

BALBOA TERRACE HOMES ASSOCIATION
Safety ~ Community ~ Value
P.O. BOX 27642
SAN FRANCISCO, CA 94127
www.balboaterrace.org

Notice of 2023 Board of Directors Election

Dear Balboa Terrace Homes Association Member,

The Balboa Terrace Homes Association which consists of 288 members is governed by a volunteer Board of Directors. When we have an engaged community from Aptos to Junipero Serra, from Monterey to Ocean, it makes our job much easier. We need consensus builders. We need action-oriented individuals. We need people who raise their hands and say, "I can do that."

Do you think you might fit that job description? If so, I invite and urge you to fill out and return the enclosed candidate form **by 5 p.m. on Thursday, Jan. 5, 2023.**

Residents often ask, "What does the Board do?" The best way to answer that question is to provide a quick summary of Board accomplishments in recent years. May these highlights also inspire ways in which you can make a difference in our community:

- Revised governing documents (CC&Rs and by-laws) to comply with best practices and the Davis-Stirling Common Interest Development Act; the documents are under Board review and will be sent to HOA members in early 2023 for comment and adoption
- Established landscape criteria to enhance the curb appeal and property values in Balboa Terrace; more than 30 property owners have been notified of landscape issues and many are being addressed
- Engaged in an aggressive campaign to control gopher infestation in common areas
- Created a Communications Committee responsible for producing "View from the Terrace" on a quarterly basis among other tasks, and revived our Welcome Committee which has reached out to more than two dozen new homeowners
- Scheduled our third annual Halloween parade and pizza party
- Reviewed an average of four homeowner plans per month, some on a continuing basis, under the auspices of the Architectural Review Committee
- Improved collection of delinquent homeowners' dues
- Continued to build up our Reserve Fund as required by law as we proactively prepare for the eventual alley replacement behind our homes in the next 20 years
- Repaired the sprinkler system, installed electricity in the Terrace area, removed tripping hazards, replanted flower beds, and repaired concrete and masonry on the north easement
- Addressed three major drainage problems which presented significant flooding issues
- Began exploring ways to improve the frontage area facing Junipero Serra with City officials

There are 11 Board members; most of us still have full-time jobs; however, we have found that working diligently and collaboratively within our Board structure, much can be accomplished. We are also grateful for the many volunteers who assist us and the management expertise of Bay Area Property Services, which assists us with billing and other administrative functions. If we have a full slate of 11 candidates by the deadline, we will initiate our election by acclamation process which was approved by the Board on Sept. 12, 2022.

Please look at the candidate form and we hope to hear from you soon!

If you have questions or would like to know more about Board responsibilities, please send us an email at bthaboard@balboaterrace.org.

Richard Hill
Board President

BALBOA TERRACE HOMES ASSOCIATION

Safety ~ Community ~ Value

P.O. BOX 27642

SAN FRANCISCO, CA 94127

www.balboaterrace.org

Date: October 24, 2022

To: All Balboa Terrace Homes Association (BTHA) Members

Re: Notice of Upcoming Election for New BTHA Board of Directors and Nomination Form

The Balboa Terrace Homes Association (“BTHA” or the “Association”) is managed by a volunteer Board of Directors (“Board”), many of whom have served our community for decades. While some current members of the Board may remain on the Board if elected, there are several for whom this is their last term of office. The loss of these individuals makes our upcoming Board of Directors election on March 14, 2023 even more critical.

There are eleven (11) Director positions on the Board, each serving for a one (1) year term beginning on March 14, 2023 and through the date of the 2024 Annual Meeting. This is your opportunity to declare your candidacy to fill an open Board seat.

The Board meets monthly to conduct Association business, generally on the first Monday of the month, in accordance with the deed restrictions, by-laws and articles of incorporation which govern the Association (collectively, the “Governing Documents”). Responsibilities of the Board include reviewing and making decisions on the maintenance and improvements of the BTHA common areas and enforcing the Governing Documents, among other duties.

If you are an owner of a home in the Association (as listed on the property deed) in good standing who would like to make a difference in your community, please review the BTHA Election Rules adopted April 6, 2020 and amended Sept. 12, 2022 to add provisions for Election by Acclamation if there are no more than 11 candidates, and complete the nomination form below (*print clearly*) and return the completed form to the BTHA Inspectors of Election appointed by the Board **no later than 5 p.m. on Jan. 5, 2023**. Please enclose a “Candidate’s Statement” consisting of 100 words or less, to be provided to the BTHA members with the Election ballot. It is the candidate’s responsibility to ensure that her or his nomination form is received by the Inspectors of Election by this deadline. Once your form has been received, you will be contacted to confirm that your nomination form has been received.

PLEASE SEND SIGNED NOMINATION FORM VIA EMAIL TO:

electioninspector@balboaterrace.org

OR SUBMIT ONLINE AT WWW. BALBOATERRACE.ORG, OR VIA U.S. MAIL TO INSPECTOR OF ELECTIONS, BALBOA TERRACE HOMES ASSOCIATION, P.O. BOX 27642, SAN FRANCISCO, CA 94127

I would like to nominate myself as a candidate for, and to be placed on the ballot for the next election (“Election”) of the Balboa Terrace Homes Association Board of Directors (“BTHA”). By signing below, I certify that I am a member of BTHA in good standing, and that I am not serving as an Inspector of Elections (as defined in the BTHA Election Rules), nor serving on any committee to assist with the Election (“Election Committee”), nor a relative of, nor member of the same household as any Inspector of Elections or Election Committee member.

Name: _____

Address: _____

Mailing Address: _____

Telephone Number: _____

Email Address _____

Signature _____ Date: _____

Ballots and other election materials will be distributed to BTHA members in accordance with the BTHA Election Rules, a copy of which can be found at the following website:

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

BALBOA TERRACE HOMES ASSOCIATION

P.O. BOX 27642
SAN FRANCISCO CA 94127

BALBOA TERRACE HOMES ASSOCIATION: 2023 ANNUAL BUDGET REPORT

1. The Board of Directors of Balboa Terrace Homes Association is responsible to adopt a budget sufficient to meet the Association's operating needs. The annual operating budget Assessments for Balboa Terrace Homes Association will increase by 20% to \$159,854 which will be billed to owners per their lot square footage. Enclosed please find a detailed budget itemizing proposed Association expenses. The increase provides primarily for both Common Area maintenance and significant additional reserve contributions for future Common Area replacement and improvement. The annual reserve contribution has increased from \$59,010 to \$68,452 for the year; a difference of approx. \$10,000. The reserve funds will continue to be used toward maintenance and repair of the entry monuments, easement concrete, alley asphalt, trees, portals, HOA maintained medians, landscape and irrigation. The biggest item by far is the future replacement of our alleys.

Assessments are due March 1, 2023 and will be billed proportionately per lot size in accordance with the Balboa Terrace Governing Documents. Bay Area Property Services will be providing accounting services for your Association and will be mailing your billing statement, remittance address, your individual account number, and instructions to initiate autopay (free to all owners) in early February 2023 . If you have any questions about making HOA payments or your account balance, please contact the BAPS accounting team at www.bayservice.net or 800-610-0757. All other HOA questions for the BTHA Board of Directors can be asked through the official BTHA website at bthaboard@balboaterrace.org.
2. Reserve Summary: This report accounts for current reserve account balances and estimates for the total cost for all reserve components. After looking at all reserve components, the reserve analyst projects what percent funded the HOA is. Also enclosed is the methodology the reserve analyst uses to calculate their study, a projection of the reserve expenditures and contributions over a 30-year span. Finally, please find the Reserve Funding Disclosure detailing the analyst's findings regarding the sufficiency of the projected reserve account balances over the next 30 years.
3. Reserve Study: The Reserve Study is a plan developed by professionals to replace the major components of the common areas (i.e., irrigation, landscape, lighting, monuments, portals, medians, asphalt, etc.) maintained by the Association. This plan includes the life span and number of years of life remaining for each component, along with a cash flow study indicating how much money it will take to replace these components when the time comes. In accordance with State Law, the Reserve Study must be updated every year and a physical inspection conducted every three (3) years. The Association has enclosed the Reserve Study as prepared by Reserve Analysis Consulting Reserve Company (RACRC) as of November 2022.

Published November 10, 2022

BAY AREA PROPERTY SERVICES

Government Code §12956.1.

DISCLOSURE

“If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of [Section 12955](#), or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to [Section 12956.2](#) of the Government Code by submitting a “Restrictive Covenant Modification” form, together with a copy of the attached document with the unlawful provision redacted to the county recorder’s office. The “Restrictive Covenant Modification” form can be obtained from the county recorder’s office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.”

BAY AREA



PROPERTY
SERVICES

**Balboa Terrace Homes
Association**

ANNUAL BUDGET REPORT

January 1, 2023 – December 31, 2023

3021 Citrus Circle
Suite 205
Walnut Creek
CA 94598

info@bayservice.net
800-610-0757
Office: 925-746-0542
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BALBOA TERRACE HOMES ASSOCIATION

P.O. BOX 27642

SAN FRANCISCO CA 94127

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BAY AREA



PROPERTY
SERVICES

FROM: Balboa Terrace Homes Association Board of Directors
DATE: November 15, 2022
RE: Annual Budget Report 2022 (Civil Code §5300)

Below are the new disclosure requirements and can be found in this packet.

- Budget: This first document reflects the assessments for the new year as adopted by the Board of Directors. You will see the revenue and expense used to support this calculation. The Board of Directors of Balboa Terrace Homes Association is responsible to adopt a budget sufficient to meet the Association's operating needs. The annual operating budget Assessments for Balboa Terrace Homes Association will increase by 20% to \$159,854 which will be billed to owners per their lot square footage. The annual reserve contribution increased from \$59,010 to \$68,452 for the year; a difference of approx. \$10,000. The reserve funds will continue to be used toward maintenance of the entry monuments, concrete, asphalt, trees, portals, HOA maintained medians, landscape, and irrigation.
- **Assessments are due March 1, 2023**, and will be billed proportionately per lot size in accordance with the Balboa Terrace Governing Documents. If you have any questions about making HOA payments or your account balance, please contact your accounting team at www.bayservice.net or 800-610-0757. All other HOA questions for the Board of Directors and HOA can be asked through the official BTHA website at bthaboard@balboaterrace.org.
- Reserve Summary: This report reflects the Reserve Component Replacement Plan.
- Reserve Study: The Reserve Study is a plan developed by professionals to replace the major components (i.e. roof, asphalt, painting, etc.) maintained by the Association. This plan includes the life span and number of years of life remaining for each component, along with a cash flow study indicating how much money it will take to replace these components. In accordance with State Law, the Reserve Study must be updated every year and a physical inspection every three (3) years.
- Reserve funding plan: This plan is derived from the Reserve Summary listed above.
- Statement of deferral or non-repair major components: This is included in the Reserve Summary statement as to whether special assessment anticipated: Included in Reserve Summary.
- Procedures used to calculate reserves: Included in Reserve Summary
- Outstanding loans longer than one year: none
- FHA Approved: No
- VA Approved: No
- Summary of Insurance: Prepared by Association's Insurance Professional and included in this packet. The Association urges every homeowner to have individual insurance coverage for their home and contents. Please have your agent contact these agents for more information regarding insurance coverage.
- Please keep this packet with your important Association Documents.

