

VILLA SAO MIGUEL OWNERS ASSOCIATION

Annual Mailing to Members



A.R.K. Management



A.R.K. MANAGEMENT

Affordable. Reliable. Knowledgeable. Community Management

VILLA SAO MIGUEL OWNERS' ASSOCIATION

November 2025

Dear Association Member(s):

On behalf of Villa Sao Miguel Owners' Association and A.R.K. HOA Management, LLC (ARK Management), we are looking forward to assisting you and addressing the needs of your community during the coming fiscal year.

The enclosed 2026 operating budget reflects the Board of Directors efforts to maintain and enhance the Association's assets and common areas while continuing to build reserves. Due to rising costs in labor and materials, to maintain the value of your Association, along with properly funding your reserves for future repairs and replacements, dues are being increased 2.90%. Please refer to the chart below to determine your 2026 monthly dues assessment amount.

UNIT	2026 Monthly Dues
STUDIO	\$373.32
1 BEDROOM	\$403.09
2 BEDROOM	\$469.51

Please continue to pay this amount during the next fiscal year. If you have an ACH plan through ARK Management for your payments, you do not need to take any action as the withdrawal will be automatically adjusted. If you have set up recurring payments through First Citizens Bank or your own bank's bill-pay service, you will need to contact them to have them increase the payment amount. This change will need to be completed after your December payment has been made but before January payment is due so as not to incur any late fees.

Pursuant to Civil Code section 5300, 5310 and 5320, we are providing you with the following summary of the Annual Budget Report and the Annual Policy Statement. If you require a full copy of the enclosed reports, please contact nadya@ark-management.com or 858.630.1700 x106.

Please review the following summary of the Annual Budget Report and Annual Policy Statement.

ARK Management would like to thank you for your support and patronage. We look forward to a productive and successful new year.

Respectfully,
Nadya Klima, CMCA
Nadya Klima, CMCA
Community Association Manager

Annual Budget Report and Policy Statements

1. **Annual Budget Report:** Please see the enclosed Operating Association Budget for the fiscal year commencing on **January 1, 2026**.

2. **Association Reserves Report:** Please see enclosed reserve summary and annual disclosure.

3. **Summary of Board Adopted Reserve Funding Plan:** The new monthly allocation will be \$26,057.67 per month and \$312,692.04.00 annually to meet the Association's obligation to repair and replace major components with an expected remaining life of 30 years or less. Currently the Association's reserve is 34% funded.

4. **Statement of Deferral/Decision to Not Undertake Replacement of Major Component(s)** In accordance with Civil Code section 5300 (b)(4) and as of the date of this correspondence, the Board of Directors does not plan to defer repairs or replacement to any items with a remaining life less than one year.

5. **Statement of Special Assessment(s):** The Board of Directors is not currently considering a special assessment to fund any capital improvements this fiscal year.

6. **Statement of Association's Outstanding Loans:** The Association has no outstanding loans.

7. **Insurance Disclosure Information:** "This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

Property Insurance Policy – See attached Declaration Page

Earthquake Insurance Policy – No Coverage Provided

Flood Insurance Policy – No Coverage Provided

General Liability Policy – See attached Declaration Page

Directors and Officers Liability Policy – See attached Declaration Page

Fidelity Bond/Employee Dishonesty Policy - See attached Declaration Page

Workers Compensation Policy - See attached Declaration Page

8. Statement of Name & Address of Person Designated to Receive Official Communications on behalf of the Association: The name and address of the person designated to receive official communications on behalf of the Association is as follows – Nadya Klima, CMCA Community Association Manager – ARK Management – 10620 Treena Street Ste. 230, San Diego CA 92131.

9. Statement of Members' Ability to have Notices sent to up to Two Different Addresses:

As provided in Civil Code sections 4040(b) Owners have a right to receive one (1) annual report to Association is required to provide. Upon receipt of a written request by a member, pursuant to Civil Code section 5260. Identifying a secondary address for delivery of notices related to assessment payments, delinquencies and foreclosures will be sent to both addresses. The owner's request must be in writing and must be sent to the Association in the manner provided in the Civil Code sections 4035 and 5260.

