

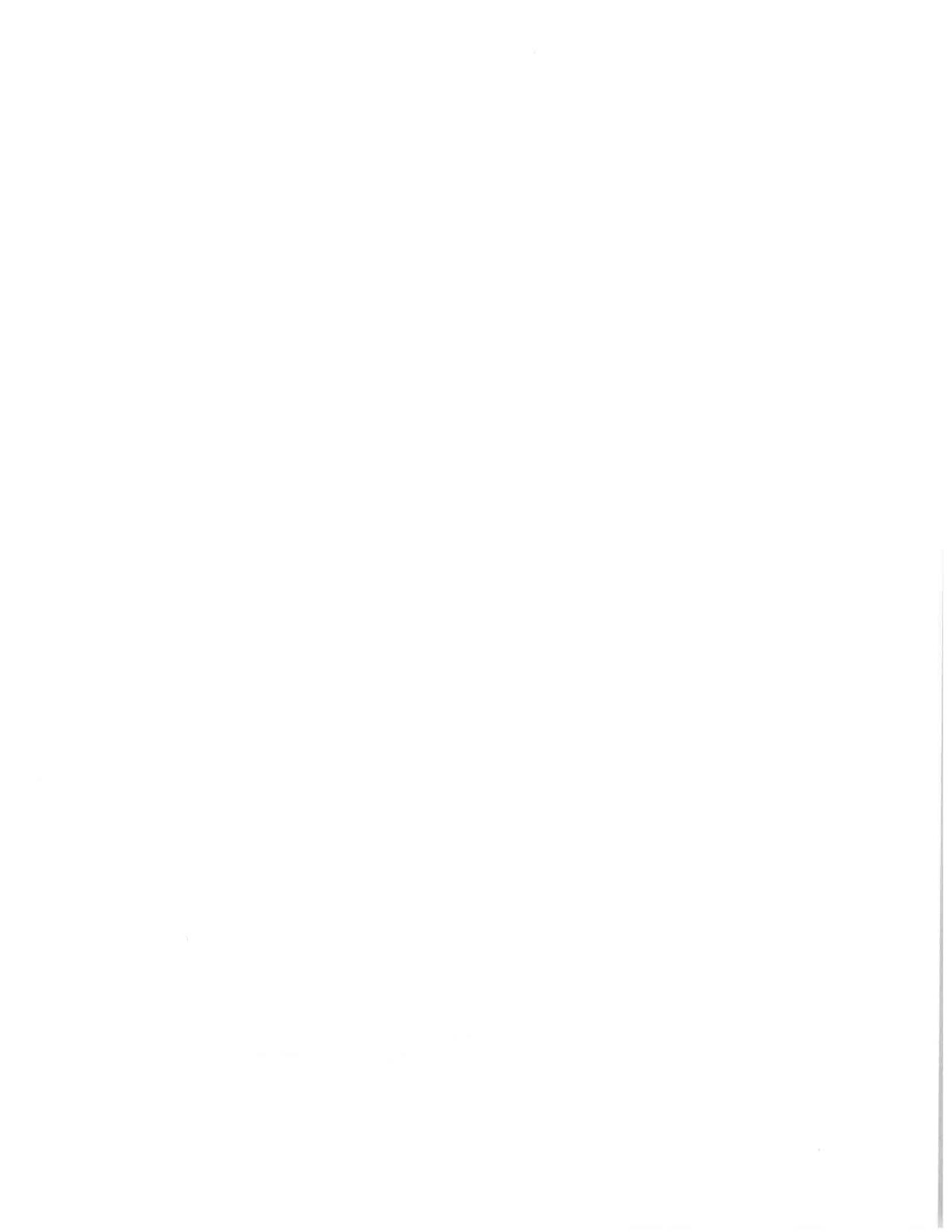


2023

BUDGET REPORT

and

ANNUAL POLICY STATEMENT





November 30, 2022

Dear Members & Affiliates:

The Board of Directors approved the 2023 Budget and set the 2023 Monthly Dues at its last meeting. This is a primary duty of the Board and represents its chief fiduciary responsibility to the Association. The Association's budget is based on estimates made separately for the Club and Homeowner/HOA Areas, and for all other Association costs and expenses. As part of the Budget, the Board must fix the monthly dues to be paid by the Owner Member, Golf Equity Associate, and Swim & Tennis Affiliate with notice at least thirty (30) days prior to the beginning of each fiscal year.

2022 Operating Projection:

MCC's current projection for 2022 indicates Net Income *before* Transfers & Debt Service of \$159K. This surplus will be added to operating reserves.

2023 Operating Budget:

The final draft of the 2023 Operating Budget had a Net Loss after Transfers & Debt Service of (\$474,638) before dues increases. Primary drivers of the budget include:

Club Operating Expense

- Employee headcounts will increase by 4 salaried and 20 hourly employees. These positions are primarily dedicated to operating the new Courtside Grille, Pickleball, Bocce, and the new Fitness Center. However, the total cost of a full headcount in the payroll budget was reduced by \$582K to allow for naturally occurring vacancies—resulting in lowered pressure on dues revenue.
- Mandatory minimum wage increases from \$15 to \$15.50/hour.
- Employee benefits increase of 9%.
- Property and Liability insurance increase of 10%. (Renew in April – June.)
- Water costs projected 10% higher, utilities 8%.

HOA (Homeowner) Operating Expense

The Board separated the HOA Operations revenue and expenses from Club Operations revenue and expenses for 2023 to meet statute requirements and accurately report on these two categories of MCC HOA operations.

2023 Capital Replacement-Club Budget:

The Board has decided to increase the contribution to the *Capital Replacement-Club Reserves*. An ad-hoc committee is being formed to review the golf course master plan, designed to

make our course environmentally sustainable well into the future. We anticipate investing over \$5 million in this substantial maintenance project beginning as early as 2025. Emphasis will be on reducing the irrigation footprint and upgrading irrigation systems to control each sprinkling head for more efficient water application. Dues will initially increase in 2023 with a target of raising \$4 million over the next three – four years. The final amount required will be determined as the plan is fully developed. We do not believe securing debt to fund this project is in the best interest of MCC HOA.

The Board is also increasing *Capital Development* dues a nominal amount to fund in advance the \$3.4 million balloon payment that will be due in 20+ years when the Recreation Facility Expansion Project loan terms. This was a requirement of the Claxton family with respect to the Claxton (Water Rights) Settlement debt Subordination Agreement.

2023 Capital Replacement-HOA Budget:

The Board provided a series of communications, surveyed Owner Members, and held town halls to provide the results of bids obtained on aging infrastructure items in the Homeowner community for private streets, storm drains, sidewalks, fences, siding, landscape replacements, irrigation systems, 3 satellite pools, 6 waterways, walkways, driveways, mailboxes, retaining walls, v-ditches, and other items.

The Board has since secured financing for \$7M of infrastructure repairs, funded by a 20-year construction-type loan with 20-year amortization at a fixed rate of 5.25%. During 2023 we will incur interest-only payments, thus requiring \$55/lot/mo. of debt service dues in 2023. When the loan converts to a term loan in December 2023, plus or minus a few months, debt service dues will be set at \$95/lot/mo. for the next 20 years. This loan will be fully paid at the end of 20 years—no balloon due.

The Board increased the funding of future MCC HOA maintenance obligations from 3% of the annual rate of dues, or \$34K in 2021, to \$219/lot, or \$114K in 2022. We must further increase the contribution to the *Capital Replacement-HOA Reserves* to make certain we are in a better position to meet capital maintenance needs in the future. Therefore, reserve funding will increase to \$70/lot/mo., or \$437.6K in 2023.