3021 Citrus Circle
Suite 205
Walnut Creek
CA 94598

info@bayservice.net
800-610-0757
Office: 925-746-0542
Fax: 925-746-0554
www.bayservice.net

Thank you!

Balboa Terrace Homes Association
Annual Budget
1/1/2023 - 12/31/2023

<u>Accounts</u>	<u>Annual Budget</u>
Income	
<u>Membership Income</u>	
4010 - Income from Member Assessments	\$159,853.92
Total Membership Income	\$159,853.92
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Total Income	\$159,853.92
Expense	
<u>Administration Expense</u>	
5010 - Accounting & Tax Preparation	\$1,455.00
5031 - Software Expense	\$384.00
5035 - Collection Costs	\$700.00
5055 - Insurance	\$15,176.16
5105 - Legal	\$10,000.00
5120 - Legal - Governing Docs	\$10,000.00
5125 - License & Permits	\$100.00
5130 - Management Contract	\$8,096.76
5135 - Management Extras	\$5,000.00
5155 - Office Expense	\$7,500.00
5165 - Reserve Study	\$450.00
5170 - Social Events	\$1,100.00
5185 - Taxes - State	\$10.00
5190 - Property Taxes	\$5,700.00
5195 - Website	\$840.00
Total Administration Expense	\$66,511.92
<u>Janitorial Expense</u>	
6010 - Janitorial - Contract	\$1,000.00
Total Janitorial Expense	\$1,000.00
<u>Landscape Expense</u>	
6110 - Landscape - Contract	\$14,280.00
6120 - Landscape - Rodent Prevention	\$1,000.00
6135 - Landscape - Irrigation	\$4,000.00
6145 - Landscape - Trees	\$1,000.00
Total Landscape Expense	\$20,280.00
<u>Repair & Maintenance Expense</u>	
8170 - General Repairs	\$600.00
Total Repair & Maintenance Expense	\$600.00
<u>Utilities</u>	
9000 - Internet	\$2,160.00
9010 - Electric	\$150.00
9060 - Water	\$700.00
Total Utilities	\$3,010.00
<u>Reserve Funding</u>	
9510 - Reserve Contribution	\$68,452.00
Total Reserve Funding	\$68,452.00
<hr/>	
Total Expense	\$159,853.92
<hr/>	
Operating Net Income	\$0.00
<hr/>	
Net Income	\$0.00

Balboa Terrace Homes Association

Annual Assessment Allocation Per Lot Size

	Property Address	Sq Feet Per Lot	2022 Annual Assessment
15	APTOS AVENUE	5000	\$616.36
20	APTOS AVENUE	4000	\$493.09
25	APTOS AVENUE	5200	\$641.01
30	APTOS AVENUE	4000	\$493.09
35	APTOS AVENUE	6200	\$764.28
40	APTOS AVENUE	4500	\$554.72
41	APTOS AVENUE	4600	\$567.05
44	APTOS AVENUE	3900	\$480.76
45	APTOS AVENUE	5061	\$623.88
50	APTOS AVENUE	4065	\$501.10
55	APTOS AVENUE	4733	\$583.44
60	APTOS AVENUE	4065	\$501.10
65	APTOS AVENUE	4745	\$584.92
66	APTOS AVENUE	4065	\$501.10
74	APTOS AVENUE	4065	\$501.10
75	APTOS AVENUE	4842	\$596.88
82	APTOS AVENUE	4265	\$525.75
85	APTOS AVENUE	4429	\$545.97
91	APTOS AVENUE	4325	\$533.15
95	APTOS AVENUE	5200	\$641.01
100	SAN RAFAEL WAY	4500	\$554.72
101	DARIEN WAY	3500	\$431.45
101	SAN ALESO AVE	3900	\$480.76
106	APTOS AVENUE	4065	\$501.10
110	APTOS AVENUE	4065	\$501.10
110	SAN ALESO AVE	4529	\$558.30
115	SAN ALESO AVE	3402	\$419.37
115	SAN RAFAEL WAY	5000	\$616.36
116	APTOS AVENUE	3775	\$465.35
116	SAN ALESO AVE	4142	\$510.59
120	APTOS AVENUE	3775	\$465.35
120	SAN RAFAEL WAY	4050	\$499.25
121	JUNIPERO SERRA BLVD.	10800	\$1,331.33

124	SAN ALESO AVE	3960	\$488.16
125	SAN RAFAEL WAY	5000	\$616.36
126	APTOS AVENUE	3775	\$465.35
130	APTOS AVENUE	3775	\$465.35
130	SAN RAFAEL WAY	4050	\$499.25
130	SAN ALESO AVE	4080	\$502.95
131	SAN ALESO AVE	3417	\$421.22
134	APTOS AVENUE	3775	\$465.35
135	DARIEN WAY	3500	\$431.45
135	SAN ALESO AVE	3617	\$445.87
135	SAN RAFAEL WAY	5000	\$616.36
138	APTOS AVENUE	3775	\$465.35
140	SAN ALESO AVE	4190	\$516.51
140	SAN RAFAEL WAY	4500	\$554.72
141	SAN ALESO AVE	3462	\$426.77
141	JUNIPERO SERRA BLVD.	5300	\$653.34
142	APTOS AVENUE	3775	\$465.35
144	APTOS AVENUE	3775	\$465.35
145	SAN ALESO AVE	3751	\$462.39
146	SAN ALESO AVE	4080	\$502.95
150	APTOS AVENUE	3775	\$465.35
150	SAN ALESO AVE	4080	\$502.95
155	SAN RAFAEL WAY	3500	\$431.45
155	SAN ALESO AVE	3984	\$491.11
156	APTOS AVENUE	3775	\$465.35
160	APTOS AVENUE	3775	\$465.35
160	SAN ALESO AVE	3988	\$491.61
161	SAN ALESO AVE	4000	\$493.09
161	SAN RAFAEL WAY	4000	\$493.09
166	APTOS AVENUE	3775	\$465.35
166	SAN ALESO AVE	4052	\$499.50
169	SAN ALESO AVE	4000	\$493.09
170	APTOS AVENUE	3500	\$431.45
172	SAN ALESO AVE	4010	\$494.32
175	SAN RAFAEL WAY	4000	\$493.09
175	JUNIPERO SERRA BLVD.	33900	\$4,178.91
177	SAN ALESO AVE	4000	\$493.09

180	SAN ALESO AVE	4080	\$502.95
184	APTOS AVENUE	3700	\$456.11
185	SAN ALESO AVE	4000	\$493.09
185	SAN RAFAEL WAY	4000	\$493.09
188	SAN ALESO AVE	4080	\$502.95
190	APTOS AVENUE	3700	\$456.11
199	SAN ALESO AVE	4140	\$510.34
200	SAN FERNANDO WAY	3500	\$431.45
200	DARIEN WAY	3585	\$441.93
200	SAN BENITO WAY	3993	\$492.22
201	DARIEN WAY	3500	\$431.45
201	SAN BENITO WAY	5744	\$708.07
201	SAN FERNANDO WAY	7500	\$924.54
210	SANTA ANA AVENUE	3783	\$466.34
210	SAN BENITO WAY	3800	\$468.43
210	SAN FERNANDO WAY	4000	\$493.09
210	SAN LEANDRO WAY	4000	\$493.09
215	SANTA ANA AVENUE	3800	\$468.43
215	SAN LEANDRO WAY	4291	\$528.96
219	SAN FERNANDO WAY	4000	\$493.09
220	SAN BENITO WAY	3850	\$474.60
220	SANTA ANA AVENUE	3860	\$475.83
220	SAN FERNANDO WAY	4000	\$493.09
220	SAN LEANDRO WAY	4000	\$493.09
225	SANTA ANA AVENUE	3850	\$474.60
225	SAN FERNANDO WAY	4000	\$493.09
225	SAN BENITO WAY	4200	\$517.74
225	SAN LEANDRO WAY	4381	\$540.05
230	SAN BENITO WAY	3900	\$480.76
230	SANTA ANA AVENUE	3920	\$483.23
230	SAN FERNANDO WAY	4000	\$493.09
230	SAN LEANDRO WAY	4000	\$493.09
235	SAN FERNANDO WAY	3500	\$431.45
235	SANTA ANA AVENUE	3900	\$480.76
235	SAN LEANDRO WAY	4950	\$610.19
240	SANTA ANA AVENUE	3469	\$427.63
240	SAN FERNANDO WAY	3500	\$431.45

240	SAN LEANDRO WAY	3500	\$431.45
240	SAN BENITO WAY	3945	\$486.31
240	DARIEN WAY	4000	\$493.09
241	SAN FERNANDO WAY	3500	\$431.45
245	SANTA ANA AVENUE	3845	\$473.98
245	SAN FERNANDO WAY	4000	\$493.09
245	SAN LEANDRO WAY	5000	\$616.36
245	SAN BENITO WAY	5710	\$703.88
246	SANTA ANA AVENUE	3500	\$431.45
250	SAN FERNANDO WAY	3500	\$431.45
250	SAN LEANDRO WAY	3500	\$431.45
250	SAN BENITO WAY	3979	\$490.50
251	SAN FERNANDO WAY	4000	\$493.09
255	SANTA ANA AVENUE	3979	\$490.50
255	SAN LEANDRO WAY	4500	\$554.72
255	SAN BENITO WAY	5000	\$616.36
256	SANTA ANA AVENUE	4000	\$493.09
260	SAN BENITO WAY	4000	\$493.09
260	SAN FERNANDO WAY	4000	\$493.09
260	SAN LEANDRO WAY	4000	\$493.09
261	SAN FERNANDO WAY	4000	\$493.09
265	SANTA ANA AVENUE	4000	\$493.09
265	SAN LEANDRO WAY	4500	\$554.72
266	SANTA ANA AVENUE	4000	\$493.09
270	SAN BENITO WAY	4000	\$493.09
270	SAN FERNANDO WAY	4000	\$493.09
270	SAN LEANDRO WAY	4000	\$493.09
275	SANTA ANA AVENUE	4000	\$493.09
275	SAN BENITO WAY	5000	\$616.36
276	SANTA ANA AVENUE	4000	\$493.09
280	SAN BENITO WAY	4000	\$493.09
280	SAN FERNANDO WAY	4000	\$493.09
280	SAN LEANDRO WAY	4000	\$493.09
285	SANTA ANA AVENUE	4000	\$493.09
290	SAN LEANDRO WAY	3500	\$431.45
300	DARIEN WAY	4000	\$493.09
300	SAN BENITO WAY	4000	\$493.09

