

EXHIBIT "A"

Disclosure Documents Index		
Item	Description	Reference Code
1	Assessment and Reserve Funding Disclosure Summary (form)	Civil Code Sec. 1365.2.5
2	Pro Forma Operating Budget or Pro Forma Operating Budget Summary	Civil Code Sec. 1365(a)
3	Assessment Collection Policy	Civil Code Sec. 1365(e) and 1367.1(a)
4	Notice/Assessments and Foreclosure (form)	Civil Code Sec. 1365.1
5	Insurance Coverage Summary	Civil Code Sec. 1365(f)
6	Board Minutes Access	Civil Code Sec. 1363.05(e)
7	Alternative Dispute Resolution (ADR) Rights (summary)	Civil Code Sec. 1369.590
8	Internal Dispute Resolution (IDR) Rights (summary)	Civil Code Sec. 1363.850
9	Architectural Changes Notice	Civil Code Sec. 1378(c)
10	Secondary Address Notification Request	Civil Code Sec. 1367.1(k)
11	Monetary Penalties Schedule	Civil Code Sec. 1363(g)
12	Reserve Funding Plan (summary)	Civil Code Sec. 1365(b)
13	Review of Financial Statement	Civil Code Sec. 1365(c)
14	Annual Update of Reserve Study	Civil Code Sec. 1365(a)

**EXHIBIT "B"**

**Assessment and Reserve Funding Disclosure Summary  
for Fiscal Year Ended \_\_\_\_\_**

- (1) The regular assessment per ownership interest is \$\_\_\_\_\_ per \_\_\_\_\_. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page \_\_\_\_\_ of the attached summary.
- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, see note immediately below):	Purpose of the assessment:
	Total:	

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 \_\_\_\_\_

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

Approximate date assessment will be due:	Amount per ownership interest per month or year:
	Total:

- (5) All major components are included in the reserve study and are included in its calculation.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is \$ \_\_\_\_\_, based in whole or in part on the last reserve study or update prepared by \_\_\_\_\_ as of \_\_\_\_\_ (month), \_\_\_\_\_ (year). The projected reserve fund cash balance at the end of the current fiscal year is \$ \_\_\_\_\_, resulting in reserves being \_\_\_\_\_ percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$ \_\_\_\_\_. (See attached explanation)
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$ \_\_\_\_\_, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$ \_\_\_\_\_, leaving the reserve at \_\_\_\_\_ percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$ \_\_\_\_\_, leaving the reserve at \$ \_\_\_\_\_ percent funding.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was \_\_\_\_\_ percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was \_\_\_\_\_ percent per year.

For the purposes of preparing this Summary:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 1365.5. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

## SIGNIFICANT HOA BILLS ACTED ON BY THE CALIFORNIA LEGISLATURE

This chart summarizes the major features in bills that the Legislature acted on and which were lobbied by CAI-CLAC, along with their impacts on more than 40,000 Homeowners Associations (HOAs), during the first half of the 2009-2010 session.

BILL / AUTHOR	ISSUE	CAI-CLAC's POSITION	IMPACT ON HOAs	STATUS
AB 1328 SALAS	This bill allowed boards of directors to override their HOA's CC&Rs (which generally require a vote by all owners) in order to enter into a 5 year water or energy savings contract based on undefined "anticipated savings". The bill did not require boards to disclose to owners that directors may unilaterally enter these contracts without owner input. The bill had insufficient prohibitions on conflicts of interest.	Oppose.	If a multi-year contract is entered into without substantiation of significant savings, increased costs are a high probability. Future boards would be bound to contracts for 5 years. Litigation among boards, owners and third parties may result.	Vetoed
AB 899 TORRES	Should HOAs be required to give owners a "Disclosure Documents Index" which, by its terms is incomplete, will add confusing terms, and unnecessary? New definitions are added to the reserve budgeting process that could be misunderstood.	Oppose.	Unnecessary and misleading disclosures to owners will increase operating costs to, and the liability of HOAs.	Signed by Governor Effective 1/1/10
SB 259 BENOIT	Should minor technical violations of the HOA election law invalidate election results and all decisions made by the elected board for up to one full year after the election?	CAI-CLAC is the Sponsor.	Chaos would reign if elections and all decisions by a board were invalidated for minor election procedural infractions. Avoided costs and potential savings could be significant.	Two-Year Bill... may be acted upon in 2010
AB 1020 EMMERSON	Should public swimming pool owners (including HOA pools) be required to, upon completion of installing an anti entrapment device, file a notice of completion with the local government?	As Amended, Watch.	Cost of anti-entrapment devices, building permits and inspections per pool ranges from a few hundred to thousands of dollars. Cost to file the completion report with the local gov't. would be nominal. Failure to install anti entrapment device penalty is \$1,000/day (per federal law).	Signed by Governor Effective 1/1/10
AB 1061 LIEU	Should HOAs be able to apply landscaping standards that conflict with local and State conservation laws?	As Amended, Watch.	HOA landscape regulations that violate local gov't water conservation law will be void and unenforceable.	Signed by Governor Effective 1/1/10
AB 49 FEUER	Should every urban property owner be required to reduce water usage by 20% by 1/1/20?	Amend. HOAs that have already implemented water conservation measures that meet or exceed the 20% reduction should not be forced to add additional changes and improvements previously made should be credited toward the 20% goal. For those HOAs that have master water meters where the water serves the homeowners, they should not be subject to fines, additional fees or penalties.	For HOAs that have master water meters serving homeowners, it could cost many thousands of dollars. Those that have already reduced water consumption might have to pay untold thousands of additional dollars.	In Conference Committee. Provisions also appear in another bill that is in play in the recently convened "Special Session" aimed at resolving CA's water problems.
AB 985 DE LA TORRE	Should HOAs, real estate agents, title and escrow companies be required to distribute a Racial Covenant Modification form when CC&Rs or other governing documents are provided to homeowners?	Disapprove.	Potential litigation for failure to comply. Costly to retain and distribute the state mandated document, particularly for self managed associations.	Vetoed
SB 407 PADILLA	Should all real property owners, including HOAs, be required to replace every non-conserving interior water device (toilets, faucets, showerheads) on or before 1/1/14 in remodeled units, 1/1/17 in single family units, and 1/1/19 in commercial property & multi-family structures (apartments)?	As Amended, Watch.	Minimum cost of labor and materials estimated to be: \$150 per faucet, \$250 per toilet and urinal, \$100 per showerhead.	Signed by Governor Portions Effective 1/1/14, 1/1/17 & 1/1/19
SB 209 CORBETT	Should Certified (Disability) Access Specialist Reports that are submitted to a court be confidential and subject to protective orders?	As Amended, Watch.	Making the report confidential will facilitate early evaluation of issues before the court thereby reducing legal costs associated with disability access claims.	Signed by Governor Effective 1/1/10