2023 Monthly Dues:

The Total Monthly Dues and dues increases versus 2022 dues are as follows:

Member Category	2022 Dues	Club ↑	HOA ↑	2023 Dues	% Δ
Owner Members	\$988	\$38	\$138	\$1,164	17.8%
Golf Equity Associates	\$726	\$125		\$851	17.2%
Swim & Tennis Affiliates	\$510	\$73		\$583	14.3%

***Moraga Country Club
Board of Directors***

Anne Willcoxon-President, Bret Brodowy-Vice-President, Gordon Lewis-Treasurer, Jason Crain-Secretary,
Paul Crinks-Golf Equity Representative, Ginger Bagai, Tamara Bryan, Maureen Freeman, Gary O'Neill,
Matt Rei, Bernie Smit, Tony Tarrab

The 2023 Budget Report and Annual Policy Statement and the Assessment and Reserve Funding Disclosure Summary, provided by our reserve study firm, *Association Reserves*, are attached for your review.

We remind everyone that the *Assessment and Reserve Funding Disclosure Summary* provided by our reserve study firm, *Association Reserves*, noted a \$3.2K reserve deficit per unit in *Capital Replacement-HOA* and \$6.7K in *Capital Replacement-Club* would bring the Association to 100% *Fully Funded Reserve* balances. Not many Associations are 100% funded. To the contrary, most are funded at lower levels than MCC, or even 0%. We highlight these numbers as it they have caused some confusion in the past. As outlined above, the Board is increasing both *Capital Replacement-HOA* and *Capital Replacement -Club* Reserve Funding.

You will note that the *Percent of Fully Funded Capital Replacement-HOA* is 83.5%. This number is distorted by the Infrastructure Project maintenance expenses and cash infusion from the infrastructure loan. The 2024 *Percent Fully Funded Reserves* is currently estimated at 68.5%. Our target is between 45-60%.

If you have any questions, please feel free to reach out to any Board members or email us at boardofdirectors@moragacc.com.

Sincerely,



Anne Willcoxon
President, Board of Directors
Moraga Country Club

**Moraga Country Club
Board of Directors**

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1600 Saint Andrews Drive

Moraga, California 94556

(925) 376-2200

**Moraga Country Club HOA
2023 Budget Report and Annual Policy Statement
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Fund Categories

ARTICLE VI

FUNDS, FEES, DUES, CHARGES, ASSESSMENTS AND FINES

Section 6.01. FUNDS.

(a) The Association shall maintain the following funds:

- (1)** Operating Fund
- (2)** Capital Replacement Fund
- (3)** Development Fund, and
- (4)** Recreational Area Fund

(b) The Operating Fund is designated for the defrayment of operating expenses of the Association as determined by the Board. Additions to this fund consist of moneys received from dues, guest fees, charges, fines, assessments for operating expenses, administration fees, Tennis Membership fees, insurance proceeds other than those provided for in Subsection (c) below, and income and profits attributable to the Operating Funds.

(c) The Capital Replacement Fund is designated for the replacement of existing facilities, including 25 buildings, improvements and equipment as approved by the Board. Additions to this fund consist of amounts allocated from dues, capital replacement assessments, proceeds from any insurance claims made relative to said existing facilities, and income and profits attributable to the Capital Replacement Fund.

(d) The Capital Development Fund is designated for capital expenditures for development, additional or improvements to the Common Area or Recreation Area. Additions to this fund consist of capital development assessments and income and profits attributable to the Capital Development Fund.

(e) The Recreational Area fund is designated for improvements to the Recreational Area as determined by the Board and the retirement of Golf Associate Memberships. Additions to this fund consist of Membership fees and income and profits attributable to the Recreational Area Fund.

(f) The moneys collected pursuant to Subsections (b), (c), (d) and (e) above shall be deposited into separate bank accounts established by direction of the Board for each of the funds in Subsection (a) above.

2023 Operations Budget

REVENUES

General & Administrative	9,216,864
Food & Beverage	1,849,393
Golf Operations	1,020,806
Courtside Grill	659,250
Tennis	164,400
Fitness	123,472
Swim	59,077
TOTAL REVENUES	13,093,262

Cost of Goods Sold – Food & Beverage	606,764
Cost of Goods Sold – Courtside Grill	210,960
Cost of Goods Sold – Golf Operations	256,879
Cost of Goods Sold – Tennis	30,400
TOTAL COGS	1,105,003

TOTAL GROSS PROFIT	11,988,259
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PAYROLL EXPENSES

General & Administrative	2,206,854
Food & Beverage	1,420,662
Golf Operations	715,538
Courtside Grill	555,391
Swim	276,000
Tennis	354,454
Fitness Center	222,621
Golf Course Maintenance	1,244,795
TOTAL PAYROLL	6,996,315

OPERATING EXPENSES

General & Administrative	3,042,414
Food & Beverage	175,656
Golf Operations	129,390
Courtside Grill	34,100
Swim	77,088
Tennis	40,610
Fitness Center	111,288
Golf Course Maintenance	1,320,716
TOTAL OPERATING EXPENSES	4,931,262

OPERATIONS – Surplus/(Deficit) Before Debt Service	60,682
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2023 Debt Service Summary

LESS: DEBT SERVICE

Claxton Water Note Payable	(56,640)
OPERATIONS – Surplus/(Deficit) After Debt Service	4,042

2023 Capital Replacement Fund - Recreation Budget

CONTRIBUTIONS

Member Dues	1,486,572
Interest Income	1,000
New Recreation Facility (NRF) (Capital Development Fund)	(250,000)
Reserve Funding	(286,788)
Total Capital Replacement Fund – Recreation Contributions	950,874

EXPENDITURES

Pool Equipment Replacement	200,000
Pool Deck Repairs – Mastic	10,000
Starting Blocks – shallow end	5,000
Swim Office Awning	2,000
Aquatics Subtotal	217,000

New LED Lighting	120,000
Court Resurfacing – 4 courts	50,000
Fitness Center – Strength Equipment Purchase	52,000
Tennis Wind Screens	4,000
Racquet Equipment	3,000
Bocce Court / Pickleball Equipment	2,000
Sports Subtotal (Fitness, Tennis, Pickleball, Bocce)	231,000

2023 Projects – Driving Range – GC Tees Leveling	85,000
Range Mats	90,000
Controllers and Installation	49,000
Software Updates	8,500
New Equipment Lease	66,420
Golf Grounds & Maintenance Subtotal	298,920

New Path to Tennis from Augusta	85,000
Clubhouse Entrance Landscaping	50,000
Security Cameras	41,000
Fire Pits	7,000
Common Area Facilities Subtotal	183,000

Chefs Tables	5,000
Courtside Grill – China, Glassware, Serveware	15,000
Food & Beverage Subtotal	20,000

Total Capital Replacement Fund - Recreation Expenditures	949,920
NET CAPITAL REPLACEMENT FUND – RECREATION CONTRIBUTIONS	864

2023 Capital Replacement Fund – HOA Budget

CONTRIBUTIONS

Owner Member Dues	1,625,520
Infrastructure Loan Debt Service Dues (\$55/lot)	343,860
Home Sale Administrative Fee	107,500
Interest Income	1,000
Reserve Funding Plan	(437,640)
Total CAP REP FUND – NON-REC Contributions	1,640,240

EXPENDITURES

Driveways	110,000
Dead/Diseased Plant Replacement	5,000
Exterior Home Painting	325,000
Exterior Siding/Trim Repair	450,000
Fence Repair & Replacement	30,000
Exterior Light Fixtures	10,000
Home Sale Siding / Termite Admin Fee	107,500
Home Improvement Subtotal	1,037,500

Common Area Landscape Improvements	10,000
Public Sidewalks	35,000
Community Equipment Purchases	10,000
Tree Removals	30,000
Pathways / Pathways Lighting	10,000
HOA Mapping	75,000
Annual Fire Break	45,000
Electrical Housing Units	35,000
Infrastructure Loan Debt Service	337,994
Community Improvement Subtotal	587,994