300	SANTA ANA AVENUE	4000	\$493.09
301	SANTA ANA AVENUE	4000	\$493.09
301	DARIEN WAY	5000	\$616.36
301	SAN BENITO WAY	6320	\$779.08
306	SAN LEANDRO WAY	4000	\$493.09
306	SAN BENITO WAY	4500	\$554.72
306	SANTA ANA AVENUE	4500	\$554.72
307	SAN LEANDRO WAY	4400	\$542.40
307	SANTA ANA AVENUE	4500	\$554.72
309	SAN FERNANDO WAY	3800	\$468.43
310	SAN BENITO WAY	4000	\$493.09
310	SANTA ANA AVENUE	4000	\$493.09
311	SAN BENITO WAY	4500	\$554.72
314	SAN LEANDRO WAY	4000	\$493.09
315	SAN BENITO WAY	4500	\$554.72
315	SAN LEANDRO WAY	4500	\$554.72
315	SANTA ANA AVENUE	5500	\$677.99
316	SAN BENITO WAY	4000	\$493.09
316	SANTA ANA AVENUE	4000	\$493.09
317	SAN FERNANDO WAY	3800	\$468.43
319	SAN BENITO WAY	4510	\$555.96
320	SAN LEANDRO WAY	4000	\$493.09
320	SAN BENITO WAY	4040	\$498.02
320	SANTA ANA AVENUE	4125	\$508.50
321	SAN BENITO WAY	5180	\$638.55
325	SAN FERNANDO WAY	3800	\$468.43
325	SAN LEANDRO WAY	4000	\$493.09
325	SAN BENITO WAY	5180	\$638.55
325	SANTA ANA AVENUE	5510	\$679.23
326	SAN BENITO WAY	4135	\$509.73
326	SANTA ANA AVENUE	4190	\$516.51
329	SANTA ANA AVENUE	4716	\$581.35
329	SAN LEANDRO WAY	5165	\$636.70
329	SAN BENITO WAY	5400	\$665.67
330	SAN LEANDRO WAY	3940	\$485.69
330	SAN BENITO WAY	4135	\$509.73
331	SAN FERNANDO WAY	3500	\$431.45

332	SANTA ANA AVENUE	4190	\$516.51
333	SAN BENITO WAY	5400	\$665.67
333	SANTA ANA AVENUE	5640	\$695.25
334	SAN LEANDRO WAY	4015	\$494.94
335	SAN FERNANDO WAY	4030	\$496.78
335	SAN LEANDRO WAY	4765	\$587.39
336	SAN BENITO WAY	4905	\$604.65
340	SAN LEANDRO WAY	4015	\$494.94
340	SANTA ANA AVENUE	4190	\$516.51
340	SAN BENITO WAY	4905	\$604.65
341	SAN FERNANDO WAY	4030	\$496.78
341	SAN LEANDRO WAY	4445	\$547.94
341	SANTA ANA AVENUE	5280	\$650.87
344	SANTA ANA AVENUE	4415	\$544.24
344	SAN LEANDRO WAY	4585	\$565.20
345	DARIEN WAY	3500	\$431.45
345	SAN FERNANDO WAY	4030	\$496.78
345	SAN LEANDRO WAY	4350	\$536.23
346	SAN BENITO WAY	4230	\$521.44
347	SAN BENITO WAY	4040	\$498.02
347	SANTA ANA AVENUE	5800	\$714.98
350	SAN LEANDRO WAY	3620	\$446.24
350	SAN BENITO WAY	3845	\$473.98
350	SANTA ANA AVENUE	4578	\$564.34
351	SAN LEANDRO WAY	3620	\$446.24
351	SANTA ANA AVENUE	3975	\$490.00
351	SAN BENITO WAY	4050	\$499.25
354	SAN BENITO WAY	4040	\$498.02
355	SAN BENITO WAY	4035	\$497.40
355	SANTA ANA AVENUE	5225	\$644.09
356	SANTA ANA AVENUE	4604	\$567.54
357	SAN LEANDRO WAY	4399	\$542.27
358	SAN BENITO WAY	4040	\$498.02
359	SAN BENITO WAY	4040	\$498.02
360	SAN LEANDRO WAY	4030	\$496.78
363	SAN BENITO WAY	4040	\$498.02
364	SAN BENITO WAY	4040	\$498.02

364	SANTA ANA AVENUE	4650	\$573.21
365	SANTA ANA AVENUE	4700	\$579.38
365	SAN LEANDRO WAY	5281	\$651.00
367	SAN BENITO WAY	4040	\$498.02
368	SAN BENITO WAY	4040	\$498.02
369	SANTA ANA AVENUE	6295	\$776.00
370	SAN LEANDRO WAY	4030	\$496.78
370	SAN BENITO WAY	4040	\$498.02
370	SANTA ANA AVENUE	4650	\$573.21
374	SAN BENITO WAY	4040	\$498.02
375	SAN BENITO WAY	4716	\$581.35
375	SAN LEANDRO WAY	5300	\$653.34
376	SAN LEANDRO WAY	4030	\$496.78
377	SAN BENITO WAY	4716	\$581.35
377	SANTA ANA AVENUE	5180	\$638.55
380	SAN LEANDRO WAY	3930	\$484.46
380	SAN BENITO WAY	4040	\$498.02
380	SANTA ANA AVENUE	4650	\$573.21
381	SAN LEANDRO WAY	4555	\$561.50
381	SAN BENITO WAY	4716	\$581.35
383	SANTA ANA AVENUE	5180	\$638.55
384	SANTA ANA AVENUE	3715	\$457.95
384	SAN BENITO WAY	4040	\$498.02
385	SAN BENITO WAY	4716	\$581.35
388	SAN BENITO WAY	4040	\$498.02
389	SAN LEANDRO WAY	4156	\$512.32
389	SAN BENITO WAY	5716	\$704.62
390	SANTA ANA AVENUE	3566	\$439.59
390	SAN LEANDRO WAY	4000	\$493.09
390	SAN BENITO WAY	4040	\$498.02
391	SANTA ANA AVENUE	5225	\$644.09
393	SAN BENITO WAY	5600	\$690.32
395	SAN LEANDRO WAY	3767	\$464.36
395	SANTA ANA AVENUE	6300	\$776.61
396	SAN BENITO WAY	4900	\$604.03
398	SAN LEANDRO WAY	3600	\$443.78
398	SANTA ANA AVENUE	3864	\$476.32

399	SAN BENITO WAY	5790	\$713.74
399	SAN FERNANDO WAY	24800	\$3,057.14
401	DARIEN WAY	4250	\$523.90
445	DARIEN WAY	4250	\$523.90
500	UPLAND DRIVE	3809	\$469.54
501	DARIEN WAY	4630	\$570.75
519	DARIEN WAY	7270	\$896.19
533	DARIEN WAY	5080	\$626.22
540	DARIEN WAY	9970	\$1,229.02
541	DARIEN WAY	4360	\$537.46
545	DARIEN WAY	4540	\$559.65
550	DARIEN WAY	5867	\$723.24
555	DARIEN WAY	4500	\$554.72
561	DARIEN WAY	4990	\$615.13
569	DARIEN WAY	5150	\$634.85
571	DARIEN WAY	5433	\$669.74
581	DARIEN WAY	4860	\$599.10
587	DARIEN WAY	4030	\$496.78
590	DARIEN WAY	4215	\$519.59
595	DARIEN WAY	3715	\$457.95
598	DARIEN WAY	5015	\$618.21
600	UPLAND DRIVE	4085	\$503.56
601	UPLAND DRIVE	3880	\$478.29
601	DARIEN WAY	4400	\$542.40
615	DARIEN WAY	5000	\$616.36
650	UPLAND DRIVE	4000	\$493.09
651	UPLAND DRIVE	4220	\$520.21
1725	MONTEREY BLVD	3993	\$492.22
1801	MONTEREY BLVD	3235	\$398.78
1845	MONTEREY BLVD	4645	\$572.60
1901	MONTEREY BLVD	3500	\$431.45
2045	MONTEREY BLVD	4000	\$493.09
2230	OCEAN AVE	4600	\$567.05
		1296761	\$159,853.92

PROPERTY INFORMATION

<i>PROPERTY NAME:</i>	Balboa Terrace Homes Association		
<i>STREET ADDRESS:</i>	Santa Ana Ave & Darien Way		
<i>CITY, STATE, ZIP:</i>	San Francisco, CA		
<i>GOVERNING ENTITY:</i>	Board of Directors		
<i>YEAR CONSTRUCTED:</i>	1920	<i>NUMBER OF CONSTRUCTION PHASES:</i>	1
<i>NUMBER OF UNITS:</i>	288	<i>NUMBER OF RESIDENTIAL BUILDINGS:</i>	

CONTACT INFORMATION

<i>CURRENT PROPERTY CONTACT:</i>	Ms. Lisa Triplett Bay Area Property Services 3021 Citrus Circle, Ste 205 Walnut Creek, CA 94598 Phone: (925) 746-0542
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RESERVE STUDY INFORMATION

<i>TYPE OF STUDY:</i>	Annual Review Study 2023 (no site inspection performed with this review)		
<i>BEGINNING YEAR OF STUDY:</i>	2023		
<i>YEAR OF LAST PHYSICAL INSPECTION:</i>	2021		
<i>YEAR OF NEXT PHYSICAL INSPECTION:</i>	2024 (as required by the Davis-Stirling Act)		
<i>RESERVE STUDY PREPARER:</i>	Reserve Analysis Consulting, L.L.C. 1750 Bridgeway, Suite B106 • Sausalito, CA 94965 Sausalito, California 94965 Office Phone: (415) 332-7800 FAX: (415) 332-7801		
<i>PERFORMED BY:</i>	Casey O'Neill Direct Phone: (415) 289-7443 Email: caseyo@reserveanalysis.com		

RESERVE FUND FINANCIAL INFORMATION

<i>BUDGET YEAR ENDING DATE:</i>	12/31	2022	2023
<i>ANNUAL RESERVE CONTRIBUTION:</i>		\$59,010	\$68,452
<i>MONTHLY RESERVE CONTRIBUTION:</i>		\$4,918	\$5,704
<i>PER UNIT MONTHLY (AVG.) CONTRIBUTION:</i>		\$17.07	\$19.81
<i>TOTAL SPECIAL ASSESSMENT:</i>		N/A	N/A
<i>PER UNIT (AVG.) SPECIAL ASSESSMENT:</i>		N/A	N/A
<i>PROPOSED RESERVE FUND EXPENDITURES:</i>			(\$73,500)
<i>ESTIMATED YEAR ENDING BALANCE:</i>		\$82,552	\$78,452
<i>REQUESTED MINIMUM "THRESHOLD" FUTURE BALANCE:</i>			N/A

RESERVE PERCENT FUNDED CALCULATION

<i>AMOUNT NEEDED TO BE 100% FUNDED:</i>	\$371,128	\$352,162
<i>THEORETICAL PER UNIT UNDERFUNDED:</i>	\$1,002	\$950
<i>CALCULATED PERCENT FUNDED:</i>	22.24%	22.28%

RESERVE PROJECTED INTEREST & INFLATION

<i>"ASSUMED LONG-TERM INTEREST RATE":</i>	2.00%
<i>"ASSUMED LONG-TERM INFLATION RATE":</i>	3.00%

2.00 PROCEDURES & METHODOLOGIES

DAVIS-STIRLING ACT PROCEDURES & REQUIREMENTS

Current Davis-Stirling statutes 5300 & 5550 ((old 1365 & 1365.5)) require the Association to Review the Reserve Study on an annual basis and implement any necessary adjustments regarding component performance, replacement and/or deferral; as well as recalculation of financial figures based on that review and current financial data. Additionally, Statute 5550 ((old 1365.5)) continues to require a Site Inspection based Update of the complete Study at a minimum every three years. The Reserve Study is to include:

- Identification of the major components.
- Establishment of reasonable life expectancies and remaining life of all components.
- Projected estimated cost of all repair and replacements.
- Development of a 30 year Funding Plan which identifies date and amount of regular and special assessments.
- Calculation of Percent Funded and amount of per unit deficiency.
- Statement of methodology.
- Additionally, calculation of 5570 ((old 1365.2.5)) Reserve Summary and Disclosure Document.