10. Statement of the Posting Location for General Notices: The locations designated for posting General Notices is on the lobby bulletin board.

11. Notice of Members' Rights to Receive General Notices by Individual Delivery: Documents designated by the Civil Code as requiring General Delivery or General Notice will be delivered using one of the methods detailed in Civil Code section 4045 (a). If a member of the Association wishes to receive these general notice documents by individual delivery, they must make such a request to the Association, and the Association will comply with the request.

12. Notice of Members' Rights to Minutes: The minutes or a summary of minutes of a Board meeting, other than an executive session, are available to members within thirty (30) days of the meeting. Minutes, proposed minutes, or a summary of minutes will be distributed to any member upon request and upon reimbursement of the Association's costs to distribute. In order to request minutes Owners' may contact Nadya Klima at nadya@ark-management.com or in writing, or through the ARK Management portal www.ark-management.com to view documents online.www.ark-management.com to view documents online.

13. Notice of Manager Certification: I am a certified common interest development manager as per Civil Code section 11504 of the Business & Professions Code. I received CMCA certification from the Community Associations Managers International Certification Board. ARK Management provides fidelity insurance covering the Association's operating & reserve funds.

14. Notice of FHA & VA Verification Statement: See attached statements.

Statement of Assessment Collection Policies under Civil Code section 5730

15. NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

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

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

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

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

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner with 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 with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

16. Statement of Association's Policy for Collection of Delinquent Accounts: Assessment payments are due the first of the month and are considered delinquent 15 days after the first of the month. Assessments are the personal obligation of each owner. (A full Collection Policy is attached.)

17. Statement of Association’s Discipline Policy and Schedule of Penalties & Fines: The Association enforces the provisions of its governing documents (CC&Rs, Rules & Regulations, Architectural Guidelines, etc.) through its Enforcement Policy that entails notifying an owner, in writing, of an alleged violation and assessing fines if the violation is not cured. Prior to the assessment of a fine, the owner is called to a Hearing before the Board of Directors. The schedule of penalties and fines is attached.

18. Summary of Association’s Dispute Resolution Procedures (ADR and IDR): The California Legislature has established a public policy in this state that requires the use of Alternative Dispute Resolution (ADR) before resorting to litigation to resolve certain conflicts that arise in condominiums, planned developments and other common interest developments. The law requires every association to distribute a summary of California Civil Code sections 5925 through 5965 to its members annually and can be found in the full Annual Policy Statement prepared pursuant to Civil Code section 5310.

“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.”

§5925. ADR Definitions

As used in this article:

(a) “Alternative dispute resolution” means mediation, arbitration, conciliation, or other nonjudicial 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 act.
- (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.

§5930. ADR Required Before Filing Certain Actions

(a) An association or a member 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 more than the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.

(c) This section does not apply to small claims action.

(d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

§5935. Initiating ADR by Request for Resolution

(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 member, a copy of this article.

(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.

§5940. Time for Completing ADR Process and Cost Splitting

(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.

§5945. Effect of ADR on 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.

§5950. Filing ADR Certificate when Filing Court Action

(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 are 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.

§5955. Referral to ADR and Stay of Court Action by Stipulation

(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.

§5960. Refusal to Participate in ADR; Effect on Award of Fees and Costs

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

§5965. Annual Disclosure of ADR Procedures to Members

(a) An association shall annually provide its members with a summary of the provisions of this article that specifically references this article. The summary shall include the following language: "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."

(b) The summary shall be included in the annual policy statement prepared pursuant to Section 5310.

§5915. Default IDR Procedure

(a) This section applies to 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 shall not refuse a request to meet and confer.

(3) The board shall designate a director to meet and confer.

(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith 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 the parties, including the board designee on behalf of the association.

(c) A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and 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 to its designee or the agreement is ratified by the board.

(d) A member shall not be charged a fee to participate in the process.