Total Capital Replacement Fund – HOA Expenditures	1,625,494
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NET CAPITAL REPLACEMENT FUND – HOA CONTRIBUTIONS	14,746
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2023 Capital Development Fund Budget

CONTRIBUTIONS

Member Dues	930,828
Interest Income	100
Contribution from Capital Replacement Fund – Recreation Facility	250,000
Reserves for Recreation Facility Balloon Payment	(171,335)
Total Capital Development Fund Contributions	1,009,593

EXPENDITURES

Recreation Facility Additional Costs	35,758
Golf Cart Parking	85,000
Construction Loan Debt Service	677,619
Construction Spending	9,661,324
Construction Borrowing	(9,661,324)
Total Capital Development Fund –Expenditures	798,377

NET CAPITAL DEVELOPMENT FUND – CONTRIBUTIONS	211,216
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2023 Recreation Fund Budget

CONTRIBUTIONS

Golf Equity Initiation Fees	675,000
Golf Equity – Non-Refundable Waitlist Fee	120,000
Reserve Funding	(795,000)
Total Recreation Fund Contributions	0

EXPENDITURES:

None	0
Total Recreation Fund Expenditures	0

NET RECREATION FUND CONTRIBUTIONS	0
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Outstanding Loan Statement from First Republic Bank as of
11/01/2022*
 (Per Civil Code 5300(b)(8))

Payee:	First Republic Bank
Interest Rate:	Fixed Rate @ 3.900%
Amount Outstanding:	\$2,806,769.60
Annual Payment:	3.900% interest only on balance drawn
Retire (Maturity) Date:	300 months after conversion

*The First Republic Bank loan is a promissory note secured by a deed of trust (Construction Loan (Fixed-Interest Only)/Convertible to Term Loan (Fixed-Amortizing with Balloon Payment))

Reserve Funding Mechanism Statement

California Civil Code §§5300(b)(6)(7), 5570(b)(4) and 5565, require the performance of a reserve study to provide an analysis of the repair and replacement requirements for the association's major components. This study must be performed at least once every three years. In addition, the Board of Directors must review the study annually and consider and implement any necessary adjustments to their analysis of the reserve fund requirements. A summary of the Association's Reserves was conducted on October 21, 2022 (HOA) and October 21, 2022 (Rec) pursuant to Section 5300, based only on assets held in cash or cash equivalents, which included all of the following:

1. Identification of the major components which the association is obligated to maintain.
2. Current estimate of the useful life of each component.
3. Current estimate of the remaining life of each component.
4. Current estimate of the replacement cost of each component.
5. Current estimate of the total annual contribution necessary.
6. Current estimate of the amount of cash reserves necessary.
7. Disclosure of the current amount of accumulated cash reserves actually funded.
8. Disclosure of the percentage of reserves actually funded.
9. Disclosure of any determined or anticipated special assessments.
10. A general statement of methodology.

The Reserve Study was finalized on November 23, 2022 (HOA) and November 23, 2022 (Rec), by Association Reserves. In its annual review, the Board of Directors has not determined to defer or not undertake repairs or replacement of any major component scheduled for repair or replacement in 2023, nor does it anticipate levying any special assessments in 2023 to repair, replace or restore any major components. The Board of Directors plans to fund the Club's reserve accounts in 2023 via the regular assessments (dues) collected from the members.

The long-term nature of reserve funding requires certain assumptions and predictions to be made about future events. For example, each item, such as the clubhouse roofs or major golf course repairs, must be evaluated as to present age, projected useful life and replacement cost. In the case of the clubhouse roofs or the Club's golf course, the predicted useful life can vary several years either way depending on usage and weather conditions. Estimated replacement costs must be adjusted for inflation, especially if replacement will occur many years in the future. Inflation rates are an unknown and the estimated rate selected can have profound effects on overall funding requirements. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. The actual replacement costs and remaining lives may vary, and the variations could be material.

The Board has adopted a cash flow methodology to determine the annual reserve contribution. The underlying premise of this funding approach is to establish a contribution level that will allow the association to maintain a positive balance in the reserve fund while meeting all anticipated repair and replacement obligations.

In accordance with state law and sound management practices, it is the intention of your Board of Directors to maintain reserve funding levels sufficient to pay for capital repairs and replacements as they are required.

The 2023 full reserve study plan is available to any member upon request. You may request a copy of the full reserve study by contacting Christina French, HOA Manager, at Christina@moragacc.com.

Assessment and Reserve Funding Disclosure Summary

Moraga Country Club - HOA, Moraga

For Fiscal Year Beginning: 1/1/2023

of units: 521

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Contributions:	\$125,583.00	\$241.04
Total Assessment Income:	\$135,460.00	\$260.00

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? **Yes**
- 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*

Total: \$0.00

- 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:	1/1/2023
Fully Funded Balance (based on formula defined in 5570(b)4):	\$10,003,069
Projected Reserve Fund Balance:	\$8,354,023
Percent Funded:	83.5 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$3,165

From the 11/28/2022 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- 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: Kier Balboa

Date: 11/28/2022

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.

30-Year Reserve Plan Starting with Board of Directors 2023 Rate

18931-4

Fiscal Year Start: 1/1/2023		Interest: 0.50 %	Inflation: 4.00 %
Reserve Fund Strength: as-of Fiscal Year Start Date		Projected Reserve Balance Changes	

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	Reserve Funding			
2023	\$8,354,023	\$10,003,069	83.5 %	Low	564.94 %	\$1,506,996	\$0	\$27,502	\$7,239,575
2024	\$2,648,946	\$3,865,666	68.5 %	Medium	2.00 %	\$1,537,136	\$0	\$15,005	\$846,856
2025	\$3,354,230	\$4,170,860	80.4 %	Low	2.00 %	\$1,567,879	\$0	\$18,771	\$785,296
2026	\$4,155,583	\$4,593,537	90.5 %	Low	2.00 %	\$1,599,236	\$0	\$22,897	\$772,455
2027	\$5,005,262	\$5,089,376	98.3 %	Low	2.00 %	\$1,631,221	\$0	\$27,011	\$862,069
2028	\$5,801,425	\$5,556,469	104.4 %	Low	2.00 %	\$1,663,845	\$0	\$30,127	\$1,243,614
2029	\$6,251,783	\$5,691,842	109.8 %	Low	2.00 %	\$1,697,122	\$0	\$33,267	\$924,303
2030	\$7,057,869	\$6,212,972	113.6 %	Low	2.00 %	\$1,731,065	\$0	\$36,787	\$1,165,784
2031	\$7,659,937	\$6,553,997	116.9 %	Low	2.00 %	\$1,765,686	\$0	\$40,526	\$912,309
2032	\$8,553,840	\$7,224,473	118.4 %	Low	2.00 %	\$1,801,000	\$0	\$44,308	\$1,226,254
2033	\$9,172,893	\$7,649,550	119.9 %	Low	2.00 %	\$1,837,020	\$0	\$46,850	\$1,485,736
2034	\$9,571,027	\$7,878,225	121.5 %	Low	2.00 %	\$1,873,760	\$0	\$49,903	\$1,100,279
2035	\$10,394,411	\$8,575,637	121.2 %	Low	2.00 %	\$1,911,235	\$0	\$53,456	\$1,366,481
2036	\$10,992,622	\$9,085,157	121.0 %	Low	3.50 %	\$1,978,129	\$0	\$57,132	\$1,162,987
2037	\$11,864,895	\$9,890,198	120.0 %	Low	3.50 %	\$2,047,363	\$0	\$61,256	\$1,330,880
2038	\$12,642,634	\$10,618,877	119.1 %	Low	3.50 %	\$2,119,021	\$0	\$63,426	\$2,092,174
2039	\$12,732,906	\$10,653,646	119.5 %	Low	3.50 %	\$2,193,186	\$0	\$66,511	\$1,115,454
2040	\$13,877,150	\$11,777,028	117.8 %	Low	3.50 %	\$2,269,948	\$0	\$71,387	\$1,534,848
2041	\$14,683,637	\$12,583,469	116.7 %	Low	3.50 %	\$2,349,396	\$0	\$75,808	\$1,462,943
2042	\$15,645,897	\$13,574,212	115.3 %	Low	3.50 %	\$2,431,625	\$0	\$80,923	\$1,428,444
2043	\$16,730,001	\$14,720,819	113.6 %	Low	3.50 %	\$2,516,732	\$0	\$84,599	\$2,214,809
2044	\$17,116,523	\$15,179,039	112.8 %	Low	3.50 %	\$2,604,818	\$0	\$88,122	\$1,669,961
2045	\$18,139,501	\$16,309,142	111.2 %	Low	3.50 %	\$2,695,986	\$0	\$93,069	\$1,832,777
2046	\$19,095,779	\$17,405,508	109.7 %	Low	3.50 %	\$2,790,346	\$0	\$97,411	\$2,106,900
2047	\$19,876,635	\$18,354,644	108.3 %	Low	3.50 %	\$2,888,008	\$0	\$101,846	\$1,996,173
2048	\$20,870,315	\$19,554,665	106.7 %	Low	3.50 %	\$2,989,088	\$0	\$103,799	\$3,305,131
2049	\$20,658,072	\$19,543,046	105.7 %	Low	3.50 %	\$3,093,706	\$0	\$106,382	\$1,954,563
2050	\$21,903,596	\$21,041,293	104.1 %	Low	3.50 %	\$3,201,986	\$0	\$112,894	\$1,954,924
2051	\$23,263,552	\$22,709,066	102.4 %	Low	3.50 %	\$3,314,055	\$0	\$118,610	\$2,505,806
2052	\$24,190,411	\$23,985,001	100.9 %	Low	3.50 %	\$3,430,047	\$0	\$124,146	\$2,266,012