SCOPE OF STUDY

The time frame covered by this analysis is from 2023 through 2052. These are the beginning and ending points for all repairs and replacements included in the 30 Year Funding Plan included in this study.

STATEMENT OF RESERVE STUDY METHODOLOGY

The components included in this analysis were identified by age, quantity, and type. Upon completion of the component list and the Reserve Fund Requirement Analysis, the report was presented to the Homeowners Association's Board for approval. The following sources were used, when applicable, to make our determinations:

- Original plans and specifications
- Original contractors, current contractors and vendors
- Association maintenance staff
- Association management
- Association Board of Directors

While gathering this information there were some assumptions made regarding existing conditions, future conditions and additional circumstances that may occur that would affect the cost of repairs. Some of these assumptions may come true and others may not; therefore, the cost of repairs and life of certain components could vary substantially. Life expectancies of all components were based on industry standard experiences, and on the components being in reasonable and ordinary condition.

All component conditions were based on visual inspection. There was no disassembly of components or demolition involved. This report does not address any factory or product defects or any damage due to improper maintenance, system design, or installation. It's also assumed all components will receive reasonable maintenance for their remaining life.

Only components that met the following criteria were included in this report:

- The component maintenance is the responsibility of the Association.
- The component is not covered by the Association's Annual Operating Budget.
- The component's useful life is greater than one year, except in the case of variable ongoing repair of a major component
- The component has an identifiable expected cost and replacement cost.
- Inclusion in the Funding plan requires the component's remaining estimated useful life is less than 30 years.

The Reserve Study includes a 30 year component expenditure projection from which a Funding Plan was developed which proposes a "schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the Reserve Funding Plan." The premise of this replacement cost projection is to ensure a positive cash balance in the Reserve Fund Account that will enable the Association to fulfill its "obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less." It is equally important that a positive cash fund be maintained without relying on Special Assessments or overfunding of Reserves. The cost projections in this report are inflated based on an "assumed long-term inflation rate" based on a 30 year average and adjusted for local economies. The Funding Plan in this report includes an "assumed long-term interest rate" which is not to exceed "2% above the discount rate published by the Federal Reserve Bank of San Francisco." Both rates were reviewed in the Preliminary Draft and approved by the Board of Directors.

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED CALCULATION

Code #	Component Description	2022 End Req'd in Bank	Year New	Useful Life	Rmng. (2023)	Current Cost	Annual Allocation	2023 End Req'd in Bank
1.00	ALLEY COMPONENTS							
1.01	Asphalt Sealing, Striping & Designations	\$6,015	2020	6	3	\$18,044	\$3,007	\$9,022
1.02	Asphalt Repairs - Minor - Ongoing Allowance	\$2,000	2021	3	1	\$6,000	\$2,000	\$4,000
1.03	Asphalt Repairs/Replacement/Overlay - Major	\$176,786	2011	28	16	\$450,000	\$16,071	\$192,857
1.04	Drainage Issue - Minor Repair Allowance - Ongoing	\$1,667	2021	3	1	\$5,000	\$1,667	\$3,333
1.05	Drainage Issue - Major - 116 S.R.	\$3,411	2020	40	37	\$68,212	\$1,705	\$5,116
1.06	Concrete Alley - Drainage / Major Plumbing	\$1,250	2021	40	38	\$50,000	\$1,250	\$2,500
	Category Sub-Total	\$191,128				\$597,256	\$25,701	\$216,829
2.00	CONCRETE							
2.01	Sidewalks - Repair/Replace Allowance - Major	\$14,667	2026	15	3	\$20,000	\$1,333	\$16,000
2.02	Sidewalks - Repair/Replace Allowance - Minor Ongoing	\$1,667	2021	3	1	\$5,000	\$1,667	\$3,333
	Category Sub-Total	\$16,333				\$25,000	\$3,000	\$19,333
3.00	IRRIGATION/LANDSCAPING/TREES							
3.01	All Irrigation / Landscaping - Replacement Allowance	\$10,000	2022	1	0	\$10,000	\$10,000	\$10,000
3.02	All Irrigation Replacement - Larger Periodic Cycle	\$1,000	2021	5	3	\$5,000	\$1,000	\$2,000
3.03	Tree Maintenance / Removal & Replanting	\$10,000	2021	1	-1	\$10,000	\$10,000	\$0
3.04	Median - Major Irrigation. / Landscape / Tree - Allowance	\$47,500	2023	20	20	\$50,000	\$2,500	\$0
3.05	Median - Major Irrigation. / Landscape / Tree - Allowance	\$45,000	2024	20	1	\$50,000	\$2,500	\$47,500
3.06	Median - Major Irrigation. / Landscape / Tree - Allowance	\$42,500	2025	20	2	\$50,000	\$2,500	\$45,000
	Category Sub-Total	\$156,000				\$175,000	\$28,500	\$104,500
4.00	SITE COMPONENTS							
4.01	Entry Portal Column & Lights Repair/Refurb Allowance	\$1,000	2020	20	17	\$10,000	\$500	\$1,500
4.02	Entry Portal - Area Rehab Allowance	\$3,333	2020	12	9	\$20,000	\$1,667	\$5,000
4.03	Entry Portal - Paint & Concrete Repair Allowance	\$2,333	2020	6	3	\$7,000	\$1,167	\$3,500
4.04	Bus Stop - Paint & Minor Repair Allowance	\$1,000	2020	6	3	\$3,000	\$500	\$1,500
	Category Sub-Total	\$7,667				\$40,000	\$3,833	\$11,500
						Total Value of Components:	\$837,256	
						Annual Straight-Line Allocation:	\$61,034	
								2022 End
	Total Dollars Necessary to be 100% Funded:	\$371,128						\$352,162
	Actual Dollars In Reserve Fund:	\$82,552						\$78,452
	Current Fund Deficiency:	\$288,576						\$273,710
	Current Per Unit Deficiency:	\$1,002						\$950
	Percent Funded:	22.24%						22.28%
	(Actual dollars/Total Dollars Necessary)							

STEPS FOR DETERMINING PERCENT FUNDED:

- Step 1: Calculate for each component a required contribution on a "straight-line" funding methodology. (total component cost divided by the life expectancy of the component)
- Step 2: Calculate the required dollars in Reserves for each component. (required annual contribution multiplied by the component's life in service)
- Step 3: Total the required dollars for each component to arrive at "required dollars in bank".
- Step 4: Divide actual dollars in bank by required dollars in bank to arrive at percent funded calculation.

This report includes, but is not limited to*, reserve calculations made using the formula described in section 5570(b)(4) ((old 1365.2.5(b)(4)) of the Davis-Stirling Act:

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

* The future funding levels developed in the Funding Plan of this Reserve Study are derived through cash flow funding calculations.

PROPERTY DESCRIPTION & COMPONENT INCLUSION:

Balboa Terrace Homes Association is a 288-member association located in San Francisco, CA. The Association is responsible for common areas only that were originally built in 1 phase in 1920. The Association is responsible for all components as the Board of Directors has interpreted the CC&Rs. For specific component inclusion based on that interpretation please refer to the Component Data or Schedule Sections.

5300(b)(4) - COMPONENT CONDITION:

The property is composed of a variety of components that are in a range of conditions due to their various ages and expected lives. The projections in this Reserve Study intend to maintain these components at an appropriate condition in the future; however, it is the Board's responsibility to investigate and cause the actual maintenance, repair and replacement projects at the appropriate time(s).

Per Davis-Stirling Section 5500 ((old 1365.5)), on a quarterly basis the Board will review actual reserve expenses compared to the year's proposed reserve expenses. Depending on each component's condition and available information at that time, the Board will determine to undertake repair and replacement projects as appropriate. Please refer to the Sections of Component Data and/or Component Schedule for specific details on component ages, expected lives, and remaining lives. A component with a negative remaining life does not necessarily mean the component is being deferred, but rather signifies that the component is past its statistically average life and will be reviewed annually until it is appropriate for replacement. If the Board has specifically determined to defer or not undertake a component's repair or replacement, that decision and its justification is required to be in meeting minutes and disclosed separately in the Annual Budget Report.

5300(b)(3,5,6,7,8) - FUNDING PLAN ANALYSIS & CALCULATIONS:

5300(b)(3) - "the association shall provide the full reserve study plan upon request."

Specific Details regarding the following statements can be viewed in the "30 YEAR FUNDING PLAN" (included with this Reserve Summary).

5300(b)(5) - If applicable, the amount and commencement date of Board determined or anticipated special assessments will be shown and if a vote of the membership is required.

5300(b)(6) - The mechanism(s) by which the board will fund the reserves, including assessments, borrowing, and/or use of other assets. Refer to 5300(b)(4) above for deferral/selected repair/replacements.

5300(b)(7) - Procedures & methodology used for these calculations can be found in section "Procedures & Methodologies" (included with this Reserve Summary).

5300(b)(8) - If applicable, details regarding outstanding loans can be found in the 5570 "Reserve Summary and Disclosure" (included with this summary) and/or separately in the Annual Budget Report.

The Reserve Study is a SERIES OF PROJECTIONS, and consequently the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as future inflation rates, the level of preventative maintenance completed by future boards, unknown material defects, changes in technology, efficiency, and/or government regulations.

The Reserve Study is an evolving document that represents a moment in time covering a 30 year period. As required by The Davis-Stirling Act, we recommend that the Association review and update this Reserve Analysis on an annual basis to make adjustments for component expenditures and fluctuations in annual revenue, interest, and inflation.