19. Charges for Documents Provided Disclosure Form: See attached statement.

20. Summary of Association's Procedures for Architectural Review: Policy summary is attached.

21. Statement of Overnight Payment of Assessments: Villa Sao Miguel Owners' Association – Overnight payments need to be sent to **ARK Management, 4950 S. 48th Street, Phoenix, AZ 85040.** Make the check payable to your HOA and place your account number with ARK in the memo area of the check. Include a note that the check is for an assessment payment.

22. Preparation of Annual Financial Statement: As provided by the Association's governing documents, the Association will have an audit or review prepared by a Certified Public Accountant after the close of the fiscal year. The document and any information required by the Corporations Code Section 8321 should be available within 120 days after the closing of the fiscal year and, in accordance with Civil Code Section 5305, a copy of the review will be delivered to you.

23. Architectural Modifications for Persons with Disabilities: Apparent architectural violations or other alleged violations may not be violations due to compliance with the Federal Fair Housing Act and or the California Fair Employment and Housing Act.

24. Requirement for Owners to have Smoke and Carbon Monoxide Detectors inside Units: Owners are required by law to have operational smoke detectors and carbon monoxide detectors. (Health and Safety Code §§13113.8, 17926-17926.2)

VILLA SAO MIGUEL OWNERS ASSOCIATION
2026 Budget

GL Code & Description	2025 Budget	2026 Budget		Per Unit/Mo
	Annual	Annual	Monthly	
REVENUES				
300-500 - Homeowner Assessments	778,369.83	800,976.00	66,748.00	407.00
300-600 - NSF & Late Fees	500.00	500.04	41.67	0.25
300-610 - Collection Fees	500.00	500.04	41.67	0.25
302-520 - Violation Fees	-	-	-	-
302-525 - Locker Fees	1,200.00	1,800.00	150.00	0.91
302-530 - Keys & Remote Gate Opener	250.00	300.00	25.00	0.15
302-555 - Laundry Income	6,000.00	7,200.00	600.00	3.66
TOTAL OPERATING REVENUES	786,819.83	811,276.08	67,606.34	412.23
EXPENSES				
ADMINISTRATIVE				
410-200- General Office Expense	-	-	-	-
410-210- Supplies/Materials	350.00	-	-	-
410-220 - Postage/Delivery	3,000.00	3,000.00	250.00	1.52
410-290- Printing and Production	1,000.00	480.00	40.00	0.24
410-900 - Licenses, Fees & Permits	-	-	-	-
410-912 - NSF and Late Fees	-	120.00	10.00	0.06
410-950 - Contingency	-	-	-	-
412-100 - Management Fees	42,515.92	43,800.00	3,650.00	22.26
418-100 - Administration Fees	500.00	120.00	10.00	0.06
418-109 - Ballots and Annual Elections	1,800.00	1,800.00	150.00	0.91
418-112 - Collections Fees	2,000.00	2,400.00	200.00	1.22
418-114 - Reserve Study	500.00	300.00	25.00	0.15
418-120 - Legal Fees	5,000.00	4,800.00	400.00	2.44