Assessment and Reserve Funding Disclosure Summary

Moraga Country Club - Club, Moraga

For Fiscal Year Beginning: 1/1/2023

of units: 939

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Contributions:	\$91,043.00	\$96.96
Total Assessment Income:	\$123,881.00	\$131.93

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? **Yes**

- 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*

Total: \$0.00

- 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:	1/1/2023
Fully Funded Balance (based on formula defined in 5570(b)4):	\$10,021,151
Projected Reserve Fund Balance:	\$3,732,200
Percent Funded:	37.2 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$6,697

From the 11/28/2022 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- 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: Kier Balboa

Date: 11/28/2022

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.

30-Year Reserve Plan Starting with Board of Directors 2023 Rate

18931-4

Fiscal Year Start: 1/1/2023		Interest: 0.50 %	Inflation: 4.00 %
Reserve Fund Strength: as-of Fiscal Year Start Date		Projected Reserve Balance Changes	

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	Reserve Funding			
2023	\$3,732,200	\$10,021,151	37.2 %	Medium	2,118.94 %	\$1,092,516	\$0	\$14,849	\$2,630,960
2024	\$2,208,605	\$8,820,692	25.0 %	High	15.00 %	\$1,256,393	\$0	\$10,176	\$1,612,411
2025	\$1,862,764	\$8,678,280	21.5 %	High	15.00 %	\$1,444,852	\$0	\$10,250	\$1,079,951
2026	\$2,237,915	\$9,131,197	24.5 %	High	5.00 %	\$1,517,095	\$0	\$12,084	\$1,170,230
2027	\$2,596,865	\$9,557,497	27.2 %	High	5.00 %	\$1,592,950	\$0	\$15,906	\$438,884
2028	\$3,766,836	\$10,812,573	34.8 %	Medium	5.00 %	\$1,672,597	\$0	\$19,891	\$1,268,239
2029	\$4,191,085	\$11,308,491	37.1 %	Medium	5.00 %	\$1,756,227	\$0	\$22,983	\$966,242
2030	\$5,004,054	\$12,193,619	41.0 %	Medium	5.00 %	\$1,844,038	\$0	\$28,772	\$369,514
2031	\$6,507,351	\$13,792,256	47.2 %	Medium	5.00 %	\$1,936,240	\$0	\$33,424	\$1,611,805
2032	\$6,865,211	\$14,222,663	48.3 %	Medium	5.00 %	\$2,033,052	\$0	\$36,536	\$1,182,701
2033	\$7,752,098	\$15,178,754	51.1 %	Medium	5.00 %	\$2,134,705	\$0	\$35,676	\$3,401,313
2034	\$6,521,166	\$13,930,420	46.8 %	Medium	5.00 %	\$2,241,440	\$0	\$32,236	\$2,418,783
2035	\$6,376,060	\$13,721,260	46.5 %	Medium	5.00 %	\$2,353,512	\$0	\$28,563	\$3,706,750
2036	\$5,051,385	\$12,234,213	41.3 %	Medium	5.00 %	\$2,471,188	\$0	\$27,606	\$1,557,002
2037	\$5,993,177	\$12,996,188	46.1 %	Medium	5.00 %	\$2,594,747	\$0	\$32,099	\$1,770,717
2038	\$6,849,306	\$13,642,053	50.2 %	Medium	5.00 %	\$2,724,485	\$0	\$35,805	\$2,133,947
2039	\$7,475,649	\$14,014,696	53.3 %	Medium	5.00 %	\$2,860,709	\$0	\$41,431	\$1,277,654
2040	\$9,100,135	\$15,374,640	59.2 %	Medium	5.00 %	\$3,003,744	\$0	\$51,859	\$507,769
2041	\$11,647,969	\$17,674,787	65.9 %	Medium	5.00 %	\$3,153,932	\$0	\$60,169	\$2,437,209
2042	\$12,424,861	\$18,148,852	68.5 %	Medium	5.00 %	\$3,311,628	\$0	\$66,688	\$1,547,049
2043	\$14,256,129	\$19,659,717	72.5 %	Low	5.00 %	\$3,477,210	\$0	\$68,031	\$4,839,304
2044	\$12,962,066	\$17,902,825	72.4 %	Low	5.00 %	\$3,651,070	\$0	\$63,324	\$4,303,442
2045	\$12,373,018	\$16,732,537	73.9 %	Low	5.00 %	\$3,833,624	\$0	\$67,385	\$1,687,370
2046	\$14,586,657	\$18,339,720	79.5 %	Low	5.00 %	\$4,025,305	\$0	\$80,419	\$1,104,501
2047	\$17,587,880	\$20,725,084	84.9 %	Low	5.00 %	\$4,226,570	\$0	\$92,898	\$2,328,185
2048	\$19,579,163	\$22,045,250	88.8 %	Low	5.00 %	\$4,437,899	\$0	\$102,583	\$2,657,119
2049	\$21,462,525	\$23,192,629	92.5 %	Low	5.00 %	\$4,659,793	\$0	\$115,353	\$1,549,381
2050	\$24,688,291	\$25,659,111	96.2 %	Low	5.00 %	\$4,892,783	\$0	\$134,945	\$414,859
2051	\$29,301,160	\$29,530,159	99.2 %	Low	5.00 %	\$5,137,422	\$0	\$147,188	\$4,999,363
2052	\$29,586,407	\$28,919,211	102.3 %	Low	5.00 %	\$5,394,293	\$0	\$158,550	\$1,292,385

