

# *LYNWOOD OWNERS' ASSOCIATION, INC.*

To: Lynwood Owners' Association, Inc., Members  
Re: 2018/19 Annual Budget

**2018/19 Operating Budget:** The Board of Directors has approved the enclosed 2018/19 Operating Budget. The first column is the Annual Operating Budget expenses. The second column is the Monthly Operating Budget expenses. The third column is the Per Unit, Per Month Operating expenses. This adopted budget identifies the projected operating costs for the Association.

The assessment rate per month will remain the same at \$320.00 per unit/per month for the new fiscal year effective **July 1, 2018.**

In Compliance with California Civil Code's Davis Sterling Act, a copy of the Operating Budget, Reserve Fund Disclosure and Reserve Study Executive Summary, and Insurance Summary is enclosed for your review. Documents/General Statements Required by California Civil Code also included:

Cover Letter

Operating Budget

Reserve Executive Summary

Assessment and Reserve Funding Disclosure Summary

General Disclosure Statements

ADR-IDR Requirements

FHA – VA Requirements and FHA Certification

Assessment Collection Policy

Architectural Approval Requirements/Guidelines

Insurance Disclosure

Rules & Regulations and Fine Policy

## GENERAL DISCLOSURE STATEMENTS

**Arbitration Requirement:** Civil Code Section 5975 was amended, and the Civil Code Sections were enacted to require a form of Alternative Dispute Resolution in cases involving enforcement of the Covenants, Conditions and Restrictions (CC&R's) or other Governing Documents of the Association.

Civil Code Section 5975 addresses the rights of the Association, Individual Owners, or Both to enforce the CC&R's and for the prevailing party to be awarded reasonable attorney's fees. Civil Code Section 5900-5920 Dispute Resolution Procedures, supplements Civil Code Section 5925. In general, these Civil Code Sections require the Association and the member, if a dispute arises, to seek some form of Alternative Dispute Resolution both internally as specified in Civil Code Section 5900-5920 and using outside resources as specified in Civil Code Section 5925.

**Meeting/Minutes:** The Board of Directors Intends to hold meetings every month on the **third Tuesday of every month except December**, at 7:00 p.m. All meetings will be held at the Association's Clubhouse. Additional Board of Directors and General Membership Meetings, as well as meeting changes will be posted at the Clubhouse four days prior to the meeting. The Annual Meeting of the Membership is held in June.

Any member interested in inspecting the Association's records may do so by scheduling an appointment with the Management Office. As a member of the association, you are hereby notified of your rights to obtain minutes by following these procedures: Minutes, minutes proposed for adoption, or a summary of the minutes shall be available to any member upon written request, accompanied by a \$5.00 per set reimbursement cost, to the management office. Please also see the Lynwood OA, Inc's Web-site for approved minutes.

**Document Delivery and Designated Agent for Document Delivery:** MCF Property Management, PO Box 294326, Phelan CA 92329, has been designated to receive documents on behalf of the Association. Documents delivered pursuant to Section 4035 may be delivered by 1) Email, Fax, or other electronic means; 2) by personal delivery, 3) By first class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service center to MCF Property Management, 9366 Riggins Road, Phelan, CA 92371, who is the current management company of record. Members may also submit a request to have notices sent to two different specified addresses.

The location for posting of General Notices for the Association is outside of the Clubhouse door, on the Bulletin Board.

**Security Disclaimer:** We hope that our security systems provide some deterrence to crime. However, no matter what steps we take, the association can never be completely safe and secure. For example, it is possible for someone to enter the property under false pretenses to commit crimes, for residents to commit crimes against their own neighbors, for guests of residents to commit crimes, and for employees to commit crimes. As a result, the association is not and can never be free of crime and we cannot guarantee your safety or security. Accordingly, you should NOT rely on the association to protect you from loss or harm. Instead, you should provide for your own security by taking common sense precautions such as carrying insurance against loss; keeping your doors locked; refusing to open your door to strangers; asking workmen for identification; installing a security system; locking your car; etc.

**Annual Report:** Pursuant to California Corporations Code §5305: "A corporation shall notify each member yearly of the member's right to receive a financial report pursuant to this subdivision. Except as provided in the association's CC&R's, an Annual report shall be prepared not later than 120 days after the close of the corporation's fiscal year." It is the intention of the Board to distribute the Annual Report within 120 days after the close of the Corporation's calendar year – June 30th.

**LYNWOOD OWNERS' ASSOCIATION**  
**2018-19 Operating Budget**

	ANNUAL	MONTHLY	PU/PM
<b><u>COLLECTION EXPENSES</u></b>			
81013 COLLECTIONS	\$1,500.00	\$125.00	\$0.68
83002 DEMANDS	\$300.00	\$25.00	\$0.14
83005 INTENT TO LIEN	\$1,000.00	\$83.33	\$0.45
83000 LATE NOTICE	\$1,040.00	\$86.67	\$0.47
81008 LIEN FEES	\$1,050.00	\$87.50	\$0.48
81004 SMALL CLAIMS	\$1,125.00	\$93.75	\$0.51
<b>TOTAL COLLECTIONS</b>	<b>\$6,015.00</b>	<b>\$501.25</b>	<b>\$2.72</b>