2022 Average unit per month reserve contribution *1 = \$17.07

2022 Total annual reserve contribution *1 = \$59,010

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 1ST 10 YEARS	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Projected Beginning Fund Balance *1	\$82,552	\$78,452	\$65,641	\$71,105	\$74,075	\$122,329	\$192,307	\$265,197	\$320,180	\$392,199
Contribution % increase over previous yr.	16.00%	16.00%	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Contribution avg. unit/month \$ increase	\$2.73	\$3.17	\$0.92	\$0.96	\$0.99	\$0.78	\$0.80	\$0.82	\$0.85	\$0.87
Contribution avg. per unit/month	\$19.81	\$22.98	\$23.89	\$24.85	\$25.84	\$26.62	\$27.42	\$28.24	\$29.09	\$29.96
Reserve Contribution - Annual	\$68,452	\$79,404	\$82,580	\$85,883	\$89,319	\$91,998	\$94,758	\$97,601	\$100,529	\$103,545
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$151,004	\$157,856	\$148,221	\$156,988	\$163,394	\$214,327	\$287,065	\$362,798	\$420,709	\$495,743
Projected Expenditures - inflated	-\$73,500	-\$93,009	-\$77,976	-\$83,808	-\$42,544	-\$24,345	-\$25,075	-\$46,489	-\$33,253	-\$93,222
Balance after expenditures	\$77,504	\$64,847	\$70,245	\$73,179	\$120,849	\$189,982	\$261,990	\$316,309	\$387,456	\$402,522
Interest on balance after tax	\$949	\$794	\$860	\$896	\$1,479	\$2,325	\$3,207	\$3,872	\$4,742	\$4,927
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	22.28%	18.90%	20.42%	21.44%	31.85%	43.39%	52.47%	58.06%	63.92%	65.41%
Projected Year Ending Balance *3	\$78,452	\$65,641	\$71,105	\$74,075	\$122,329	\$192,307	\$265,197	\$320,180	\$392,199	\$407,449

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 2ND 10 YEARS	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Projected Beginning Fund Balance *1	\$407,449	\$468,970	\$556,481	\$647,516	\$709,414	\$807,450	\$862,928	\$173,491	\$253,107	\$306,277
Contribution % increase over previous yr.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	1.00%	1.00%	1.00%
Contribution avg. unit/month \$ increase	\$0.90	\$0.93	\$0.95	\$0.98	\$1.01	\$1.04	\$1.07	\$0.37	\$0.37	\$0.38
Contribution avg. per unit/month	\$30.86	\$31.79	\$32.74	\$33.72	\$34.73	\$35.77	\$36.85	\$37.22	\$37.59	\$37.96
Reserve Contribution - Annual	\$106,651	\$109,851	\$113,146	\$116,540	\$120,037	\$123,638	\$127,347	\$128,620	\$129,907	\$131,206
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$514,100	\$578,821	\$669,627	\$764,056	\$829,451	\$931,088	\$990,275	\$302,111	\$383,014	\$437,483
Projected Expenditures - inflated	-\$50,800	-\$29,069	-\$29,941	-\$63,220	-\$31,764	-\$78,594	-\$818,882	-\$52,065	-\$80,440	-\$66,283
Balance after expenditures	\$463,300	\$549,752	\$639,686	\$700,836	\$797,686	\$852,494	\$171,393	\$250,047	\$302,574	\$371,201
Interest on balance after tax	\$5,671	\$6,729	\$7,830	\$8,578	\$9,764	\$10,435	\$2,098	\$3,061	\$3,704	\$4,543
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	69.46%	73.97%	77.70%	79.91%	82.69%	84.11%	46.29%	57.87%	64.10%	70.10%
Projected Year Ending Balance *3	\$468,970	\$556,481	\$647,516	\$709,414	\$807,450	\$862,928	\$173,491	\$253,107	\$306,277	\$375,744

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 3RD 10 YEARS	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Projected Beginning Fund Balance *1	\$375,744	\$380,109	\$286,843	\$252,048	\$340,896	\$441,444	\$507,716	\$610,480	\$648,340	\$701,829
Contribution % increase over previous yr.	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Contribution avg. unit/month \$ increase	\$0.38	\$0.38	\$0.39	\$0.39	\$0.40	\$0.40	\$0.40	\$0.41	\$0.41	\$0.42
Contribution avg. per unit/month	\$38.34	\$38.73	\$39.11	\$39.51	\$39.90	\$40.30	\$40.70	\$41.11	\$41.52	\$41.94
Reserve Contribution - Annual	\$132,518	\$133,843	\$135,181	\$136,533	\$137,898	\$139,277	\$140,670	\$142,077	\$143,498	\$144,933
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$508,262	\$513,952	\$422,024	\$388,581	\$478,795	\$580,721	\$648,386	\$752,557	\$791,837	\$846,761
Projected Expenditures - inflated	-\$132,749	-\$230,577	-\$173,024	-\$51,807	-\$42,689	-\$79,145	-\$45,288	-\$112,057	-\$98,495	-\$49,488
Balance after expenditures	\$375,513	\$283,374	\$249,000	\$336,774	\$436,106	\$501,577	\$603,098	\$640,500	\$693,342	\$797,273
Interest on balance after tax	\$4,596	\$3,469	\$3,048	\$4,122	\$5,338	\$6,139	\$7,382	\$7,840	\$8,487	\$9,759
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	70.93%	64.33%	61.26%	68.88%	74.42%	76.53%	79.10%	78.70%	78.47%	79.29%
Projected Year Ending Balance *3	\$380,109	\$286,843	\$252,048	\$340,896	\$441,444	\$507,716	\$610,480	\$648,340	\$701,829	\$807,032

**ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY
For the Budget Year 2023 ending 12/31/23**

Per Davis-Stirling Statute 5570 ((old 1365.2.5)) Disclosure Form

(1) The 2022 budgeted regular assessment per ownership interest is avg. \$ 38.73 per month.
The 2023 budgeted assessment per ownership interest can be found in the Annual Budget Report.
Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found in the attached Annual Budget Report.

(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 year:	Purpose of assessment
_____N/A_____	_____N/A_____	_____N/A_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL	_____	_____

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found in the attached Annual Budget Report. These assessments might be for purposes outside the scope of the current Reserve Study and have been included by the party preparing the Association's Annual Budget 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

(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 year:

(5) All major components are included in the Reserve Study and are included in its calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 ((old 1365.2.5)), the estimated amount required in the reserve fund at the end of the 2022 fiscal year is \$ **371,128** based in whole or in part on the last reserve study or update prepared by **Reserve Analysis Consulting, LLC** as of **October, 2022**. The projected reserve fund cash balance at the end of the current fiscal year is \$ **82,552** , resulting in reserves being **22.24%** funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$ N/A .

Balboa Terrace Homes Association

(7.a.) 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 \$*1 See 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 \$*2 See Below, leaving the reserve at *3 See Below percent funding.

Budget Year	2023	2024	2025	2026	2027
*1 Estimated Amount Req'd in Fund to be 100%	\$352,162	\$347,312	\$348,219	\$345,542	\$384,084
*2 Reserve Balance (w/PREV. APPROVED Assessments ONLY)	\$68,895	\$35,323	\$16,557	-\$8,241	\$8,325
*3 Estimated Percent Funded	19.56%	10.17%	4.75%	-2.38%	2.17%

(7.b.) **If the Reserve Funding Plan approved by the Association is implemented**, the projected reserve fund cash balance in each of those years will be \$*4 See Below leaving the reserve at *5 See Below percent funding.

Budget Year	2023	2024	2025	2026	2027
*1 Estimated Amount Req'd in Fund to be 100%	\$352,162	\$347,312	\$348,219	\$345,542	\$384,084
*4 Reserve Balance (IF FUND PLAN IMPLEMENTED)	\$78,452	\$65,641	\$71,105	\$74,075	\$122,329
*5 Estimated Percent Funded	22.28%	18.90%	20.42%	21.44%	31.85%

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 2 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3 percent per year.**

(b) For the purposes of preparing a summary pursuant to this section:

- (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 5550 ((old 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 5570 subdivision (a) shall accompany each Annual Budget Report or summary thereof that is delivered pursuant to section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision 5570 (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

Further Notes: Please read the Requirements & Methodology in Section 2.00 and the Narrative Statements in Section 4.00 of this Financial Summary for important details concerning this Reserve Study's development.

Balboa Terrace Homes Association
Civil Code 5300(b)(9) Disclosure Summary Form

**Property: Philadelphia Indemnity Ins. Co.: 3/29/2022 - 3/29/2023
\$205,000 Blanketed Common Area Property Limit with a \$1,000 Deductible.

General Liability: Philadelphia Indemnity Ins. Co.: 3/29/2022 - 3/29/2023
\$1,000,000/\$2,000,000 per Occurrence/General Aggregate with a \$0 Deductible. \$1,000,000 Non-Owned and Hire Automobile Liability is included in this policy.

Umbrella Liability: Philadelphia Indemnity Ins. Co.: 3/29/2022 - 3/29/2023
\$3,000,000 each Occurrence/General Aggregate with a \$10,000 Deductible.

Directors' and Officers' Liability: Travelers Casualty & Surety Co. of Am.: 3/29/2022 - 3/29/2023
\$1,000,000 per Occurrence and Annual Aggregate with a \$25,000 retention per Occurrence.

Employee Dishonesty: Continental Casualty Company: 3/29/2022 - 3/29/2023
\$150,000 per Occurrence with a \$1,000 Deductible.

Workers' Compensation: No Coverage through our Agency.

Equipment Breakdown Coverage: No Coverage through our Agency.

Earthquake Insurance: No Coverage through our Agency.

Flood: No Coverage through our Agency.

This summary of the Association's policies of insurance provides only certain information, as required by subdivision (b) of 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 is Common Area Only. Each homeowner is responsible for insuring their own dwelling. For further information please call us at 877-317-9300.***

VA Statement

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/is not a condominium project.

The association of this common interest development is/is not certified by the federal Department of Veterans Affairs.

The information regarding the association's VA status is as of a November 1, 2022.

For the most current up to date information please visit the and [VA website](#) directly.

**CHARGES FOR DOCUMENTS PROVIDED FORM
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: _____

Owner of Property: _____

Owner's Mailing Address (If known or different from property address.): _____

Provider of the [Section 4525](#) Items: _____

Print Name _____ Position or Title _____ Association or Agent _____

Date Form Completed: _____

Check or Complete Applicable Column or Columns Below:

Document	Civil Code Section Included	Fee for Document	Not Available (N/A) or Not Applicable
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)		
Rental restrictions, if any	Section 4525(a)(9)		
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 <u>5305</u> and <u>4525(a)(3)</u>	
Assessment enforcement policy	Sections <u>5310</u> and <u>4525(a)(4)</u>	
Insurance summary	Sections <u>5300</u> and <u>4525(a)(3)</u>	
Regular assessment	<u>Section 4525(a)(4)</u>	
Special assessment	<u>Section 4525(a)(4)</u>	
Emergency assessment	<u>Section 4525(a)(4)</u>	
Other unpaid obligations of seller	Sections <u>5675</u> and <u>4525(a)(4)</u>	
Approved changes to assessments	Sections <u>5300</u> and <u>4525(a)(4), (8)</u>	
Settlement notice regarding common area defects	<u>Sections 4525(a)(6), (7), and 6100</u>	
Preliminary list of defects	Sections <u>4525(a)(6), 6000, and 6100</u>	
Notice(s) of violation	Sections <u>5855</u> and <u>4525(a)(5)</u>	
Required statement of fees	<u>Section 4525</u>	
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section <u>4525(a)(10)</u>	

Total fees for these documents:

* 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.

BAY AREA



PROPERTY
SERVICES

Balboa Terrace Homes Association

ANNUAL POLICY STATEMENT REPORT

January 1, 2023 – December 31, 2023

3021 Citrus Circle
Suite 205
Walnut Creek
CA 94598

info@bayservice.net
800-610-0757
Office: 925-746-0542
Fax: 925-746-0554
www.bayservice.net

BALBOA TERRACE HOMES ASSOCIATION

P.O. BOX 27642

SAN FRANCISCO CA 94127

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TO: Balboa Terrace Homes Association
FROM: Board of Directors
DATE: November 15, 2022
RE: Annual Policy Statement 2023 (Civil Code §5310)
(Consolidates policy disclosures and can be found in this packet)

- Name & address of designated person to receive notices. Michael D. Porter, 3021 Citrus Circle., Suite 205, Walnut Creek, CA 94598.
- Right to request to have notices sent to 2 different addresses. Please submit your written instructions for delivery of notices to an additional address.
- Posting locations for general notices. Web Portal
- Right to receive general notices individually. A member may request to receive individual notice of any document that is provided through general notice by submitting their written request to management.
- Right to receive minutes. Minutes, proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors of an Association, other than an Executive Session, shall be available to members within 30 days of the meeting. After receiving a written request, plus reimbursement of copying costs, the Association or its manager shall distribute minutes to any member.
- Assessment collection policies. Enclosed please find this policy for the collection of assessments.
- Policies in enforcing lien rights. Included in Assessment Collection Policy
- Discipline policies including schedule of fines. Included in Enforcement Policy.
- Summary of [dispute resolution](#) procedures. Included.
- Summary of architectural [application](#) procedure. Included.