418-140 - Tax & Accounting Fees	1,200.00	1,200.00	100.00	0.61
420-600 - Signage	250.00	-	-	-
TOTAL ADMINISTRATIVE	58,115.92	58,020.00	4,835.00	29.48
COMMUNITY BUILDINGS MAINTENANCE				
402-100 - Janitorial Services	27,492.00	30,468.00	2,539.00	15.48
402-110 - Janitorial Supplies	1,200.00	1,200.00	100.00	0.61
402-120 - Carpet Cleaning Contract	12,000.00	12,000.00	1,000.00	6.10
404-100 - Repairs & Maintenance	35,000.00	30,000.00	2,500.00	15.24
404-110 - Maintenance Contract	30,000.00	30,000.00	2,500.00	15.24
404-115 - Building Improvements	-	-	-	-
404-140 - Roof Repairs/Maintenance	7,500.00	8,400.00	700.00	4.27
404-150 - Plumbing Repairs and Maintenance	25,000.00	30,000.00	2,500.00	15.24
404-155 - Mold Abatement	-	-	-	-
404-160 - Jetting	5,000.00	5,400.00	450.00	2.74
404-165 - Boiler Contract	1,500.00	3,600.00	300.00	1.83
404-170 - Boiler Repair & Extra	2,000.00	2,400.00	200.00	1.22
404-500 - Elevator Service Contract	6,600.00	2,400.00	200.00	1.22
404-510 - Elevator Repairs	3,000.00	1,500.00	125.00	0.76
404-710 - Electrical Repairs	2,500.00	1,800.00	150.00	0.91
404-805 - Fire Alarm Monitoring	1,200.00	1,200.00	100.00	0.61
404-810 - Fire & Life Safety	5,000.00	6,000.00	500.00	3.05
TOTAL COMMUNITY BUILDINGS MAINTENANCE	164,992.00	166,368.00	13,864.00	84.54
INSURANCE				
416-100 - Insurance Premium	38,000.00	48,000.00	4,000.00	24.39
416-700 - Workers Comp Insurance Premium	-	-	-	-
TOTAL INSURANCE	38,000.00	48,000.00	4,000.00	24.39
LANDSCAPING MAINTENANCE				
408-100 - Landscape Contract	15,600.00	15,900.00	1,325.00	8.08
408-110 - Landscape Other	2,500.00	3,600.00	300.00	1.83
408-120 - Tree Maintenance	8,000.00	8,000.04	666.67	4.07
TOTAL LANDSCAPING MAINTENANCE	26,100.00	27,500.04	2,291.67	13.97
OTHER GROUNDS MAINTENANCE				
408-200 - Security Patrol	-	-	-	-
408-400 - Pest Control	3,600.00	3,600.00	300.00	1.83
408-410 - Pest Control Other	-	-	-	-
409-172 - Gate Repairs & Maintenance	2,400.00	2,400.00	200.00	1.22
409-175 - Key & Remote Expenses	250.00	300.00	25.00	0.15
TOTAL OTHER GROUNDS MAINTENANCE	6,250.00	6,300.00	525.00	3.20
TAXES				
414-200 - State Income Taxes	35.00	36.00	3.00	0.02
414-300 - Federal Income Taxes	300.00	120.00	10.00	0.06
TOTAL TAXES	335.00	156.00	13.00	0.08
UTILITIES				
406-100 - Gas & Electric	54,000.00	54,000.00	4,500.00	27.44
406-300 - Water & Sewer	93,000.00	93,000.00	7,750.00	47.26
406-410 - Trash	35,000.00	37,440.00	3,120.00	19.02
406-500 - Telephone	4,200.00	4,800.00	400.00	2.44
406-520 - Internet	3,000.00	3,000.00	250.00	1.52
TOTAL UTILITIES	189,200.00	192,240.00	16,020.00	97.68
TOTAL OPERATING EXPENSES	482,992.92	498,584.04	41,548.67	253.35
RESERVE FUNDING				
Reserve Funding	303,826.91	312,692.04	26,057.67	158.89
TOTAL RESERVE FUNDING	303,826.91	312,692.04	26,057.67	158.89
TOTAL EXPENSES	786,819.83	811,276.08	67,606.34	412.23