Insurance Notification Requirements

2022 - 2023

- **Commercial Property/Inland Marine {Blanket Building & Contents/Business Income}**
Insurer: Allianz-Fireman's Fund Ins. Co.
Policy # TGA07326482-02 - Policy Period: 04/01/2022 to 04/01/2023
Blanket Building & Contents Limit: \$20,488,300
Blanket Business Income w/Extra Expense: \$1,650,000
Deductible: \$10,000/Includes: Agreed Value; Special Form; Replacement Cost
Earthquake – Sprinkler Leakage: \$1,000,000 Blanket limit (Clubhouse & Tennis Bldg)
Deductible: \$5,000
Contractors Equipment-All Covered Property In Any One Occurrence: \$100,000
Deductible: \$1,000
- **General Liability-Moraga Country Club-HOA**
Insurer: James River Insurance Company
Policy # 00118012-1 – Policy Period: 07/10/2022 to 04/01/2023
Policy Limit: \$1,000,000 Each Occ/\$2,000,000 General
Aggregate/\$2,000,000 Products/Completed Operations
Agg
\$1,000,000 Personal/Advertising Injury Limit
Deductible: \$5,000 per occurrence
Liquor Liability Limits: \$1,000,000/\$1,000,000/\$5,000
Deductible
Employee Benefits: \$1,000,000/\$1,000,000/Deductible Each Employee: \$1,000
- **Business Auto Liability**
Insurer: Allianz -American Automobile Insurance Company
Policy Number: SC V 009593 22 01- Policy Period: 04/01/2022 to 04/01/2023
All Covered Auto Liability: \$1,000,000 CSL; Med Pay: \$500 ea person; UM:
\$1,000,000
Auto Physical Damage: \$1,000 comp/\$1,000 collision
Hired Auto Liability/Non-Owned Auto Liability
- **Commercial Excess Liability**
Insurer: Evanston Insurance Company
Policy No: MKLV5EUL104306-Policy Period: 07/10/2022 to 04/01/2023
Limits of Insurance: \$5,000,000 occurrence/\$5,000,000 Aggregate
- **Excess Umbrella**
Insurer: HDI Global Specialty /Lloyds
Policy Period: 04/01/2022 to 04/01/2023
Policy Numbers: #18HX1727 and #21ABHX0022
Coverage Limit: \$15,000,000 occurrence/15,000,000 Aggregate
- **Directors & Officers Liability & Excess Directors & Officers Liability**
Insurer: RSUI Indemnity Company Policy# NPP699019
(Primary) Policy Limit: \$3,000,000 Aggregate- Policy Period:
04/01/2022 to 04/01/2023
Retention: \$25,000 D&O/ \$35,000 EPL

Insurer: Hudson Insurance Group Policy# HN-0303-4991-010122

(Excess) Policy Period: 04/01/2022 to 04/01/2023

Limit: \$2,000,000 Each Wrongful Act (in excess of \$3,000,000)

Retention: \$0

- **Cyber Liability**

Insurer: Lloyds- Certificate Number: SCY202250954

Policy Period: 04/01/2022 to 04/01/2023

Limit of Liability: \$1,000,000 aggregate

Deductible: \$10,000

- **Crime**

Insurer: Travelers Casualty and Surety Company of America

Policy Period: 04/01/2022 to 04/01/2023

Policy Number: 107357050; Coverage Limit: \$1,000,000

ERISA Fidelity;

\$6,300,000 Employee Theft Liability;

Retention: \$0 ERISA; \$25,000 Employee Theft

- **Workers Compensation and Employers Liability**

Insurer: Markel Insurance Company

Policy Period: 01/01/2022 to 01/01/2023

Policy # MWC0195988-01

Coverage Limit: \$1,000,000 each accident/ \$1,000,000 policy limit/ \$1,000,000 each employee

Class Codes 8810 – 9060 – 9066- Payroll

- **Difference in Conditions (Earthquake)**

Insurer: Insurance Company of the West

Policy Number: XHO 8007085 01

Policy Period: 04/01/2022 to 04/01/2023

Coverage Limit Earthquake: \$20,090,000

Deductible: 10% of any one loss, minimum deductible of \$50,000

- **Pollution-Environmental Liability-3yr Policy**

Insurer: Tokio Marine Specialty Insurance Company

Policy Number: PPK2398425

Policy Period: 04/01/2022 to 04/01/2025

Coverage Limit: \$2,000,000 Per Contamination Incident

Policy Aggregate Limit: \$2,000,000

Self-Insured Retention: \$10,000

- **National Flood Insurance Program**

Insurer: Wright Flood Insurance Company

Policy Number: 041152131168 00

Policy Period: 01/22/2022 to 01/22/2023

Coverage Limit: Building: \$275,000

Contents: \$50,000 Deductible: \$5,000

This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civic 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 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

Annual Policy Statement

This annual policy statement is provided to you in accordance with the requirements of California Civil Code Section 5310.

1. The name and address of the person designated to receive official communications to the Association: Christina French, HOA Manager, Moraga Country Club Homeowners Association, 1600 St. Andrews Drive, Moraga, CA 94556.

The Association's mailing address for overnight payment of assessments from owner members is:

Moraga Country Club Homeowners Association, 1600 St. Andrews Drive, Moraga, CA 94556.

2. Owner members may submit a written request to the Association to have the Association's annual budget report, review of the Association's financial statement, the Association's annual policy statement, requests for assessment payments made by the member, pre-lien notices (as described in Civil Code Section 5660), copy of a recorded notice of delinquent assessment, and notice of default, sent to up to two (2) different specified addresses. Such request must be delivered to the Association by mail or in person to the Association at the address noted above, or by e-mail to Christina French, HOA Manager at Christina@moragacc.com.

3. General notices from the Association to the members will be posted at the following location(s) in the community: Moraga Country Club Lobby, located at 1600 St. Andrews Drive, Moraga, CA 94556.

4. Owner members can arrange to have all general notice items provided to them by individual delivery by submitting a written request to the Association by mail or in person to the Association at the address noted above, or by e-mail to Christina French, HOA Manager at Christina@moragacc.com.

5. Association members may receive copies of minutes, proposed minutes, or summary minutes of meetings of the Association's board of directors (other than meetings held in executive session) by submitting a written request to the Association by mail or in person to the Association at the address noted above, or by e-mail to Christina French, Association Manager, at Christina@moragacc.com. Such minutes, proposed minutes, or summary minutes will be available no later than thirty (30) days after the meeting.

6. 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 non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial 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 non-judicial 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 non-judicial 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 non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial 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 exist. (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 to the payment plan standards of the association if they exist. (Section 5665 of the Civil Code)

7. The Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of owner member assessments and a "Delinquent Account Policy" for associate member dues are attached hereto as Exhibit "A."

8. The Association's discipline policy and schedule of penalties for violations of the Association's governing documents are attached hereto as Exhibit "B."

9. A summary of dispute resolution procedures is attached hereto as Exhibit "C."

10. A summary of the Association's requirements for approval of physical changes to property is attached hereto as Exhibit "D."

11. A listing of the cost of documents requested by selling owner members is attached hereto as Exhibit "E."

Exhibit “A”

Delinquent Account Policy

The Board of Directors has adopted the following Delinquent Account Collection Policy for associate members of the Association.

Associate Members shall pay monthly dues only for the financial support of the Recreation Area, in the amounts established from time to time by the Board, which shall review such dues periodically. Any change in the monthly dues to be charged Golf Associate Members must be fair and equitable, as determined by the Board. Notwithstanding anything contrary in the Bylaws, monthly dues of Golf Associate Members shall continue to accrue until the date the membership is either transferred to a new Member or purchased by the Association pursuant to the Bylaws.

Delinquency charges may be levied against Associate Members by the Board for failure to pay Obligations when due. Fines may be levied against Associate Members by the Board for good cause, as defined in Section 3.11 of the Bylaws. Such charges and fines shall be paid in monthly installments, or as determined by the Board. Such payments shall be due on the first day of the calendar month for which they are charged and shall be delinquent on the 21st day of said calendar month, subject to any alternate payment schedule required or permitted by the Board.