Mailing address for overnight payment of assessments. Your association bank address for overnight payments is Alliance Association Bank , 3033 W. Ray Road, Suite 200, Chandler, AZ 85226

3021 Citrus Circle
Suite 205
Walnut Creek
CA 94598

info@bayservice.net
800-610-0757
Office: 925-746-0542
Fax: 925-746-0554
www.bayservice.net

Any other Policies as adopted by the Board should be listed here

- Election Rules
- HOA Rules & Regulations
- Architectural Guidelines/Application
- Civil Code 4041 Disclosure & Govt. Code 12956.1 Disclosure

BALBOA TERRACE HOMES ASSOCIATION
DELINQUENT ASSESSMENT COLLECTION POLICY

1. Regular annual assessments are due, in advance, on the first (1st) day of March and delinquent if not received, in full, by the Association within thirty (30) days after the due date thereof. Special Assessments and Reimbursement Assessments are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received by the Association within fifteen (15) days after it is due. A late charge of ten dollars (\$10.00) or ten percent (10%), whichever is greater, of the delinquent assessment shall be due on any such delinquent assessment.
2. The Association may also recover interest on all such amounts due once due and unpaid for thirty (30) days, at the rate of ten percent (10%) per annum.
3. If any portion of any such assessment, late charge, interest or cost of collection remains unpaid sixty (60) days after the original due date, a "Notice of Intent to Lien" will be prepared and sent to the owner(s) by certified mail. The Notice will, among other things, state the current charges owed by the owner(s), and any additional information required by California Civil Code Section 5660 or comparable superseding statute.
4. If all such amounts have not been received ninety (90) days after the original due date thereof, or thirty (30) days after the mailing of a "Notice of Intent to Lien", whichever is later, a Notice of Delinquent Assessment ("Lien") will be prepared and recorded as to the delinquent property and the owner(s) thereof, and all resulting collection fees and costs will be added to the total delinquent amount secured by the lien.
5. If all such amounts have not been received, in full, within thirty (30) days after the recordation of such Lien, the Association may, without further advance notice to the owner(s), proceed to take any and all additional enforcement remedies permitted by law as the Association, in its sole discretion, deems appropriate, including, without limitation, non-judicial foreclosure of such Lien, judicial foreclosure, or suit for money damages, all at the expense of the property owner(s).
6. The Association may recover all reasonable costs incurred in collecting any delinquent assessment, including reasonable attorney's fees.
7. The Board may, for good cause, agree to a payment plan which permits payment of the delinquent assessment(s), late charges, interest and collection costs.
8. Unless the Board agrees to a payment plan as specified in Section 7 above, all amounts due pursuant to this policy, and all other assessments and related charges thereafter due to the Association until all such amounts are paid, must be paid in full and the Association shall not be required to accept any partial or installment payments from the date of the institution of an action to enforce the payment of delinquent amounts to the time that all such amounts are paid in full.
9. All payments received by the Association, regardless of the amount paid, will be directed to the oldest assessment balances first, until such time as all assessment balances are paid, and then to late charges, interest and costs of collection unless otherwise specified by written agreement.
10. The Association shall charge a "returned check charge" of twenty-five dollars (\$25.00) for all checks returned as "non-negotiable", "insufficient funds" or any other reason.
11. All above-referenced notices will be mailed to the owner(s) at the last mailing address provided in writing to the Association by such owner(s).
12. The mailing address for payment of assessments is: Alliance Association Bank, 3033 W Way Road, Chandler, AZ 85226. A different address for delivery of assessment and related payments may be designated by the Board from time-to-time.
13. The Board of Directors of the Association may revise this policy in accordance with the Association Bylaws and Articles of Incorporation.

Civil Code 5730. Statutory Notice - Assessment Collection and Foreclosure

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

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

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

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

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

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

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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

(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 plans.

Balboa Terrace Homes Association

Summary of the Association's Rule Enforcement Policy

It is the fiduciary responsibility of the Board of Directors to enforce the rules and regulations as stated in the CC&Rs and the Standing Rules. Owners are responsible for informing members of their family, guests, and tenants of the provisions of the governing documents. The Board of Directors uses the following procedures for noncompliance with these documents.

1. A letter shall be written to the Owner, and Resident if applicable, stating the violation of the CC&Rs and/or Standing Rules. If the Owner/Resident complies, no further action is necessary.
2. If there is no response and/or if the violation is not corrected, a second letter will be mailed to the Owner giving him/her notice to attend a Noncompliance Hearing. The notice shall specify the violation and state the date, time and place of the Hearing. If the Owner/Resident responds and/or complies, no action will be taken at this Hearing except for repeated and blatant violation of the same rules for which the Board may, at its discretion, still impose a fine.
3. A Hearing shall be held, whether or not the Owner attends. The Owner may bring witnesses, pictures or other evidence to the Hearing.
4. After hearing testimony the Association may impose fines, set conditions for continual noncompliance, suspend use of common area privileges, or take other action.
5. Fines shall be assessed according to the associations fine policy. Fines may be levied daily, weekly, per occurrence, or in any other manner as the Association determines necessary in order to bring compliance.
6. A Notice of Determination will be mailed out within ten (10) days after the Noncompliance Hearing.

Appeal of Board Determination

An Owner may appeal to the Board of Directors to revise the determination if requested in writing no later than fifteen (15) days after receipt of the Notification of Determination.

All owner(s) shall be fully responsible for informing members of their family, tenants, and guests of the provisions of the Governing Documents, and shall be fully responsible for any violation(s) of the provisions of the Governing Documents by members of their family, tenants or guests. All Owner(s) shall further be fully responsible for the conduct and activities of their pets or those of members of their family, tenants, or guests.

ALTERNATIVE DISPUTE RESOLUTION RIGHTS SUMMARY
(Civil Code sections 5925 through 5965)

Civil Code section 5930 provides that an association or a member may not file a lawsuit to enforce the association's governing documents or certain laws that govern homeowners associations without first submitting the dispute to a form of *alternative dispute resolution* ("ADR") such as mediation or arbitration. This section does not apply to small claims actions or assessment disputes (except as otherwise provided by law).

The form of ADR may be binding or non-binding, and the costs of the ADR shall be borne by the parties.

Any party to a dispute covered by Civil Code section 5925 and 5930 may initiate the ADR process by serving a Request for Resolution on all other parties to the dispute. A Request for Resolution must contain: 1) a brief description of the dispute between the parties; 2) a request for ADR; 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; and 4) if sent to a member, a copy of Civil Code sections 5925 through 5965.

If the Request for Resolution is accepted, the ADR must be completed within 90 days of receipt of the acceptance, unless otherwise agreed by the parties. Once a Request for Resolution is served, all applicable statutes of limitation are tolled as set forth in Civil Code section 5945.

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 law requires the party filing a lawsuit for enforcement of the association's governing documents or applicable law to file a certificate with the court stating that: 1) ADR has been completed *prior* to the filing of the suit; 2) ADR was not undertaken because one of the other parties to the dispute did not accept the terms offered for ADR; or 3) ADR was not undertaken because preliminary or temporary injunctive relief is necessary. Failure to file this certificate can be grounds for dismissing the lawsuit.

While the prevailing party in any lawsuit may be awarded attorney's fees and costs (Civil Code section 5975), Civil Code section 5960 provides that the court may consider whether a party's refusal to participate in ADR was reasonable when it determines the amount of the award.

**INTERNAL DISPUTE RESOLUTION (“IDR”)
ANNUAL DISCLOSURE**

This document describes the Internal Dispute Resolution (“IDR”) process imposed upon the Association by Civil Code sections 5900-5920.

1. These procedures only govern disputes between the Association and a member of the Association regarding their rights, duties, or liabilities under California Civil Code sections 5900-5920 or the Association’s governing documents (collectively, the articles of incorporation, bylaws, declaration of covenants, conditions and restrictions (or CC&Rs), and rules or policies).

2. The statutory meet and confer process set forth in Civil Code section 5915 shall apply and is as follows:

- A. Either party to a dispute as described in Section 1 above (“Dispute”) may invoke the following procedure:
 - i. The party may request the other party to meet and confer in an effort to resolve the Dispute. The request shall be made in writing.
 - ii. A member of the Association may refuse a request to meet and confer submitted by the Association. The Association cannot refuse a member’s request to meet and confer.
 - iii. The Association’s board of directors (“Board”) shall designate a Board member to meet and confer.
 - iv. 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.
 - v. The parties may be assisted by an attorney or another person at their own cost when conferring.
 - vi. 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 the above procedure binds the parties and is judicially enforceable if both of the following conditions are satisfied:
 - i. The agreement is not in conflict with law or the Association’s governing documents; and
 - ii. The agreement is either consistent with the authority granted by the Board to its designee or the agreement is ratified by the Board.
- C. A member of the Association shall not be charged a fee to participate in the meet and confer process.

3. The foregoing procedures do not relate to or govern alternative dispute resolution (or “ADR”), which is a prerequisite to an enforcement action filed by the Association or a member of the Association. ADR is governed by Civil Code section 5925 et seq.

Balboa Terrace Homes Association

Summary of Approval Requirements for Physical Changes to the Property

Pursuant to the governing documents of the association, all members are required to seek permission from the Association to make physical changes to the property. Approval may be required for, but is not limited to, the following:

- Changes to the exterior of the property effecting the aesthetic or structural integrity of the property
- Any modifications to common area property
- Any modifications to the property effecting the structural integrity of common elements
- Any modifications to the property effecting the peaceful enjoyment of neighboring homes and residents
-

Your governing documents may have additional limitations and requirements beyond what is listed above.

Members interested in making physical changes to the property should contact management and request an architectural modification form. Written request for modification must be received, reviewed, and approved by the Board of Directors at a meeting of the Board.

BALBOA TERRACE HOMES ASSOCIATION ELECTION RULES

ARTICLE 1 GENERAL

- 1.1 Intent. These election rules (“Election Rules”) for Balboa Terrace Homes Association (“Association”) have been adopted with the intent to comply with California Civil Code (“Civil Code”) sections 5100 through 5145, including amendments to such sections and as adopted by the California Legislature as part of Senate Bill 323, effective January 1, 2020, and shall apply to voting by the record owners (the “Members” and each a “Member”) of Lots (hereafter defined) within the Association regarding: (i) election or removal of members of the board of directors (collectively, “Board of Directors” and each a “Director”) of the Association; (ii) annual and special assessments; (iii) amendments to the Association’s governing documents; (iv) granting of exclusive use of common area property; and (v) at the discretion of the Board of Directors, any other matter that may be the subject of a vote of Members (any of the foregoing, an “Election”). In the event of any conflict between the Election Rules and Bylaws, the Bylaws shall govern, except as otherwise required by law. As used herein, the term “Lot” shall mean a “building site” as described in the Association’s Articles of Incorporation (“Articles”).
- 1.2 Effective Date. These Election Rules shall become effective upon the date of adoption by the Board of Directors.
- 1.3 Definitions. Unless separately defined within these rules, capitalized words have the same meaning as defined within the deed restrictions, sometimes known as the declaration of conditions, covenants, and restrictions (“Declaration”) for the Association.
- 1.4 General Notice. Civil Code section 5115 requires the Association to provide general notice of Election matters. For the purposes of these Election Rules, “General Notice” shall mean notice provided by *one or more of the following methods*: (i) individual notice pursuant to Civil Code section 4040; (ii) inclusion with newsletters, billing statements, or other routine correspondence; *and/or* (iii) posting in a prominent location, presuming such location has been previously disclosed as the Association’s annual policy statement.