Assessment and Reserve Funding Disclosure Summary

Villa Sao Miguel HOA

Report Date: 10/21/25 (Disclosure Summary)

Fiscal Year: 01/01/26 - 12/31/26

This disclosure summary is required to be completed and distributed to all members per California Civil Code 5570.

(1) The monthly regular assessment per ownership interest will be (refer to association budget). This is the total amount of assessments plus reserve funding as approved by the Board of Directors for the next fiscal year.

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

Date assessment is due:	N/A
Amount of Special Assessment:	N/A
Purpose of the assessment:	N/A

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

Yes ? X Per funding projections (refer to Exhibit F)

No ?

Annual updates are required to reconcile your actual costs with current funding projections.

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

Approximate date assessment is due: N/A

Amount per month (or per year): N/A

(5) All major components are included in the reserve study and are included in its calculations .

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 (Civil Code), the amount required in the reserve fund is: \$926,647 Fully Funded Balance

Accumulated Cash Reserves \$312,692 as of 09/30/25

Percent Funded (%) 34%

Prepared by Association Studies, LLC Report Date: 10/21/25 (Disclosure Summary)

(7-A) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 (Civil Code), the estimated amount required in the reserve fund at the end of each of the next five budget years is:

Year:	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Fully Funded Balance:	\$1,076,279	\$1,219,092	\$1,267,922	\$1,347,378	\$1,396,035

(7-B) The projected reserve fund cash balance (next 5 years), taking into account only reserve assessments already approved by the Association (per approved HOA budget):

Year:	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Cash Balance:	\$548,584	N/A	N/A	N/A	N/A
% Funded:	51%	N/A	N/A	N/A	N/A

(7-C) If the reserve funding plan (per current Reserve Study, Exhibit F) approved by the association is implemented, the projected reserve fund cash balance and percent funded will be:

Year:	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Cash Balance:	\$548,584	\$714,432	\$903,829	\$1,056,105	\$1,221,253
% Funded:	51%	59%	71%	78%	87%

Assessment and Reserve Funding Disclosure Summary

Villa Sao Miguel HOA

Report Date: 10/21/25 (Disclosure Summary)

Fiscal Year: 01/01/26 - 12/31/26

Note: The financial representations set forth in this summary are based on the best estimates of the preparer as of the date of this report. The estimates in this summary are subject to change. At the time this summary was prepared, the assumed long-term before tax interest rate earned on reserve funds was (not applicable) percent per year. The long-term inflation rate to be applied to major component repair and replacement costs was: 3.00% (refer to Exhibit F)

For the purposes of preparing California Civil Code 5570 (Disclosure Summary):

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

(2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

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

Assumptions:

N/A - Not Applicable at this time (refer to HOA budget)

Annual updates of this study are required to reconcile your actual costs with budget projections in this report.

California Civil Code Information: www.condobook.com or www.leginfo.legislature.ca.gov

**30 Year Cash Flow
Reserve Funding Projections**

Villa Sao Miguel HOA

Report Date: 10/21/25 (Disclosure Summary)