DUE DATE

Associate member dues are due and payable on the first day of each month, which generally is the receipt date of the statement. Dues become delinquent if not paid by the 20th of the month.

21 DAYS (not earlier than)

Every delinquent account incurs a late fee of \$25 if payment is not received in the bookkeeping office by the 20th of the month.

31 DAYS

The second month's dues statement includes a NOTICE OF DELINQUENCY, reminding the associate member of the previous month's delinquent account status.

60 DAYS

A written suspension notice is sent to the associate member, and privileges are suspended.

The associate member is notified of action taken and continued suspension of use privileges until the account is brought current.

**MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION
ASSESSMENT COLLECTION POLICY
OWNER MEMBERS**

This document sets forth the Moraga County Club Homeowners Association's policy regarding the collection of assessments from its Owner Members pursuant to the Association's governing documents and California Civil Code sections 5600 through 5740. As of the date set forth below, this Policy substitutes for and replaces any assessment collection policy previously in effect for the Association.

1. **Assessments in General.** The Association has a duty to levy regular monthly and special assessments of its Owner Members sufficient to perform its obligations under the governing documents and California law. The Association may also levy capital replacement assessments, capital development assessments (each of which can be either part of the regular monthly assessment or a special assessment, or both) and individual reimbursement assessments for purposes specified in the governing documents. Most assessments at Moraga Country Club are informally referred to as "dues."
2. **Obligation to Pay Assessments.** Each assessment shall be an obligation of the Owner Member at the time it is levied. Each assessment is also a lien on the Owner Member's Lot from and after the time the Association causes a Notice of Delinquent Assessment (lien) to be recorded with the Contra Costa County Recorder's Office.
3. **Notice of Assessments.** Not less than 30 days nor more than 60 days before any increase in the regular monthly assessment or any special assessment becomes due, the Association will give the Owner Members written notice of the assessment. Thereafter, the Association may elect to provide additional periodic statements of assessments and charges, but lack of such statements does not relieve the Owner Members of the obligation to pay assessments.
4. **Designation of Agent.** The Board of Directors may designate an agent or agents to collect assessment payments and administer this Assessment Collection Policy. Such designated agent may be an officer of the Association, manager, employee, banking institution, law firm or other appropriate agent (e.g., an assessment collection firm).
5. **Due Date/Delinquency Date of Assessments.** Unless otherwise specified in writing by the Board, the regular assessment shall be levied on an annual basis and is due and payable in equal monthly installments on the first day of each month. Special assessments shall be due and payable on the date(s) specified by the Board. Reimbursement assessments shall be due and payable when levied (or within five (5) days following an appeal). Any assessment is delinquent if not received as directed by the Board or its designated agent 20 days after it becomes due.
6. **Late Charges.** An assessment or any installment thereof that is delinquent shall incur a late charge of \$25.
7. **Collection Expenses.** Any costs and fees incurred in processing and collecting delinquent amounts, including, without limitation, late charges, charges for preparation of delinquency notices or referral for collection, administration of an Owner Member's request for a payment plan, recordation of a lien, initiation of foreclosure and/or legal proceedings, postage, copying and recording costs, title document fees, costs to enforce judgments, and attorneys' fees and costs, shall

become an additional charge against the Owner Member and the Owner Member's Lot and shall be subject to collection action pursuant to this Policy and state law.

8. **Application of Payments.** Payments shall be applied first to assessment principal owed, then to late charges, interest, and collection expenses.

9. **Initial Delinquency Notice.** Once an assessment account becomes delinquent, the Owner Member may receive an initial delinquency notice stating all amounts past due and any known collection charges imposed as of the date of the notice. The notice may be in the form of a letter, monthly statement, past due notice, or any other form of writing from the Association or its designated agent.

10. **Notice of Intent to Lien.** If an assessment account remains unpaid for 90 days after it is due, the Association or its agent may notify the Owner by certified mail (pre-lien notice) that a lien will be recorded unless the entire balance of the account is paid within 30 days after the date of such pre-lien notice. The pre-lien notice shall include a general statement of the collection and lien enforcement procedures of the Association, an itemized statement of the charges owed as of the date of the notice, including the costs of preparing the notice, and other disclosures required by law.

11. **Recordation of Lien.** Upon the decision of the Board at an open Board meeting and as reflected in the minutes of that meeting, a lien shall be recorded against the Owner Member's Lot, without further notice to the Owner Member, if the Owner Member fails to pay the entire balance of the applicable account within the time period specified in the pre-lien notice.

12. **Foreclosure of Lien.** After the lien is recorded and at least 30 days have elapsed, foreclosure proceedings to enforce the lien may commence (other than a lien for a reimbursement assessment, which is not subject to non-judicial foreclosure) when assessment principal, not including accelerated regular assessments, exceeds the amount or remains unpaid for the time period specified in state law. The Board's decision to initiate foreclosure shall be made in executive session and reflected in the minutes of the Board's next open meeting.

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

13. **Dishonored Checks.** If the Association or its agent receives a check dishonored by the bank for any reason for which state law does not provide an exception, a charge of \$25 (or \$35 for any subsequently returned check), shall be imposed. In the event the Association is charged by its bank for a dishonored check from an Owner Member, all processing fees incurred by the Association shall be charged to that Owner Member. The Association may also seek damages in accordance with California Civil Code section 1719.

14. **Receipts.** Owners may request and receive a receipt upon making an assessment payment. The receipt will indicate the date the payment was received and the name of the person who received it.

15. **Payment Agreements.** The Association, in its sole discretion, may enter into a written repayment agreement with an Owner for periodic payments on the balance of the Owner Member's assessment account, in amounts and on a payment schedule agreed to by the Association. The agreement shall include payment of any accruing assessments. The Association has no obligation to

enter into such an agreement, and any agreement entered into with the Owner Member shall be reasonable, as determined by the Association in its sole discretion, and for the sole purpose of assuring that the best interests of the Association are served. The repayment agreement shall be in writing and include a provision that failure to meet any term of the agreement shall give the Association the right to immediately continue the collection process without further notice to the Owner Member.

16. **Release of Lien.** A Release of Lien will not be recorded until the entire balance of the Owner Member's account subject to the lien is paid. All charges incurred in preparing and recording the Release of Lien, including reasonable attorneys' fees, will be charged to the Owner Member's account. Upon satisfaction in full of the entire balance owing, the Association shall within 21 days thereafter record or cause to be recorded the Release of Lien.

17. **Dispute of Charges.** An Owner Member may dispute the amount demanded by the Association by submitting to it a written explanation of the reasons for disputing the amount. A telephone call will not reserve any rights. State law also makes the Association's internal dispute resolution program (meet-and-confer) and, depending on the stage of collection, various mediation and arbitration rights available to Owner Members with assessment disputes. The Owner Member should provide the following information regarding an assessment dispute:

- a. The Owner Member's name, mailing address, and account number.
- b. The exact dollar amount claimed to be in dispute or in error.
- c. For each charge or payment in dispute, an explanation of the reasons the Owner Member believes there is an error, with sufficient detail such as dates, names and check numbers, so that the dispute may be investigated efficiently and effectively. If the Owner Member does not know how the error was made, that statement may be made.
- d. Copies of checks, letters, or other documents referred to or claimed should accompany the written explanation.

NOTE: Disputes regarding special assessments involving damage in Areas A, B, C or D shall be resolved in arbitration pursuant to the Association's governing documents.

18. **Other Remedies.** The Association reserves the right to avail itself of any other remedy permitted by law and the Association's governing documents to collect assessments and related costs and charges, including but not limited to bringing an action in Small Claims or Superior Court. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another available remedy.