ARTICLE 2 INSPECTOR OF ELECTIONS

- 2.1 Selection. Not less than ninety (90) days prior to the Election Date (as defined in section 5.4) for new Directors and not less than sixty (60) days prior to the Election Date for any other Election matter, the Board of Directors shall appoint one or three inspector(s) of Elections (each, an “Inspector of Elections” and collectively, the “Inspector(s) of Elections”) who shall perform all of the functions required by Civil Code section 5105 and 5110, including:
- (a) Voting Rolls. Determine the number of Members entitled to vote and the voting power of each;
 - (b) Ballot Custodian. Receive and be the custodian of ballots, and direct the location to which ballots shall be sent until tabulated by the Inspector(s) of Election;
 - (c) Correct Errors. Correct errors or omissions on the candidate registration list (if any) and/or voting list within two (2) business days of the errors or omissions being

reported, with receipt of satisfactory documentary evidence;

- (d) Review Challenges. Hear and determine all challenges and questions in any way arising out of or in connection with the right of Members to vote;
- (e) Vote Tally. Count and tabulate all votes;
- (f) Proxy Evaluation. Determine the authenticity, validity, and effect of proxies, if any;
- (g) Poll Deadline. Determine when the polls shall close, with the discretion to extend the deadline for voting as necessary;
- (h) Results. Determine the results of the Election and report the results of the Election to the current Board of Directors.

2.2 Eligibility. Eligibility to serve as an Inspector of Elections:

- (a) All Non-Candidate; Non-Serving Members. Any Members who are not current members of, or candidates for, the Board of Directors nor relatives of current members or candidates for the Board of Directors; and
- (b) Independent Third-Party. An individual third party who is not currently employed or under contract with the Association for any compensable services other than serving as an Inspector of Elections.

2.3 Compensation. The Association may, at the discretion of the Board of Directors, provide reasonable compensation to the Inspector(s) of Elections.

2.4 Assistants. The Inspector(s) of Elections may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector(s) of Elections deem appropriate, provided that the appointed persons would themselves be eligible to serve as Inspector(s) of Elections.

2.5 Member Challenge. If a Member is selected to serve as the Inspector of Election, that appointment may be challenged by any Member by petition to the Board of Directors prior to the mailing of ballots. The effect of such a challenge shall be the requirement for the Board of Directors to secure a qualified non-Member for the position.

2.6 Indemnification. The Association shall indemnify, defend, and hold harmless any Inspector of Elections, and any agents or employees of an Inspector of Elections, and any volunteers assisting an Inspector of Elections regarding any Election, unless the claim is due to gross negligence or willful misconduct.

2.7 Use of Association Legal Counsel. Each Inspector of Elections shall have the right to directly consult with the Association's legal counsel regarding any matter related to an Election, Vote Tabulation Meeting, or vote by the Members.

ARTICLE 3 OBLIGATIONS OF THE INSPECTOR(S)

3.1 Pre-Election. Prior to the Election, the Inspector(s) of Elections shall do the following:

- (a) Eligible Voter List. Review and verify an eligible voter list which identifies each Member eligible to vote, their mailing address, lot or unit identification, and the

voting power of each Member. The list may be created by the Association.

- (b) Eligible Candidate List. Review and verify a list of all eligible candidates for inclusion on the ballot.
- (c) Ballot Inspection. Review and verify the ballot prior to mailing and ensure compliance with ballot contents described in Section 5.7, below.

3.2 During Voting Period.

- (a) Receive Ballots. Inspector(s) of Elections shall monitor the receipt of submitted ballots in a manner that ensures they are not tampered with following their receipt. Inspector(s) of Elections may direct administrative staff to maintain a log of all received ballots, noting whether the envelope was signed or not. An Inspector of Elections may contact Members and seek their signatures upon the envelope if missing.
- (b) Effect of Receipt. Regardless of signature, a ballot is irrevocable once received by the Inspector(s) of Elections.
- (c) Proxy Votes. If proxy voting is prohibited by the Bylaws, proxy voting shall not be permitted. If permitted based on the Election matter, and the Association issues proxy forms, it shall do so in a manner that allows the Inspector of Elections to validate the proxy and issue a separate secret ballot to the proxy holder.

3.3 Examination of the Ballots. At the appointed time, the Inspector(s) of Elections shall:

- (a) Open Meeting. The tabulation of the vote shall occur at a properly noticed open meeting.
- (b) Quorum. If a quorum is necessary for the matter being voted upon, each received ballot shall be treated as a Member present at the meeting.
- (c) Proxies. The Inspector(s) of Elections shall evaluate the proxy forms prior to issuance of a ballot to a proxy holder.
- (d) Signature Verification. The Inspector(s) of Elections, or their designees, may verify the signatures upon the outer envelope prior to the time of tabulation. At the time of tabulating the vote, the Inspector(s) of Election may announce and permit a Member to sign, any envelope they failed to sign at time of mailing.
- (e) Witnesses. Any Member may witness the counting and tabulation of the ballots, however, no Member may communicate with an Inspector of Elections during the process and must remain at least five (5) feet away from the ballots. The Inspector of Elections shall have the power to remove any observer who interferes with the tabulation process.
- (f) Announcement of Results. The Inspector of Elections shall announce to all present the results of the Election and deliver that information to the then-serving Board of Directors present at the open meeting for recordation in the minutes of the meeting.

3.4 Retention of Materials. The Inspector of Elections shall maintain all documentation,

including signed outer envelopes and votes until one (1) year following the tabulation of votes. Unless requested by the Association, the Inspector of Elections may dispose of the materials at that time.

3.5 Effect of a Tie.

- (a) Election for a Director Position. A tie vote between two candidates for Director shall be resolved by the placing of both names into a bowl for selection at random by the then-serving president of the Board of Directors or her or his designee.
- (b) Election Involving Other Matters. A tie vote with respect to any matter other than Election of Directors results in such proposal not passing.

ARTICLE 4 CANDIDATE NOMINATIONS

- 4.1 Notice of Nomination Period. At least thirty (30) days prior to the Nomination Date (defined below), the Association shall provide General Notice of the procedure and deadline for nomination of candidates for the Board of Directors. “Nomination Date” shall mean the deadline on which candidate nominations are due, which date shall not be later than sixty (60) days prior to the Election Date.
- 4.2 Procedure for Nomination – Self-Nomination. On or before the Nomination Date, Members may nominate any Member, including themselves, as candidates for the Board of Directors or other open positions, as applicable, by notifying the Association’s managing agent or Board of Directors in writing. Each nominee must declare herself and himself free of any past criminal conviction that would prevent the Association from maintaining fidelity bond coverage required by Civil Code section 5806.
- 4.3 Procedure for Nomination – By Board of Directors. The Board of Directors may directly nominate candidates for the Board of Directors, subject to the same deadlines and disclosure obligations for self-nominated Members.
- 4.4 Disqualifying Facts. A candidate shall be disqualified for any of the following reasons:
 - (a) Membership. A candidate must be a Member of the Association prior to the close of nomination;
 - (b) Current on Assessments. A candidate shall not have unpaid regular or special assessments, to the extent the bylaws require the same of Directors on the current Board of Directors;
 - (c) Criminal Conviction. The candidate may not have a criminal conviction that would prohibit the Association from maintaining fidelity bond coverage required by Civil Code section 5806.
 - (d) Joint Ownership. The Articles provide that Members having joint ownership of a single separate Lot shall collectively constitute one Member and be entitled to one vote for each Lot. Accordingly, a Member having joint ownership of a single separate Lot shall not be a candidate if, following his or her election, such candidate would serve on the Board of Directors at the same time as another person who holds a joint ownership interest in the same Lot as such candidate, and the other person is either properly nominated for the current Election, or is an

incumbent Director.

ARTICLE 5 **BALLOTS**

- 5.1 Generally. With respect to any matter which is subject to the vote of Members as required by the Association's governing documents or by law, the Association shall prepare and distribute a ballot to each Member as provided in these Election Rules.
- 5.2 All Candidates. The ballot for candidates for the Board of Directors shall include all candidates for the positions being voted on in the Election, listing each candidate by name, in alphabetical order based on last name.
- 5.3 Any Other Matter. The ballot for any Election matter other than Election of Directors shall contain such matter that is the subject of a Member vote.
- 5.4 Notice of Ballots. At least thirty (30) days prior to the distribution of ballots, the Association shall provide General Notice to the Members of:
- (a) The date and time by which ballots for any Election matter must be returned ("Election Date");
 - (b) The location to which physical ballots must be returned;
 - (c) The name of the Inspector(s) of Elections.
- 5.5 Member Eligibility To Vote. Each Member shall be entitled to a single vote with regard to each matter subject to a vote on the ballot. Pursuant to the Articles, for the purposes of voting, all record owners of a single separate Lot shall collectively constitute one Member. A Member shall not be denied a ballot unless she or he was not a Member at the time the ballots were distributed. A party holding a general power of attorney may exercise the voting rights of the Member.
- 5.6 Verification of Member Information. A Member may verify or correct, through satisfactory documentation, any individual information on the Association's voting list by presenting such documentation to the Inspector(s) of Elections.
- 5.7 Ballot Contents. The ballot shall include:
- (a) Two Sealable Envelopes. One envelope shall have no markings to identify the voter and shall be identified as the "Voting Envelope". The other envelope shall be marked as the "Mailing Envelope" and shall be pre-addressed to the address determined by the Inspector(s) of Election. The Mailing Envelope shall identify the Member, address, and unit or lot number as appropriate. It shall include a space for the Member to sign her or his ballot;
 - (b) Instructions. Information to aid the Member in properly submitting her or his secret ballot pursuant to the double-envelope ballot procedure;
 - (c) Voting Quorum, Deadline, And Meeting. Notice of the initial date and time the ballot must be received, as well as notice for the date and time of the meeting at which the ballots will be opened and tabulated ("Vote Tabulation Meeting"), provided a quorum is established by the receipt of cast ballots. The notice shall also include the quorum requirements and a statement that the balloting period may be extended if sufficient ballots have not been received to establish a quorum;

- (d) Election Rules. Either a copy of these Election Rules or posting to an internet website with notice to the Member, in at least 12-point font, “The rules governing this Election may be found here:”

ARTICLE 6 CANDIDATE STATEMENTS; ACCESS TO ASSOCIATION MEMBERS

- 6.1 Candidate Statements. All qualified candidates shall provide a “candidate statement” consisting of a brief summary of her or his qualifications, achievements and/or interest in serving on the Board, in one hundred (100) words or less, which shall be included with the ballot materials and other media.
- 6.2 Advocacy Blackout. No candidate, Member, or the Association or its Board of Directors, shall be allowed to access any form of Association media, including but not limited to communication materials such as newsletters, bulletin boards, websites, or social media pages to advocate for a point of view other than as contained in an existing candidate statement between the time the ballots are mailed and the polls close. The term “Association media” shall not include direct mail, personal delivery, or individual emails.
- 6.3 Not Advocacy. The following items shall not be deemed advocacy:
 - (a) Get Out The Vote. Efforts to promote and encourage Members to cast their votes, “Get Out The Vote”.
 - (b) Descriptions of The Election Purpose. If a rule change is being proposed, a description of the purpose and effect of the rule change may be provided, however, the description may not advocate for passage of the change.
 - (c) Annotated Text of The Measure. A factual summary of the changes to the governing documents accompanying the text of the proposed amendments shall be permitted, however, the description must not advocate for passage of the amendment.
- 6.4 Equal Access. Each candidate, prior to the blackout period described in Section 6.1, above, shall be granted equal access to Association media (websites, newsletters, social media pages, etc.) to the extent the Association permits advocacy materials to be posted by any party. If the Association permits advocacy materials, the Association shall include candidate and Member advocacy statement requirements with the notice provided pursuant to Section 4.1 (for Election of Directors) or 5.4 (for all other Elections) to ensure all parties have equal access by adopting word limits applicable to each candidate.
- 6.5 Association Funds Prohibited. The Association may not expend Association funds towards advocacy efforts. The Association may expend funds on Get Out The Vote efforts.
- 6.6 Section 5105(a)(1) Compliance. The above sections specify the manner in which the Association shall comply with Civil Code section 5105(a)(1).