Fiscal Year: 01/01/26 - 12/31/26

Year	Date	Projected Reserves	+	Reserve Contributions	+	Special Assessment	-	Reserve Disbursements	=	Year End Reserves	Fully Funded Balance	Percent Funded
		Projected		+ Cash		+ Cash		- Expenses		Projected	Ideal	%
1	2026	\$312,692	+	\$312,692	+	\$0	-	\$76,800	=	\$548,584	\$1,076,279	51%
2	2027	\$548,584	+	\$312,692	+	\$0	-	\$146,844	=	\$714,432	\$1,219,092	59%
3	2028	\$714,432	+	\$312,692	+	\$0	-	\$123,295	=	\$903,829	\$1,267,922	71%
4	2029	\$903,829	+	\$312,692	+	\$0	-	\$160,416	=	\$1,056,105	\$1,347,378	78%
5	2030	\$1,056,105	+	\$312,692	+	\$0	-	\$147,544	=	\$1,221,253	\$1,396,035	87%
6	2031	\$1,221,253	+	\$312,692	+	\$0	-	\$340,026	=	\$1,193,919	\$1,464,614	82%
7	2032	\$1,193,919	+	\$312,692	+	\$0	-	\$223,153	=	\$1,283,458	\$1,342,354	96%
8	2033	\$1,283,458	+	\$297,057	+	\$0	-	\$244,884	=	\$1,335,631	\$1,342,326	100%
9	2034	\$1,335,631	+	\$237,646	+	\$0	-	\$228,520	=	\$1,344,757	\$1,325,601	101%
10	2035	\$1,344,757	+	\$190,117	+	\$0	-	\$84,351	=	\$1,450,523	\$1,331,086	109%
11	2036	\$1,450,523	+	\$171,105	+	\$0	-	\$66,171	=	\$1,555,458	\$1,491,263	104%
12	2037	\$1,555,458	+	\$184,793	+	\$0	-	\$202,219	=	\$1,538,032	\$1,681,185	91%
13	2038	\$1,538,032	+	\$199,577	+	\$0	-	\$241,773	=	\$1,495,836	\$1,743,075	86%
14	2039	\$1,495,836	+	\$219,535	+	\$0	-	\$317,876	=	\$1,397,495	\$1,772,673	79%
15	2040	\$1,397,495	+	\$241,488	+	\$0	-	\$287,024	=	\$1,351,959	\$1,731,562	78%
16	2041	\$1,351,959	+	\$265,637	+	\$0	-	\$210,038	=	\$1,407,558	\$1,727,989	81%
17	2042	\$1,407,558	+	\$292,201	+	\$0	-	\$303,258	=	\$1,396,501	\$1,810,809	77%
18	2043	\$1,396,501	+	\$321,421	+	\$0	-	\$193,422	=	\$1,524,500	\$1,807,516	84%
19	2044	\$1,524,500	+	\$353,563	+	\$0	-	\$252,648	=	\$1,625,414	\$1,924,897	84%
20	2045	\$1,625,414	+	\$388,919	+	\$0	-	\$81,737	=	\$1,932,596	\$1,992,668	97%
21	2046	\$1,932,596	+	\$427,811	+	\$0	-	\$656,248	=	\$1,704,159	\$2,246,618	76%
22	2047	\$1,704,159	+	\$470,592	+	\$0	-	\$331,558	=	\$1,843,193	\$1,924,792	96%
23	2048	\$1,843,193	+	\$423,533	+	\$0	-	\$174,929	=	\$2,091,797	\$1,936,342	108%
24	2049	\$2,091,797	+	\$381,180	+	\$0	-	\$375,018	=	\$2,097,958	\$2,118,427	99%
25	2050	\$2,097,958	+	\$304,944	+	\$0	-	\$114,339	=	\$2,288,563	\$2,109,006	109%
26	2051	\$2,288,563	+	\$350,685	+	\$0	-	\$364,992	=	\$2,274,256	\$2,377,203	96%
27	2052	\$2,274,256	+	\$403,288	+	\$0	-	\$435,981	=	\$2,241,563	\$2,404,952	93%
28	2053	\$2,241,563	+	\$443,617	+	\$0	-	\$267,688	=	\$2,417,492	\$2,370,388	102%
29	2054	\$2,417,492	+	\$487,978	+	\$0	-	\$335,121	=	\$2,570,349	\$2,518,399	102%
30	2055	\$2,570,349	+	\$536,776	+	\$0	-	\$228,143	=	\$2,878,982	\$2,611,972	110%

30 Year Funding Assumptions

Inflationary Multiplier (next 30 yrs)	3.0%
Average Reserve Funding (% increase per yr)	2.4%
Average Expenses Per Unit / Month	\$122
Average Funding Per Unit / Month	\$166
Average Percent Funded (next 30 yrs)	90%
Special Assessment (average / yr)	\$0

Annual updates of this study are required to reconcile your actual costs with budget projections in this report.



Kirk Miller Insurance Agency, Inc.
 Offices in San Diego, CA and Pleasanton, CA
 San Diego Phone: 858.240.2593
 Pleasanton Phone: 925.334.5700
 CA #0K05931 | OR #8787714 | NV #764468

Annual Disclosure
Villa Sao Miguel Owners Association

Property Insurer			Farmers Insurance Group	
Coverage Limit:	\$ 13,714,700	AAV	Effective	3/1/2025
Deductible:	\$ 10,000		Expires:	3/1/2026
General Liability Insurer			Farmers Insurance Group	
Coverage Limit:	\$ 2,000,000		Effective	3/1/2025
Deductible:	\$ -		Expires:	3/1/2026
Fidelity / Crime Insurer			Farmers Insurance Group	
Coverage Limit:	\$ 500,000		Effective	3/1/2025
Deductible:	\$ 2,500		Expires:	3/1/2026
Directors & Officers Liability Insurer			Farmers Insurance Group	
Coverage Limit:	\$ 1,000,000		Effective	3/1/2025
Deductible:	\$ 1,000		Expires:	3/1/2026
Workers Compensation Insurer			Farmers Insurance Group	
Coverage Limit:	\$ 1,000,000		Effective	3/1/2025
Deductible:	\$ -		Expires:	3/1/2026
Umbrella / Excess Liability Insurer			Farmers Insurance Group	
Coverage Limit:	\$ 3,000,000		Effective	3/1/2025
Deductible:	\$ 10,000		Expires:	3/1/2026

This summary of the association’s policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association’s insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association’s policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

VILLA SAO MIGUEL HOMEOWNERS ASSOCIATION

COLLECTION POLICY

Villa Sao Miguel Homeowners Association ("Association") is responsible for (according to the Association's governing documents and California law) to impose and collect assessments so that the Association can, among other things, manage, maintain and operate your homeowners association.