<b><u>HOLIDAY EXPENSES</u></b>			
84300 DECORATIONS	\$400.00	\$33.33	\$0.18
80018 SOCIAL	\$800.00	\$66.67	\$0.36
<b>TOTAL HOLIDAY</b>	<b>\$1,200.00</b>	<b>\$100.00</b>	<b>\$0.54</b>

<b><u>GATE MAINTENANCE</u></b>			
87003 KEYS & REMOTES	\$1,272.00	\$106.00	\$0.58
87000 VEHICLE GATE MAINTENANCE	\$2,400.00	\$200.00	\$1.09
<b>TOTAL GATE MAINTENANCE</b>	<b>\$3,672.00</b>	<b>\$306.00</b>	<b>\$1.66</b>

<b><u>INSURANCE</u></b>			
82000 INSURANCE GENERAL AND WORKERS COMP	\$58,000.00	\$4,833.33	\$26.27
<b>TOTAL INSURANCE</b>	<b>\$58,000.00</b>	<b>\$4,833.33</b>	<b>\$26.27</b>

<b><u>LANDSCAPE</u></b>			
87005 GOLF CART MAINTENANCE	\$200.00	\$16.67	\$0.09
83001 LANDSCAPE MAINTENANCE	\$79,464.00	\$6,622.00	\$35.99
84000 LANDSCAPE EXTRAS	\$10,500.00	\$875.00	\$4.76
84002 TREE MAINTENANCE (PROPOSED)	\$20,000.00	\$1,666.67	\$9.06
84008 PEST CONTROL RODENTS AND ANTS	\$15,000.00	\$1,250.00	\$6.79
84200 IRRIGATION REPAIR	\$7,500.00	\$625.00	\$3.40
<b>TOTAL LANDSCAPE</b>	<b>\$132,664.00</b>	<b>\$11,055.33</b>	<b>\$60.08</b>

**LYNWOOD OWNERS' ASSOCIATION**  
**2018-19 Operating Budget**

ANNUAL      MONTHLY      PU/PM

**ASSESSMENTS**

62000 HOMEOWNER ASSESSMENTS	\$706,562.00	\$58,880.17	\$320.00
<b>TOTAL ASSESSMENT INCOME</b>	<b>\$706,562.00</b>	<b>\$58,880.17</b>	<b>\$320.00</b>

**ADMINISTRATIVE EXPENSES**

80008 BANK FEES	\$20.00	\$1.67	\$0.01
80001 POSTAGE	\$2,604.00	\$217.00	\$1.18
80000 COPIES	\$1,248.00	\$104.00	\$0.57
80009 WRITE OFF - BAD DEBT	\$3,840.00	\$320.00	\$1.74
80015 DUES/SUBSCRIPTIONS	\$384.00	\$32.00	\$0.17
80016 STORAGE	\$120.00	\$10.00	\$0.05
80017 EXTRA MEETINGS	\$300.00	\$25.00	\$0.14
80022 OFFICE SUPPLIES	\$1,869.00	\$155.75	\$0.85
80999 MISC ADMIN	\$1,836.00	\$153.00	\$0.83
81000 LEGAL EXPENSES AND RETAINER FEE	\$6,000.00	\$500.00	\$2.72
81001 AUDIT/TAX	\$1,190.00	\$99.17	\$0.54
81002 RESERVE STUDY	\$1,730.00	\$144.17	\$0.78
81011 OTHER MGMT SERVICE	\$8,400.00	\$700.00	\$3.80
81999 OTHER PROFESSIONAL & POOL MONITORS	\$7,500.00	\$625.00	\$3.40
83003 MANAGEMENT CONTRACT	\$33,390.00	\$2,782.50	\$15.12
83009 PATROL	\$10,200.00	\$850.00	\$4.62
80007 BANK NSF FEES	\$300.00	\$25.00	\$0.14
<b>TOTAL ADMINISTRATIVE</b>	<b>\$80,931.00</b>	<b>\$6,744.25</b>	<b>\$36.65</b>

**CLUBHOUSE**

81006 FIRE EXTINGUISHERS	\$75.00	\$6.25	\$0.03
88001 CAMERA/DVR MAINTENANCE & REPAIR	\$1,000.00	\$83.33	\$0.45
88002 CLUBHOUSE BUILDING REPAIRS	\$400.00	\$33.33	\$0.18
83006 JANITORIAL SUPPLIES	\$500.00	\$41.67	\$0.23
83007 JANITORIAL MAINTENANCE	\$6,300.00	\$525.00	\$2.85
89001 A/C & HEATING	\$600.00	\$50.00	\$0.27
<b>TOTAL CLUBHOUSE</b>	<b>\$8,875.00</b>	<b>\$739.58</b>	<b>\$4.02</b>

**LYNWOOD OWNERS' ASSOCIATION**  
**2018-19 Operating Budget**

**ANNUAL      MONTHLY      PU/PM**

**POOL**

81009 LICENSES/PERMITS	\$750.00	\$62.50	\$0.34
83008 POOL CONTRACT	\$5,880.00	\$490.00	\$2.66
86006 POOL SUPPLIES	\$300.00	\$25.00	\$0.14
86008 POOL EMERGENCY SERVICE	\$1,500.00	\$125.00	\$0.68
<b>TOTAL POOL</b>	<b>\$8,430.00</b>	<b>\$702.50</b>	<b>\$3.82</b>