19. **Secondary Addresses.** Owner Members may submit secondary addresses for purposes of collection notices, by providing the Association with written information about such addresses. Such requests must be made in writing and mailed to the Association in a manner that confirms that the Association has received it. An Owner Member may identify or change a secondary address at any time. If a secondary address is identified or changed during the collection process, the Association shall only send notices to the indicated secondary address from the point that it receives the request.

20. **Address of the Association.** Owner Members should respond in writing or make payments to the address directed by the Association or its designated agent. If *no* address is given, payments and related correspondence should be delivered to the Association at the following address:

Moraga Country Club Homeowners Association
1600 St. Andrews Drive
Moraga CA 94556

Unless another address is given by the Association or its designated agent, the same address may be used for overnight payments.

21. **Sufficiency of Notice.** Except for notice that under California law must be sent by certified mail or personally served, notice is sufficient if either hand-delivered or mailed first class, postage prepaid, to the Owner Member at the address on the membership register and any secondary address on file at the time of notice.

22. **Void Provisions.** If any provision of this Policy is determined to be null and void, all other provisions of the Policy shall remain in full force and effect.

Adopted by Resolution of the Board of Directors

010744-01/4832-2463-8926.3

Exhibit “B”

HOA Violations

Upon a violation being observed, the following procedure will occur:

- The Member will be notified of the alleged violation by citation form, telephone call, in person or by letter.
- A discretionary warning period may be established by the General Manager or designate to correct violations, except traffic violations and other fines that are effective on the first occurrence as shown on the following schedule of fines.
- The Member will be advised of the status of the violation (first occurrence, repeat occurrence, etc.) and advised of the applicable penalty.
- The Member will be advised of the expected date of compliance (i.e.: immediate, within 10 days, within 30 days) and the consequences should the deadline not be met.
- The Member will be advised when subsequent fines for the same infraction are applicable and cumulative from the first occurrence.
- In cases where a penalty is applicable, the Member will be given at least 10 days’ notice of the date at which the matter will be considered by the Board of Directors at an informal hearing and the Member will have the right to attend the meeting and address the Board.
- The hearing shall be presided over by the President or the Vice President, who shall (1) read the charges against the subject Member; (2) require that the charges be verified by the testimony of one or more of the persons making them; (3) hear any other witnesses against the subject Member; (4) allow the subject Member to make a statement in his or her own behalf; (5) allow the subject Member to call witnesses in his or her own behalf; and (6) allow the directors present, when and as recognized by the chair and subject to the control of the chair, to question the witnesses. After hearing all such testimony, the Board shall vote on the matter, which shall be determined by a majority vote of the Board present at the time the vote is taken. If discipline is imposed, the Board will have up to 15 days after the hearing to notify the Member of the action taken.
- Fines are due immediately upon imposition by the Board. The imposition of a fine is in addition to the requirement that the Member comply with the governing documents of the Association. Compliance may include, but is not limited to, correcting, repairing or replacing non-complying conditions, all at the Member’s cost.

Schedule of Fines

F1.	DELINQUENT ACCOUNT FINE	
	Each Month Delinquent	\$25
F2.	FAILURE TO REGISTER GUESTS FINE	
	First Occurrence	Warning
	Each Further Violation	\$50 per Guest
F3	CANCELLATION FINES	
	Each Occurrence	Cost of Event
F4.	TRAFFIC - MOVING VIOLATION FINES	
	SPEEDING	
	More than 10 MPH over the posted speed limit	\$100
	More than 25 MPH over the posted speed limit	\$250
	FAILURE TO OBSERVE A STOP SIGN	
	First Occurrence	\$50
	Second Occurrence	\$100
	Third and Future Occurrences	\$250
F5.	TRAFFIC - UNSAFE OR RECKLESS OPERATION OF A MOTOR VEHICLE	
	Each Occurrence	\$500
F6.	PARKING VIOLATION FINES	
	First Occurrence	Warning Citation
	Second Occurrence in a 36 month period	\$100
	Third Occurrence and Each Additional Month to Increase \$250 per month thereafter (violation of CC&R 3.02 (q),(h), (i) and Rules & Regs E3.7)	\$250
F7.	VANDALIZING TRAFFIC CONTROL OR PARKING SIGNS	
	Each Occurrence	\$250
F8.	PET CONTROL FINES –	
	Fines for violations of A7 after warning citation(s)	
	Each Occurrence	\$50
F9.	MEMBER CONDUCT	
	(Fines are based on improper Member conduct with other members or staff)	
	First Occurrence	
	Warning Citation up to \$100 and/or suspension of membership privileges	
	Second Occurrence in a 12 month period	
	Up to a \$250 fine and/or suspension of membership privileges	
F10.	MISCELLANEOUS FINES	
	First Occurrence	Warning Citation
	Second Occurrence in a 36 Month Period	\$100
	Third Occurrence and Each Further Violation in a 36 Month Period	\$250

F11.	FAILURE TO REGISTER A NEW TENANT	
	Each Day from the date of move-in to the date of proper registration	\$10
F12.	FAILURE TO KEEP GOLF CARS IN DESIGNATED AREAS ON THE GOLF COURSE.	
	First Occurrence	Warning Citation
	Second Occurrence	\$50
F13.	GARAGE VIOLATION FINES	
	First Occurrence	Warning Citation
	Second Occurrence in a 36 month period	\$100
	Third Occurrence and Each Additional Month to Increase \$250 per month thereafter (violation of CC&R 3.02 (q) ,(h), (i) and Rules & Regs E3.7)	\$250

Exhibit “C”

“Meet and Confer” Program (Civil Code § 5905)

PLEASE TAKE NOTICE: Pursuant to California Civil Code section 5905, the Association provides an informal, internal dispute resolution program whose goal is to reach early resolution of disputes over enforcement of the governing documents and/or specified state laws. The Association’s “meet and confer” program supplements and does not replace the requirement for more formal alternative dispute resolution (ADR) prior to filing an enforcement lawsuit.

California law requires community associations to establish a fast, fair and reasonable internal program for early resolution of disputes that sometimes arise between associations and their members over compliance with the governing documents or applicable state law. This internal program is intended to be an informal meeting process, one that supplements and does not replace more formal mediation or arbitration procedures or litigation but that hopefully makes such steps unnecessary.

Moraga Country Club offers a “meet and confer” program by which owner members who have disputes with the Association involving their rights, duties, or liabilities under the governing documents or specified provisions of state law can explain their positions to the Board or to a Board representative and attempt to resolve their concerns informally. The “meet and confer” program also applies when the Board has a dispute with an owner and would like to talk it over. Here’s how it works:

Either party can ask the other to participate in this program. If the member asks the Association, the Association is required to participate. If the Association asks the owner, the owner may choose whether or not to attend.

Either party can initiate the program by sending the other a written request. Such requests may be personally delivered, mailed, faxed or sent by electronic transmission.

Any costs associated with the program will be borne by the Association.

The Association may be represented at the meeting by the Board or by one or more representatives of the Board, including the general manager. Either party may ask other persons to attend, if doing so is reasonably likely to aid in explaining or resolving the dispute. For example, if the issue involves architectural control, the Board may ask a member of the Architectural Committee to join the meeting. If the issue involves assessment collection, the Board may ask the Association’s treasurer or controller to attend.

Although not precluded, attorney participation in the meeting is discouraged, in order to foster direct discussions between the parties and to maintain the goal of speedy and inexpensive early resolution. If either party wishes his/her/its attorney to attend the meeting, that party shall give the other at least five (5) business days’ notice.

The parties shall meet 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.