ARTICLE 7 ADDITIONAL PROCEDURES

- 7.1 Notification of Election Results. The current Board of Directors shall cause notice of the results of the Election to be transmitted to all Members within fifteen (15) days of the Vote Tabulation Meeting.

- 7.2 Recount; Challenge. In the event of a recount or challenge to the determination, the Inspector of Elections, upon a written request, shall make available the Election materials to the Member challenging the Election or their representative. The mailing envelopes may be inspected but may not be copied. The Association shall be entitled to redact anyone's mailing address of any Member who has opted out of the Membership List and voter list. Any recount shall be conducted in a manner to retain the confidentiality of the vote.

ARTICLE 8 ELECTION COMMITTEE

- 8.1 Appointment of Election Committee; Qualification. Not less than ninety (90) days prior to the Election Date for new Directors and not less than sixty (60) days prior to the Election Date for any other Election matter, the Board of Directors shall appoint a committee ("Election Committee"), which shall be comprised of three (3) Members of the Association, who are not current members of, or candidates for, the Board of Directors, nor relatives of current members or candidates for the Board of Directors, nor residing in the same household as a current member or candidate for the Board of Directors, nor engaged in a business relationship with a current member or candidate for the Board of Directors, nor otherwise deemed to have a conflict of interest, including with respect to any current Director or candidate for Election to the Board of Directors.
- 8.2 Committee Responsibilities. The Election Committee shall solicit nominations for candidates for Election to the Board of Directors consistent with these rules and applicable law; promote and encourage Members to cast their votes in any Election (including "Get Out The Vote"); and assist the Inspector(s) of Elections and members of the Board of Directors in carrying out their duties as described above. The Election Committee shall report to the Inspector(s) of Elections.

**Exhibit “A”
Elections Checklist
and Timeline**

The dates shown below are the minimum necessary dates. The Association can choose to extend the time for each, but doing so may require earlier compliance with a deadline.

90 Days (at least) Before Election Day: This is the date by which the Association must notify Members of any deadlines for submitting a nomination for an open position on the Board of Directors. (If the Election does not involve candidates for the Board of Directors, see below.)

Tasks:

- The Board of Directors shall select an Inspector of Elections and Election Committee. If Election is for other than Election of candidates for Board of Directors, this may occur at Election Day -60.
- The Board of Directors shall determine the date upon which the Election of candidates for Board of Director will be held and the deadline for nomination for candidates for at a public meeting.
- Members must be notified of the Election date and procedures to self-nominate for open positions.
- The Board of Directors shall decide whether to permit candidate and Member advocacy statements and all applicable requirements if statements are permitted.

60 Days (at least) Before Election Day: This is the date Members shall be given General Notices about the Election. If the Election does not involve candidates for the Board of Directors, this may serve as the first Election-related deadline.

Tasks:

- Verify Candidate List.
- Verify Members eligible to vote along with associated information.
- Verify date, time, and location for Vote Tabulation Meeting.
- Verify date, time, and location for returning ballots.
- Ensure Association provides this information to its Members.

30 Days (at least) Before Election Day: This is the day the ballots must be sent to the Members.

Tasks:

- Verify the ballot packet
- Enclose Election Rules or provide website notice
- Provide voting instructions
- Date, time, & address for mailed return
- Date, time, & location for Vote Tabulation Meeting.

- Voting Envelope – Identified as where to place the ballot
- Mailing Envelope – Identified as such including spaces for:
 - Identification of voter
 - Place for signature
 - Mailing address of Inspector of Elections
- Ensure ballots are mailed on this date.

Election Day: This is the day the ballots will be retrieved, opened, and tabulated.

Tasks:

- Gather mailing envelopes.
- If an envelope is missing a signature, Inspector of Elections may announce the Member's name to allow him or her to sign the ballot. Because the ballot was irrevocable once received, the Member cannot substitute an in-person vote for the mailed ballot. If not signed, the ballot may be rejected and remain unopened.
- Identify whether sufficient ballots have been received to allow the Election to continue.
- Open each outer envelope and place the voting envelope in a separate pile.
- Mix the inner envelopes to ensure the secret ballot remains secret.
- Open each inner envelope and tabulate the result.
- Announce the final result before all assembled.
- Provide a written statement of the voting results to the Board of Directors members present.
- The results should be recorded in the minutes of the Vote Tabulation Meeting.

Within 15 Days of Election Day: The Board of Directors shall communicate the result of the Election to all Members within 15 days.

Request for Annual Notice of Address, Representative and Rental Status

Civil Code, Section 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. If the requested information is not provided, the property address of the Owner's separate interest will be used for notices.

1. The address or addresses to which notices from the Association are to be delivered. A valid email address.

2. An alternate or secondary address to which notices from the Association are to be delivered. A valid email address.

3. The name, mailing address, 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 separate interest.

4. Is the separate interest --

- Owner-occupied? Rented out? Developed, but vacant?
 Undeveloped?

5. Member Name

Property Address

6. Return form to:

Bay Area Property Services or customerservice@bayservice.net
3021 Citrus Circle #205
Walnut Creek, CA 94598 or Fax# 925-746-0554

Opt Out Request Form
From Association's Membership List
(Civil Code §5220)

Opt-Out Instructions to Association:

I am concerned about protecting my privacy and private information from mandatory distribution by this association and I am filling out this form mailing the completed form to the association c/o the association's managing agent, _____ at Bay Area Property Services, 3021 Citrus Circle, Ste. 205, Walnut Creek CA 94598 or by email to: Customerservice@bayservice.net.

Owner Name: _____

Association: _____

Unit/Lot Address: _____

I am opting out of the association's membership list. Please immediately remove my name, property address, mailing address and email address from the membership list. This opt out remains in effect until I send the association new instructions in writing.

Signature: _____

Date: _____

Instructions to Member/Explanation of Form:

Under Civil Code §5200(a)(9), the association is legally required to provide its membership list with your name, property address, current mailing address and email address upon written request. If you want to maintain your privacy and private information from this mandatory distribution, you must provide a written opt-out to the association pursuant to Civ. Code §5200. By opting out (i.e., returning the above completed form the association), your information is removed from the association membership list and will not be disclosed to third parties until such time as you provide other signed written instructions to the association

Please contact the association Manager if you have any questions regarding this form or regarding opting out of the membership list at (800)610-0757.

Balboa Terrace Homes Association

Conflict of Interest Policy

Article I Purpose

The purpose of this conflict of interest policy is to protect the interests of Balboa Terrace Homes Association. ("BTHA" or "Association") whenever BTHA is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director or other person in a position of authority within the Corporation or that might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit organizations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with powers delegated by the Board of Directors, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which BTHA has a transaction or arrangement,
- b. A compensation arrangement with BTHA or with any entity or individual with which BTHA has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which BTHA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2 of this policy, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

IRS CIRCULAR 230 NOTICE: To the extent that this material concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

2. **Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest**

- a. An interested person shall make an appropriate disclosure of all material facts, including the existence of any financial interest, at any time that any actual or potential conflict of interest arises. The interested person may make a presentation at a Board of Directors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The President or Vice President of BTHA or the chairperson of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether BTHA can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. **Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV
Records of Proceedings

The minutes of the Board of Directors and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

IRS CIRCULAR 230 NOTICE: To the extent that this material concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

Article V
Compensation

- a. A voting member of the Board of Directors who receives compensation, directly or indirectly, from BTHA for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from BTHA for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation from BTHA, either directly or indirectly, individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of this conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands that BTHA is a nonprofit mutual benefit organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure the Corporation operates in a manner consistent with its social benefit purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with other organizations and/or individuals conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further UHA's nonprofit social benefit purposes and do not result in private inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

IRS CIRCULAR 230 NOTICE: To the extent that this material concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

DOCUMENT # 4

PROCEDURE FOR ENFORCEMENT OF BALBOA TERRACE HOMES ASSOCIATION COVENANTS, CONDITIONS AND RESTRICTIONS (CC&Rs) AND THE IMPOSITION OF FINES AND OTHER PENALTIES

If a member appears to be in violation of the CC&Rs, the board shall notify the member in writing by first class mail of the alleged violations and request that the member correct the violations within 30 days of date of notification. If the violations are not corrected within 30 days, the board shall take further action as specified in Amendment 4 to the CC&R's.

If the member has not corrected the violations within 30 days, the board shall again notify the member in writing by first class mail of the alleged violations and the prescribed penalties. The notification shall specify the violations and penalties and request that the member either meet with designated members of the board at a specified time and place to attempt to resolve the issue or appear at a specified board meeting. The notice shall provide at least 15 days notice of the board hearing and inform the member that he/she has the right to attend, to be heard and to have the matter heard in executive session.

If agreement is reached at the meeting with the designated board members, a written agreement shall be signed by both parties and be binding on both.

If the request to meet is rejected, the member fails to respond by the time set for the meeting, or no agreement is reached, the board shall take action on the alleged violations as permitted by the CC&R's as amended. The board shall notify the member in writing of its decision within 15 days of the proposed meeting date.

Proposed fine for violation of Deed Restriction 1 ("said premises in front of the frontline occupied by the building thereon shall be kept free from rubbish, litter and weeds and properly cultivated to grow and maintain plants, flowers, shrubs or a lawn.") shall be \$100.00 per month effective 10 days after written notification of board's decision.

Proposed fine for violation of Deed Restriction 5 ("no flats, double houses or apartment house or houses") shall be \$500.00 per month effective 10 days after written notification of board's decision.

The levying of fines shall be subject to statutory interest and if unpaid will result in the loss of voting rights.

If you wish to submit comments, please put them in writing and mail to:

Balboa Terrace Homes Association
P.O. Box 27642
San Francisco CA 94127