed before one arbitrator only, and shall be held in Sacramento, California. By initialing below, Homeowner acknowledges that in any such dispute, he, she, it or they are waiving the right to have any dispute determined and heard in court or before a jury.

All owners initial here

13. Severability. The determination of invalidity of any provision of these Conditions shall not affect any remaining provisions or these Conditions as a whole.
14. Time of Essence. Time is of the essence.
15. Waivers. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Homeowner of the same or any other provision. The Association or the Committee's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of the Association or Committee's consent to or approval of any subsequent act by Homeowner.