Timely payment of assessments is of critical importance to the Association. Although most owners pay their assessments on time, the failure of any owner to pay assessments when due creates a cash-flow problem for the Association and causes those owners who pay their assessments on time to bear a disproportionate share of the Association's financial obligations. Therefore, to encourage the prompt payment of assessments and as required by law and/or the Association's governing documents, the Board of Directors has enacted the following policies and procedures (this "Collection Policy") concerning collection of delinquent assessment accounts, subject to Civil Code Sections 5600, et seq. and 5700 et seq.

I. **DUE DATE:** All Regular Assessments shall be due and payable, in advance, in equal monthly installments, on the first day of each month. Special Assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval.

2. **PAYMENT/RECEIPTS/OVERNIGHT PAYMENT LOCATION:** The Association collects assessments (current and delinquent), late fees and interest. Assessments may be paid by check and by electronic payment. A charge of \$25.00, in addition to late fees, if applicable, may be assessed against any account whose check has been returned for Non-Sufficient Funds (NSF). When an owner makes a payment, the owner may request a receipt and the Association will provide a receipt, which will indicate the date of payment and person who received the payment (Civil Code Section 5655). Owners are entitled to inspect the Association's accounting books and records (Corporations Code Section 8333). Any request for a receipt of payment must be submitted directly to the Association's business address (separately from any actual payment). Overnight payment of assessments may be sent/delivered to the following address:

Villa Sao Miguel Owners Association
C/O A.R.K. HOA Management LLC
4950 S 48th Street
Phoenix, AZ 85040

3. **APPLICATION OF PAYMENTS:** Payments received on delinquent assessments shall be applied to the owner's account as follows: payments shall be applied first to the principal delinquent balance. Only after the principal is paid in full shall any payments be applied to interest, late charges, collection expenses, administration fees, attorneys' fees, reimbursement assessments, or any other amount due to the Association which results in continued delinquencies.

4. **LATE CHARGE:** All assessments shall be delinquent if not paid within fifteen (15) days after they become due and will result in the imposition of a late charge of ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater. Furthermore, the Association shall be entitled to recover any reasonable collection costs, including attorneys' fees, collection expenses, administration fees, or any other amounts that the Association incurs in its efforts to collect the delinquent sums.

5. **INTEREST:** If an assessment payment is not paid within thirty (30) days of its original due date, interest may be imposed on all sums due, including the delinquent assessment, attorneys' fees, collection costs, and late charges, at an annual percentage rate of twelve percent (12%) or the rate specified within the CC&RS, whichever is less.

6. **SECONDARY ADDRESS:** Upon receipt of a written request by an owner identifying a secondary address for the purposes of assessment collection notices, the Association shall send additional copies of any collection notices required by this Collection Policy to the secondary address provided. The owner's notice of a secondary address must be in writing and mailed to the Association in a manner that shall indicate that the Association has received it. The Association shall only send notices to the indicated secondary address at the point in time the Association receives the written request.

7. **LIEN POLICY:** Prior to recording a lien for delinquent assessments, the Association or its agent shall send a warning letter, via certified mail, to the property owner when the account is more than thirty (30) days past due. If the delinquent account is not paid current within thirty (30) days of the letter, the Association or its agent may cause to be recorded in the San Diego County Recorder's Office a Notice of Delinquent Assessment (assessment lien) concerning all sums that are then delinquent, including the delinquent assessment, late charges, costs, and reasonable attorneys' fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent owner's property.