If the Association initiates the “meet and confer” program and its dispute with the owner member, if left unresolved, is such that the Board could consider discipline against the member, the request to the owner shall additionally indicate whether the Board intends to consider such discipline following the conclusion of the meeting and, if so, what discipline might be considered. Only meetings attended by at least a majority of the Board may result in disciplinary action.

The Association’s “meet and confer” program is intended to resolve differences informally, in a fast, fair, and reasonable manner. However, where the circumstances of a dispute reasonably call for the assistance of a neutral third

party, the program makes maximum use of local dispute resolution services, including low-cost mediation services 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. If such services are used, they are paid for entirely by the Association.

ENFORCEMENT OF GOVERNING DOCUMENTS AND SPECIFIED STATE LAWS FOR COMMUNITY ASSOCIATIONS THROUGH ALTERNATIVE DISPUTE RESOLUTION

PLEASE TAKE NOTICE: *California Civil Code section 5930 addresses your rights to sue the Association or another member of the Association regarding the enforcement of the governing documents and/or specified state laws. The following is a summary of Civil Code section 5930.*

In general, Civil Code §5930 provides that an association or an owner may not file a lawsuit to enforce the governing documents or to enforce certain laws that govern community associations, unless the parties *first* try to submit their dispute to alternative dispute resolution (“ADR”). Recognized forms of ADR include conciliation, mediation, or arbitration. The ADR law for common interest developments applies to enforcement of most provisions of the governing documents as well as to provisions of the Davis-Stirling Common Interest Development Act (Civil Code §§ 4000 through 6150) and the Nonprofit Mutual Benefit Corporation Law (Corporations Code §§ 7110 et seq.).

The intent of the ADR law is to promote speedy and cost-effective resolution of disputes, to better preserve community cohesiveness, and to channel CC&R and compliance disputes away from our state’s court system.

The form of alternative dispute resolution may be binding or non-binding, and costs will be borne as agreed to by the parties involved. The ADR law does not generally apply to assessment disputes or to disputes that can be resolved in small claims court.

Any party to a covered dispute may initiate the ADR process by serving a Request for Resolution on another party to the dispute. A Request for Resolution must contain (1) a brief description of the nature of the dispute, (2) a request for ADR, and (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.

If the Request is accepted, the ADR must be completed within 90 days of receipt of the acceptance, unless otherwise agreed by the parties. Any Request for Resolution sent to an owner must include a copy of the ADR law in its entirety. If an applicable statute of limitations will expire, serving the Request will extend the statutory period for 30 days and, if ADR is accepted, also for the 90-day period of time allowed to complete the process and any agreed-upon extension of time.

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 your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

Should the Association or an individual member wish to file a lawsuit for enforcement of the governing documents or a specified statute, the law requires the Association or the individual to file a certificate with the court *prior* to the filing of the suit, stating: (1) that ADR has been completed, (2) that one of the other parties did not accept the terms offered for ADR, or (3) that urgent orders of the court were necessary. Failure to file this certificate can be grounds for dismissing the lawsuit.

In any lawsuit to enforce the governing documents, Civil Code section 5975(c) provides that the prevailing party shall be awarded attorneys’ fees and costs. Section 5960 provides that if any party has refused to participate in ADR prior to the lawsuit being filed, the court may consider whether that refusal was reasonable when it determines how large or small the award should be.

Exhibit “D”

Home Improvements & Architectural Review

ARCHITECTURAL GUIDELINES AND PROCEDURES

The Board of Directors is required to disclose to the membership those things that require architectural review and approval, and the procedures used for reviewing architectural applications.

HOME IMPROVEMENTS THAT REQUIRE ARCHITECTURAL REVIEW AND APPROVAL include, but are not limited to: Additions, Address Numbers, Air Conditioning Units, Arbors, Awnings, Balconies (Repair or Replacement of Railings), Catwalk Enclosure, Decks (Addition, Expansion, Repair or Replacement), Decorative Exterior Plaques or Artwork, Door Additions or Replacement, Downspouts, Drainage Changes, Driveways, Entryway Changes, Exterior Elevators or Lifts, Exterior Light Fixtures, Exterior Stairs, Fencing, Fire Pits and Barbecues, Fountains and Water Features, Front Door, Garage Doors, Garden Windows, Gazebos and Garden Structures, Gates, Grading, Gutters, Downspouts and Decorative Roofline Trim, Handicap Access Ramps, Handrails, Hot Tubs, Spas or Pools, Irrigation, Landscape Figurines or Garden Enhancements, Landscape Changes (Maintained Area), Landscape Changes (Backyard Area), Mailboxes, Overhead Structures, Painting (Color Changes or Maintenance), Patios, Play Structures, Remodel, Retaining Walls, Roofs, Roof Vents and Flashing, Satellite Dishes, Shutters, Siding Replacement, Skylights, Sports Apparatus, Solar Panels and Energy Systems, Storage Sheds and Trash Container Enclosures, Sunroom / Solar Room Additions, Television and Media Connections, Tree Removal, Trellises, Walkways and Hardscape, Walls (Exterior, Decorative), Window Additions or Replacement.

Even if your improvement is to be located in the private portion of your property, it's best to contact the office regarding your plan before construction begins. The plan may not require Architectural Committee approval, but the Association needs to know of work being undertaken so that construction deliveries, equipment and vehicles can be dealt with accordingly.

PROCEDURES FOR REVIEWING ARCHITECTURAL APPLICATIONS: Obtain an Architectural Committee Approval Endorsement form from the office. Complete the form where indicated, including neighbor review and signatures, if appropriate. Submit the form with 10 complete sets of plans (no larger than 11" x 17") or a contractor's proposal or brochure that describes the improvement and its location or placement, the manufacturer's data and visual appearance of the improvement including color, size, etc.

These requirements should be submitted to the Association office at least two weeks prior to the next Architectural Committee meeting. An administrative fee of \$100 will be charged against your account which is non-refundable. In addition, a damage deposit will be charged against your account, which will be returned when the improvements have been completed and the Architectural Committee has determined that the work was done in substantial compliance with the approved plans, provided no damage has been done to any property maintained by the Association.

Please allow at least 10 days for the Architectural Committee to review your proposal and grant the approval or contact you regarding conditions that must be met prior to approval. Once approved, a committee member will sign the endorsement and a copy will be sent to you to be posted during construction.

Once your project is complete, return the endorsement and the Architectural Committee will inspect your project, sign the final approval section of the endorsement and give it to the office for reimbursement to your account of the damage deposit.

Thank you for your cooperation in following the Architectural Committee procedures when making improvements to your home.

Exhibit “E”

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525*

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.

A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Property Address:			
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 (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	\$25.00	
CC&Rs	Section 4525(a)(1)	\$25.00	
Bylaws	Section 4525(a)(1)	\$25.00	
Operating Rules	Section 4525(a)(1)	\$25.00	
Age restrictions, if any	Section 4525(a)(2)		N/App
Rental restrictions, if any	Section 4525(a)(9)		N/App
Annual budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)	\$25.00	
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	\$25.00	
Financial statement review	Sections 5305 and 4525(a)(3)		N/App
Assessment enforcement policy	Sections 5310 and 4525(a)(4)		N/App
Insurance summary	Sections 5300 and 4525(a)(3)		N/App
Regular assessment	Section 4525(a)(4)		N/App
Special assessment	Section 4525(a)(4)		N/App
Emergency assessment	Section 4525(a)(4)		N/App
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)		N/App
Approved changes to assessments	Sections 5300 and 4525(a)(4), (8)		N/App
Settlement notice regarding common area defects	Sections 4525(a)(6), (7), and 6100		N/App
Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100		N/App

Notice(s) of violation	Sections 5855 and 4525(a)(5)	\$25.00
Required statement of fees	Section 4525	\$25.00
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section 4525(a)(10)	\$25.00
Total fees for these documents:		\$250
<p><u>* 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.</u></p>		