**REPAIR & MAINTENANCE**

83013 SIGNS	\$500.00	\$41.67	\$0.23
88003 MAILBOX REPAIRS	\$1,000.00	\$83.33	\$0.45
89004 COMMON AREA LIGHTING	\$1,000.00	\$83.33	\$0.45
89005 COMMON AREA ELECTRICAL	\$1,000.00	\$83.33	\$0.45
89009 LIGHTING SUPPLIES & BULBS	\$1,000.00	\$83.33	\$0.45
89010 BUILDING EXTERIOR REPAIRS	\$8,000.00	\$666.67	\$3.62
88000 ROOF AND RAIN GUTTER MAINTENANCE	\$7,000.00	\$583.33	\$3.17
89112 PLUMBING	\$7,000.00	\$583.33	\$3.17
<b>TOTAL LANDSCAPE</b>	<b>\$23,000.00</b>	<b>\$1,916.67</b>	<b>\$10.42</b>

**UTILITIES**

72000 ELECTRIC	\$18,500.00	\$1,541.67	\$8.38
72001 GAS	\$3,500.00	\$291.67	\$1.59
72002 TELEPHONE/DIRECTORY	\$3,500.00	\$291.67	\$1.59
73001 WATER	\$105,275.00	\$8,772.92	\$47.68
73004 TRASH	\$35,000.00	\$2,916.67	\$15.85
72006 SEWER	\$28,000.00	\$2,333.33	\$12.68
<b>TOTAL UTILITIES</b>	<b>\$193,775.00</b>	<b>\$16,147.92</b>	<b>\$87.76</b>

**RESERVE CONTRIBUTION**

91002 RESERVE CONTRIBUTION	\$190,000.00	\$15,833.33	\$86.05
<b>TOTAL RESERVES</b>	<b>\$190,000.00</b>	<b>\$15,833.33</b>	<b>\$86.05</b>

**TOTAL 2018/19 BUDGET**

**\$706,562.00      \$58,880.17      \$320.00**

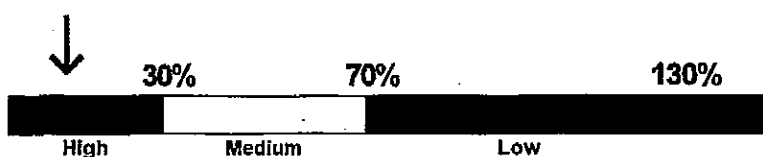
3- Minute Executive Summary

Association: Lynwood Greens Owner's Association Assoc. #: 4388-9  
 Location: San Bernardino, CA # of Units:184  
 Report Period: July 1, 2018 through June 30, 2019

**Findings/Recommendations as-of: July 1, 2018**

Projected Starting Reserve Balance .....	\$249,220
Fully Funded Balance .....	\$2,256,135
Average Reserve Deficit (Surplus) Per Unit .....	\$10,907
Percent Funded .....	11.0%
Recommended 2018 Monthly Reserve Contributions .....	\$21,000
Recommended 2018 Special Assessment for Reserves .....	\$920,000

Reserves % Funded: 11.0%



Special Assessment Risk:

**Economic Assumptions:**

Net Annual "After Tax" Interest Earnings Accruing to Reserves .....	1.00 %
Annual Inflation Rate .....	3.00 %

This Is an Update "With-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2015 Fiscal Year. We performed the site inspection on 5/16/2018

This Reserve Study was prepared by a credentialed Reserve Specialist (RS #294).

Because your Reserve Fund is below the 30%-70% range at 11.0 % Funded, this means you have a High exposure to the risk of special assessments or deferred maintenance. In perspective, associations above 70% funded enjoy a low risk of special assessments or other cash flow problems. Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".

Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions and collect a special assessment.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>General Common Area</b>			
201 Asphalt - Remove and Replace	30	0	\$679,000
202 Asphalt - Seal/Repair	4	0	\$31,750
204 Concrete Swales - Partial Replace	25	8	\$20,900
305 Security System - Modernize	10	0	\$16,000
320 Pole Lights - Replace	25	1	\$45,600
403 Mailboxes (Phase 2) - Replace	20	0	\$15,500
407 BBQs - Replace	10	0	\$2,000
503 Metal Fence (Gate/Entry) - Par Rep.	10	8	\$11,000
703 Intercoms - Replace	12	3	\$6,750
704 Loop Systems - Replace	10	9	\$3,100
705 Gate Operators - Replace	12	1	\$13,000
1001 Backflow Devices - Replace	15	7	\$3,300
1003 Irrig. Controllers - Replace	15	7	\$18,000
1008 Trees - Trim/Replace	1	0	\$65,000
1107 Metal Fence (Entry/Gate) - Repaint	4	2	\$19,050
1402 Monument Signs - Replace	24	1	\$4,000
1604 Tennis Court - Resurface	7	0	\$8,500
1812 Landscaping - Refurbish	10	9	\$96,000
<b>Clubhouse</b>			
303 HVAC Systems - Replace	18	17	\$13,000
803 Water Heater - Replace	15	1	\$2,650
904 Kitchen Area - Refurbish	20	0	\$10,000
909 Bathrooms (Clubhouse) - Refurbish	15	2	\$7,000
910 Clubhouse - Refurbish	15	14	\$10,500
924 Sauna Heater - Replace	20	1	\$2,750
950 Office Equipment - Replace	6	3	\$2,000
953 Office Furniture - Replace	6	3	\$2,500
1110 Interior Surfaces - Repaint	15	14	\$2,800
1302 Flat Roof (Club) - Replace	20	1	\$7,000
1303 Shingle Roof (Club) - Replace	25	1	\$11,050
<b>Unit Exteriors</b>			
104 Unit Decks - Clean & Top Seal	4	1	\$21,000
104 Unit Decks - Resurface	24	18	\$54,000
324 Wall Lights (Garages) - Replace	20	0	\$14,000
505 Vinyl Fencing - Replace	30	28	\$190,000
505 Wood Fencing - Replace	30	0	\$85,000
701 Garage Doors - Replace	25	7	\$248,500
1115 Stucco - Repaint	15	6	\$251,000
1116 Wood Surfaces - Repaint	5	1	\$165,500
1301 Garage Roofs - Partial Replace	5	1	\$105,000
1303 Shingle Roofs - Replace	25	21	\$171,500
1304 Tile Roofs - Replace Underlayment	30	8	\$455,000
1306 Gutters/Downspouts - Repair	5	1	\$10,000
1820 Termites - Treatment Cycles	10	0	\$135,000

Fiscal Year Start: 7/1/2018	Interest: 1.00 %	Inflation: 3.00 %
Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)	Projected Reserve Balance Changes	

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loan or Special Assmts	Interest Income	Reserve Expenses
2018	\$249,220	\$2,256,135	11.0 %	High	\$190,000	\$1,000,000	\$2,755	\$1,139,950
2019	\$302,025	\$1,429,879	21.1 %	High	\$201,400	\$0	\$1,684	\$470,247
2020	\$34,862	\$1,277,036	2.7 %	High	\$213,484	\$0	\$900	\$104,021
2021	\$145,225	\$1,505,478	9.6 %	High	\$226,293	\$0	\$2,172	\$84,413
2022	\$289,276	\$1,769,888	16.3 %	High	\$239,871	\$0	\$3,520	\$117,672
2023	\$414,995	\$2,017,159	20.6 %	High	\$254,263	\$0	\$4,945	\$99,698
2024	\$574,505	\$2,299,823	25.0 %	High	\$269,519	\$0	\$3,406	\$740,492
2025	\$106,938	\$1,940,695	5.5 %	High	\$285,690	\$475,000	\$2,737	\$429,595
2026	\$440,770	\$1,901,054	23.2 %	High	\$302,831	\$0	\$2,235	\$739,350
2027	\$6,486	\$1,551,514	0.4 %	High	\$321,001	\$0	\$351	\$264,086
2028	\$63,752	\$1,691,659	3.8 %	High	\$340,261	\$0	\$749	\$318,575
2029	\$86,187	\$1,790,853	4.8 %	High	\$360,677	\$65,000	\$435	\$511,474
2030	\$824	\$1,705,633	0.0 %	High	\$382,317	\$0	\$1,164	\$152,200
2031	\$232,106	\$1,999,546	11.6 %	High	\$406,256	\$0	\$3,637	\$145,385
2032	\$495,614	\$2,321,282	21.4 %	High	\$417,414	\$0	\$6,185	\$177,351
2033	\$741,862	\$2,632,089	28.2 %	High	\$429,936	\$0	\$8,623	\$197,005
2034	\$983,416	\$2,944,691	33.4 %	Medium	\$442,834	\$0	\$9,042	\$609,628
2035	\$825,664	\$2,854,767	28.9 %	High	\$456,120	\$0	\$9,614	\$193,383
2036	\$1,098,015	\$3,204,367	34.3 %	Medium	\$469,803	\$0	\$12,107	\$255,450
2037	\$1,324,475	\$3,514,420	37.7 %	Medium	\$483,897	\$0	\$14,222	\$301,428
2038	\$1,521,167	\$3,800,729	40.0 %	Medium	\$498,414	\$0	\$15,161	\$522,418
2039	\$1,512,324	\$3,882,748	38.9 %	Medium	\$513,367	\$0	\$10,177	\$1,511,954
2040	\$523,913	\$2,963,188	17.7 %	High	\$528,768	\$0	\$6,871	\$208,759
2041	\$850,792	\$3,373,969	25.2 %	High	\$544,631	\$0	\$10,341	\$187,491
2042	\$1,218,273	\$3,835,088	31.8 %	Medium	\$560,969	\$0	\$13,887	\$232,857
2043	\$1,560,272	\$4,279,904	36.5 %	Medium	\$577,799	\$0	\$17,451	\$224,034
2044	\$1,931,488	\$4,764,240	40.5 %	Medium	\$595,133	\$0	\$17,830	\$908,356
2045	\$1,636,095	\$4,575,854	35.8 %	Medium	\$612,986	\$0	\$18,653	\$171,595
2046	\$2,096,140	\$5,158,811	40.6 %	Medium	\$631,376	\$0	\$20,710	\$700,678
2047	\$2,047,548	\$5,232,974	39.1 %	Medium	\$650,317	\$0	\$21,253	\$514,203



# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>Pool &amp; Spa Area</b>			
503 Metal Fence - Replace (A)	30	29	\$12,000
503 Metal Fence - Replace (B)	30	0	\$25,000
909 Bathrooms - Refurbish	15	2	\$7,000
1107 Metal Fence - Repaint	5	4	\$7,800
1200 Pool Deck - Resurface	15	0	\$43,200
1202 Pool - Resurface	12	11	\$24,000
1203 Spa - Resurface	8	7	\$6,000
1207 Pool Filter - Replace	8	6	\$2,400
1207 Spa Filter - Replace	8	6	\$1,200
1208 Pool Heater - Replace	12	0	\$4,500
1208 Spa Heater - Replace	12	0	\$4,500
1210 Pool/Spa Pumps - Partial Replace	3	0	\$1,000
1215 Pool Furniture - Replace	8	1	\$4,000
<b>55 Total Funded Components</b>			

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

## Assessment and Reserve Funding Disclosure Summary

### Lynwood Greens Owner's Association, San Bernardino

For Fiscal Year Beginning: 7/1/2018

# of units: 184

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Contributions:	\$15,833.33	\$86.05
Total Assessment Income:	\$58,880.00	\$320.00

per: Month

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

Year	Total Amount Per Unit*	Purpose
Total: \$0.00		

3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will 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? **No**

4) If the answer to #3 is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*
2018	\$5,434.78
2025	\$2,581.52
2029	\$353.26
Total: \$8,369.57	

5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

6) All computations/disclosures are based on the fiscal year start date of:	7/1/2018
Fully Funded Balance (based on formula defined in 5570(b)4):	\$2,256,135
Projected Reserve Fund Balance:	\$249,220
Percent Funded:	11.0 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$12,262

From the 5/25/2018 Reserve Study by Association Reserves and any minor changes since that date.

\* If assessments vary by the size or type of unit, allocate per unit per the attached.

7) See attached 30-yr Summary Table, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

**Prepared by: Kevin Leonard**

**Date: 5/30/2018**

*The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.*

## GENERAL DISCLOSURE STATEMENTS

**Arbitration Requirement:** Civil Code Section 5975 was amended, and the Civil Code Sections were enacted to require a form of Alternative Dispute Resolution in cases involving enforcement of the Covenants, Conditions and Restrictions (CC&R's) or other Governing Documents of the Association.

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**Rules and Regulations:** The Rules and Regulations for the Association are enclosed. Please take a moment to review the material to familiarize yourself with the governing policies of the Association.

**Meeting/Minutes:** The Board of Directors intends to hold meetings every month on the **third Tuesday of every month except December**, at 7:00 p.m. All meetings will be held at the Association's Clubhouse. Additional Board of Directors and General Membership Meetings, as well as meeting changes will be posted at the Clubhouse four days prior to the meeting. The Annual Meeting of the Membership is held in June.

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**SECURITY DISCLAIMER:** We hope that our security systems provide some deterrence to crime. However, no matter what steps we take, the association can never be completely safe and secure. For example, it is possible for someone to enter the property under false pretenses to commit crimes, for residents to commit crimes against their own neighbors, for guests of residents to commit crimes, and for employees to commit crimes. As a result, the association is not and can never be free of crime and we cannot guarantee your safety or security. Accordingly, you should NOT rely on the association to protect you from loss or harm. Instead, you should provide for your own security by taking common sense precautions such as carrying insurance against loss; keeping your doors locked; refusing to open your door to strangers; asking workmen for identification; installing a security system; locking your car; etc.

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## **ADR-IDR Requirements**

### **Civil Code §5900. Purpose of this Article**

- (a) This article applies to a dispute between an association and a member involving their rights, duties, or liabilities under this title, under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110 of Division 2 of Title 1 of the Corporations Code), or under the governing documents of the common interest development or association.
- (b) This article supplements, and does not replace, Article 2 (commencing with Section 5925) of Chapter 7, relating to alternative dispute resolution as a prerequisite to an enforcement action.

### **Civil Code §5905. Requirement for Adoption of a Reasonable Internal Dispute Resolution Procedure**

- (a) An association shall provide a fair, reasonable, and expeditious procedure for resolving a dispute within the scope of this article.
- (b) In developing a procedure pursuant to this article, an association shall make maximum, reasonable use of available local dispute resolution programs involving a neutral third party, including low-cost mediation programs such as those listed on the Internet Web sites of the Department of Consumer Affairs and the United States Department of Housing and Urban Development.
- (c) If an association does not provide a fair, reasonable, and expeditious procedure for resolving a dispute within the scope of this article, the procedure provided in Section 5915 applies and satisfies the requirement of subdivision(a).

### **Civil Code §5910. Internal Dispute Resolution Procedure Requirements**

A fair, reasonable, and expeditious dispute resolution procedure shall at a minimum satisfy all of the following requirements:

- (a) The procedure may be invoked by either party to the dispute. A request invoking the procedure shall be in writing.
- (b) The procedure shall provide for prompt deadlines. The procedure shall state the maximum time for the association to act on a request invoking the procedure.
- (c) If the procedure is invoked by a member, the association shall participate in the procedure.
- (d) If the procedure is invoked by the association, the member may elect not to participate in the procedure. If the member participates but the dispute is resolved other than by agreement of the member, the member shall have a right of appeal to the association's board of directors.
- (e) A resolution of a dispute pursuant to the procedure that is not in conflict with the law or the governing documents bind the association and is judicially enforceable. An agreement reached pursuant to the procedure that is not in conflict with the law or the governing documents, binds the parties and is judicially enforceable.
- (f) The procedure shall provide a means by which the member and the association may explain their positions.
- (g) A member of the association shall not be charged a fee to participate in the process.

### **Civil Code §5915. Default Internal Dispute Resolution Procedure**

- (a) This section applies in an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article.
- (b) Either party to a dispute within the scope of this article may invoke the following procedure:
  - (1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
  - (2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
  - (3) The association's board of directors shall designate a member of the board to meet and confer.

## ADR-IDR Requirements (Continued)

- (4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. *The parties may be assisted by an attorney or another person at their own cost when conferring.*
  - (5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by both parties, including the board designee on behalf of the association.
- (a) An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:
    - (1) The agreement is not in conflict with law or the governing documents of the common interest development or association.
    - (2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.
  - (b) A member of the association may not be charged a fee to participate in the process.

### **Civil Code §5920. Notice of IDR Process**

The notice provided pursuant to Section 5965 shall include a description of the internal dispute resolution process provided pursuant to this article.

### **Civil Code §5925. ADR Definitions**

As used in this article:

- (a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other non-judicial procedure that involves a neutral party in the decision making process. The form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.
- (b) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:
  - (1) Enforcement of this title.
  - (2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).
  - (3) Enforcement of the governing documents of a common interest development.

### **Civil Code §5930. Pre-litigation ADR**

- (a) An association or an owner or a member of a common interest development may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.
- (b) This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.
- (c) This section does not apply to a small claims action.
- (d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

### **Civil Code §5935. Initiating ADR**

- (a) Any party to a dispute may initiate the process required by Section 5930 by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:
  - (1) A brief description of the dispute between the parties.
  - (2) A request for alternative dispute resolution.
  - (3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
  - (4) If the party on whom the request is served is the owner of a separate interest, a copy of this article.

## **ADR-IDR Requirements (Continued)**

- (b) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.
- (c) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

### **Civil Code §5940. ADR Deadlines**

- (a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.
- (b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.
- (c) The costs of the alternative dispute resolution shall be borne by the parties.

### **Civil Code §5945. Tolling Statutes of Limitation**

If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:

- (a) The period provided in Section 5935 for response to a Request for Resolution.
- (b) If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 5940.

### **Civil Code §5950. Certificate of ADR Compliance**

- (a) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:
  - (1) Alternative dispute resolution has been completed in compliance with this article.
  - (2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.
  - (3) Preliminary or temporary injunctive relief is necessary.
- (b) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

### **Civil Code §5960. Costs of ADR Borne by Parties**

- (a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.
- (b) The costs of the alternative dispute resolution shall be borne by the parties.

### **Civil Code §5960. Awarding Attorneys' Fees**

In an enforcement action in which fees and costs may be awarded, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

### **Civil Code §5965. Annual Summary of ADR**

- (a) "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."

## **Civil Code §4765. Architectural Approval Requirements**

(a) This section applies if an association's governing documents require association approval before an owner of a separate interest may make a physical change to the owner's separate interest or to the common area. In reviewing and approving or disapproving a proposed change, the association shall satisfy the following requirements:

(1) The association shall provide a fair, reasonable, and expeditious procedure for making its decision. The procedure shall be included in the association's governing documents. The procedure shall provide for prompt deadlines. The procedure shall state the maximum time for response to an application or a request for reconsideration by the board of directors.

(2) A decision on a proposed change shall be made in good faith and may not be unreasonable, arbitrary, or capricious.

(3) Notwithstanding a contrary provision of the governing documents, a decision on a proposed change may not violate any governing provision of law, including, but not limited to, the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code), or a building code or other applicable law governing land use or public safety.

(4) A decision on a proposed change shall be in writing. If a proposed change is disapproved, the written decision shall include both an explanation of why the proposed change is disapproved and a description of the procedure for reconsideration of the decision by the board of directors.

(5) If a proposed change is disapproved, the applicant is entitled to reconsideration by the board of directors of the association that made the decision, at an open meeting of the board. This paragraph does not require reconsideration of a decision that is made by the board of directors or a body that has the same membership as the board of directors, at a meeting that satisfies the requirements of Section 4900. Reconsideration by the board does not constitute dispute resolution within the meaning of Section 5905.

(b) Nothing in this section authorizes a physical change to the common area in a manner that is inconsistent with an association's governing documents, unless the change is required by law.

(c) An association shall annually provide its members with notice of any requirements for association approval of physical changes to property. The notice shall describe the types of changes that require association approval and shall include a copy of the procedure used to review and approve or disapprove a proposed change.

**LYNWOOD OWNERS' ASSOCIATION, INC.**  
**ASSESSMENT COLLECTION POLICY AND STANDARDS FOR PAYMENT PLANS**

**July 1, 2018**

Prompt payment of Assessments by all owners is critical to the financial health of the Association, and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation to enforce the members' obligation to pay assessments. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. The following are the Association's assessment collection practices and policies, pursuant to Civil Code ("CC") §5600:

- 1) Due Dates:** Regular assessments are due and payable on the 1st day of each month. It is the owner's responsibility to timely pay each assessment regardless of whether a statement is received. All other assessments, including special assessments, are due and payable on the date specified in the notice of assessment.
- 2) Obligation to Pay:** Assessments, late charges, interest, reasonable collection costs, and reasonable attorneys' fees, if any, are the personal obligation of the owner of the subject property (the "Property") at the time the assessment or other sums are levied. (CC §5650) Owners shall be responsible for all such amounts unless it is determined that all assessments were paid on time to the Association.
- 3) Late Charges:** Unpaid assessments are delinquent 20 days after they are due. (CC §5650) A late charge of 10% and 1% per annum will be charged for any assessment, which is not paid in full within 20 days of the due date.
- 4) Application of Payments:** Any payments received will be applied first to assessments owed, and, only after the assessments owed are paid in full will the payments be applied to fees and costs of collection, late charges and/or interest. Payments will be applied to assessments so that the oldest assessment arrearages are retired first, unless the payment indicates that it shall be otherwise applied. A late charge may accrue if payment is not sufficient to satisfy all delinquent assessments, and the current month's assessment.
- 5) Delinquency Notice:** If any assessment becomes delinquent, the Association will send a notice regarding the delinquency, and demanding payment thereof, to the owner at his/her address or addresses on file with the Association. The owner will be charged a fee for such delinquency notice. If the amount set forth in the delinquency notice is not received before the due date set forth therein, the matter may be turned over to a collection agent or an attorney for further action, including legal action, or the Association may take such other collection action as it deems appropriate.
- 6) Right to Submit Secondary Address:** Owners may submit a written request to the Association to use a secondary address. Any such request must be mailed to the Association (at the address indicated below) in a manner that shall indicate that the Association has received it (e.g., via certified mail). The Association will send notices to the indicated secondary address only from and after the point that the Association receives any such request. Nothing herein shall require the Association to re-send or duplicate any notice sent to the owner prior to the date that a request for a secondary address is received.
- 7) Suspension of Privileges:** Without prejudice to its right to continue with and/or take other collection action, in the event an assessment is not paid within 30 days of its due date, an owner's membership rights, including, but not limited to voting rights, or rights of use and enjoyment of the recreational common areas and common facilities may be suspended after notice and a hearing pursuant to Corporations Code §7341. The Association will not deny an owner or occupant physical access to his or her separate interest by way of any such suspension of privileges.
- 8) Pre-Lien Notice:** Prior to recording a lien for delinquent assessments, the Association, its collection agent or attorney will send a pre-lien letter to the record owner as required by CC §5660, by certified mail to the owner's address of record with the Association. The owner will be charged a fee for such pre-lien letter. The Association will also endeavor to send the notice via regular mail as well. The Association may obtain a vesting report from a title company in connection with preparation of a pre-lien letter. If a vesting report is obtained, the owner will be charged a fee for the report.
- 9) Opportunity to Meet and Confer:** An owner may dispute the debt noticed in the pre-lien letter by submitting to the board a written request to meet and confer with a designated director of the Association pursuant to CC §5900-5985.
- 10) Right to Request a Payment Plan:** Owners may submit a written request to meet with the board to discuss a payment plan. If such request is mailed within 15 days of the postmark of the pre-lien notice, the board will meet with the owner, in executive session, within 45 days of the postmark of such request, unless there is no regularly-scheduled meeting of the board within that period of time.

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*PO Box 294326, Phelan CA 92329 ♦ Phone: 760-868-3292 ♦ [theresa@mcfservices.net](mailto:theresa@mcfservices.net) ♦ [www.mcfservices.net](http://www.mcfservices.net)*



In which case the board may designate a committee of one or more directors to meet with the owner. In addition to the foregoing procedure for requesting a payment plan, an owner may negotiate a payment plan with the Association's managing agent, attorney or authorized collection agent. Any payment plan must comply with the Standards for Payment Plans set forth herein below.

**11) Standards for Payment Plans:** Payment plans will be considered on a case-by-case basis. Generally, no payment plan may exceed six (6) months in duration. Fees and/or costs may be charged for the administration of any payment plan and may vary based upon the duration of the payment plan. Any request for a payment plan, which exceeds six months in duration, must be accompanied by a written explanation of the reason for the request, which includes documentation of the owner's special circumstances, financial hardship, and ability to make the payments requested. If a lien has not been recorded prior to the time that any payment plan is entered into, one may be recorded during the repayment period to secure the debt while the payment plan is pending. Payment plans must provide for full payment of the delinquent amounts, in addition to the amounts, which will accrue during the repayment period, including any regular and/or special assessments, and any fees and/or costs related to the administration of the payment plan and/or for the recording and/or release of any lien. Once a payment plan is entered into, additional late charges will not accrue for so long as the owner complies with the terms of the payment plan. In the event of a default in any payment agreement, the Association will resume collection efforts from the time prior to entering into the payment plan.

**12) Lien:** If an owner to whom a pre-lien letter is sent fails to pay the amounts demanded therein within thirty (35) days from the date such pre-lien letter is mailed, a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees may be recorded against the owner's Property. (CC §5673) The owner will be charged a fee for such lien. No lien will be recorded unless a majority of the members of the board of directors approves the decision to record the lien at an open board meeting.

**13) Notice of Recordation of Lien:** A copy of the lien will be sent to every person whose name is shown as an owner of the Property in the Association's records, via certified mail, within ten (10) calendar days of recordation of the lien. (CC §5650) Any lien recorded by the Association will remain as an encumbrance against the Property until the debt secured thereby is satisfied.

**14) Dispute Resolution:** Prior to initiating foreclosure of any lien, the association shall offer to the owner of the Property, and if so requested by the owner, shall participate in dispute resolution in accordance with the Association's Internal Dispute Resolution Policy, or in alternative dispute resolution with a neutral third party. The decision to pursue internal dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the Association intends to pursue judicial foreclosure.

**15) Foreclosure of Lien:** The Association will not seek to foreclose any lien through judicial or non-judicial foreclosure unless and until the amount of delinquent assessments secured thereby reaches \$1,800.00, or until the assessments are at least twelve (12) months delinquent. The decision to initiate foreclosure of any lien shall be made by a majority vote of the board members in executive session, AND, recording of the vote in the minutes of the next meeting open to all members, CC §5710.

**16) Notice to Owner of Decision to Foreclose:** If the board of directors decides to initiate foreclosure of a lien, it shall provide notice by personal service to an owner who occupies the Property or to the owner's legal representative. The board shall provide written notice to an owner of Property who does not occupy the Property by first-class mail, to the most current address shown on the books of the Association. In the absence of written notification by the owner to the Association, the address of the owner's Property shall be treated as the owner's mailing address.

**17) Release of Lien upon Satisfaction of Debt:** Within 21 days of receipt of full payment to satisfy a lien, the Association will record a release of lien, and provide a copy thereof to the owner.

**18) Right to Inspect Records:** Owners have the right to inspect certain Association records pursuant to Corporations Code §8333 to verify the debt.

**19) Association's Addresses:** Any payments, notices or requests sent to the Association should be sent to Lynwood OA, Inc. Community Association, C/O MCF Services, LLC, PO Box 294326, Phelan CA 92329

**20) Association's Right to Collect by Any Lawful Means:** Nothing herein limits or otherwise affects the Association's right to proceed in any other lawful manner to collect any delinquent sums owed to the Association. The Association reserves the right to change the amount of any collection fee or charge, without notice, and reserves the right to modify or amend this collection policy at any time.



The Department of Housing and Urban Development (HUD) has **APPROVED** your community as an FHA Certified Condo Project. The approval is effective immediately and is good for a period of two years.

## Lynwood Condominium Townhouses

FHA CONDO ID: S011485

05/11/2018

Approved

05/11/2020

Expires



*\*Approval status is given to the community by The Department of Housing and Urban Development (HUD) and may be withdrawn if conditions in the community change. This document is for informational purposes only and is not an official HUD Document. Please visit <https://entp.hud.gov/idapp/html/condlook.cfm> to view the official record.*

# California Bill AB-596

## VA Disclosure

**PROPERTY NAME:** Lynwood Cor

Listed as 'Tract 8630'

**TRACT:** #8630, San Bernardino County

**VA ID:** 002358

**CURRENT STATUS :** Accepted Without Conditions

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 (circle one) ] a condominium project. The association of this common interest development [(is) is not (circle one) ] certified by the Federal Department of Veterans Affairs.

**This information was compiled on 5/14/2018 . To check the current status of the VA Certification please visit:**

**[www.fhareview.com/check-va](http://www.fhareview.com/check-va)**

This disclosure was professionally prepared by FHA Review, a third party submission service. Any questions regarding the status of FHA or VA approval can be directed to FHA Review (714) 536-6500



**California Bill AB-596**  
**FHA Disclosure**

**PROPERTY NAME:** Lynwood Condominium Townhouses  
**TRACT:** #8630, San Bernardino County  
**FHA CONDO ID #** S011485  
**CURRENT STATUS:** Approved

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

This common interest development  is not (circle one) ] a condominium project. The association of this common interest development  is not (circle one) ] certified by the Federal Housing Administration.

**This information was compiled on 5/14/2018 . To check the current status of the FHA Certification please visit:**

**[www.fhareview.com/check-fha](http://www.fhareview.com/check-fha)**

This disclosure was professionally prepared by FHA Review, a third party submission service. Any questions regarding the status of FHA or VA approval can be directed to FHA Review (714) 536-6500



## INSURANCE SUMMARY DISCLOSURE

Pursuant to the California Civil Code §5300(9): "This summary of the Association's policies of insurance provides only certain information as required by Section 5300 of the Civil Code and shall not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association policies and, upon request of the payment of reasonable duplication and charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association 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."

General Liability & Auto Limits:	Amount: \$3,000,000
Policy Renews:	09/10/18
Carrier:	State Farm Insurance
Policy Number:	92-09-0740-8
Fidelity/Dishonesty:	Amount: \$500,000
Policy Renews:	04/20/19
Carrier:	Liberty Mutual Insurance
Policy Number:	5304-2063
Property Coverage:	Amount: \$29,887,500
Deductible:	10%
Policy Renews:	09/10/18
Carrier:	State Farm Insurance
Policy Number:	92-09-0740-8
Directors & Officers Coverage:	Amount: \$3,000,000
Deductible:	\$1,000
Policy Renews:	02/08/18
Carrier:	State Farm Insurance
Policy Number:	92-09-0740-8
Fidelity/Dishonesty:	Amount: \$100,000
Deductible:	\$250.00
Policy Renews:	09/08/18
Carrier:	State Farm Insurance
Policy Number:	92-09-0740-8

AGENT: David Ceballos (909) 463-0601  
15032 Summit Avenue, Ste 440  
Fontana, CA 92336