8. **ALTERNATIVE DISPUTE RESOLUTION:**

a. Assessment Lien. Prior to recording an assessment lien, the Association shall offer the owner and, if so requested by the owner, the option of participating in dispute resolution, consistent with Civil Code Sections 5900, et seq. The Association's offer shall either be placed within the Association's pre-lien letter or in separate written communication to the owner. An owner who desires to accept the offer to "meet and confer" under this section shall elect such option by submitting a written request to the Association or the Association's legal counsel, which written request must be received by the Association within twenty (20) days from the date of the offer to "meet and confer." If the offer to "meet and confer" under Sections 5900, et seq. is accepted by the owner, the Association shall designate a prompt date and time for the meet and confer, at a location that shall either be the Association's principal office or another convenient location as designated by the Association. The Association shall designate a Board officer or officers, to participate in the meet and confer with the owner.

b. **Foreclosure.** Prior to initiating foreclosure proceedings against an owner's separate interest, the Association shall offer the delinquent owner, and if so requested by the owner, to meet and confer with a delinquent owner (Civil Code Sections 5900, et seq.) OR alternative dispute resolution (Civil Code Sections 5925, et seq.) to resolve any dispute related to the total amount of delinquencies owed by the delinquent owner to the Association and/or the Association's Collection Policy ("ADR Offer"). An owner who wishes to accept the ADR Offer must do so by submitting his/her/its written request to facilitate the ADR that is elected with the Association, which written request must be received by the Association within thirty (30) days from the day the ADR Offer is submitted to the delinquent owner. The Association shall designate a prompt date and time for the elected ADR. If a "meet and confer" is elected by the delinquent owner, the Association shall designate a Board officer or officers to participate in the meet and confer with the delinquent owner. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the Association intends to initiate judicial foreclosure.

9. **DISCIPLINARY HEARING:** Additionally, the Association may elect to provide a delinquent owner a written notice (either in the pre-lien letter or in a separate written document, as determined by the Board of Directors) of a hearing before the Board of Directors, wherein the owner shall be invited to show good cause why (a) the owner's voting privileges; and/or (b) the owner's privileges for use of the common area/recreational facilities (hereinafter collectively "Membership Privileges") should not be suspended for non-payment of the delinquent assessment(s) ("Disciplinary Hearing"). The notice and hearing procedures shall be in accordance with the following rules and restrictions:

a. Written notice shall be mailed to the owner not less than ten (10) days prior to the date of such hearing by first class or certified mail at owner's last known address as shown on the Association's records. The notice shall set forth the amount of delinquency owed by the owner and the time, date and place on which the hearing shall be held.

b. The Board of Directors shall provide an opportunity for the owner to be heard, orally or in writing, at the Disciplinary Hearing prior to making any determination on the suspension of any Membership Privileges.

c. In the event good cause is not shown and the owner's account has not been brought current, then the Board may suspend any of the owner's Membership Privileges. The Board shall hold the hearing in Executive Session; provided, however, if the Board is requested by a Member to have his or her matter be heard in an open Board meeting, then the matter must be heard in an open Board meeting, and not in Executive Session.

d. After the Disciplinary Hearing, the Board of Directors shall provide within fifteen (15) days of the Disciplinary Hearing written notice to the owner of the suspension of any Membership Privileges.

10. **ASSESSMENT LIEN:**

a. If the delinquent owner does not bring his or her account current within the deadline set forth in the pre-lien letter, the Board of Directors may proceed with recording an assessment lien against that owner's separate interest.

b. For liens recorded on or after January 1, 2006, the decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. Prior to causing an assessment lien to be recorded, the Board of Directors must approve the recordation of an assessment lien against the delinquent owner's separate interest. The Board of Directors for the Association shall approve the decision to record an assessment lien by a majority vote in an open meeting; the Board shall record the vote in the minutes of that meeting. The Board's action should refer to the Assessor's Parcel Number of the property that is delinquent, rather than the name of the owner (Civil Code Section 5673).

c. The Assessment Lien shall be recorded in the County Recorder's Office itemizing all sums that are then delinquent, including the delinquent assessment(s), the then current monthly assessment amount which will also accrue and be a part of the lien, interest, late charges, collection costs and reasonable attorneys' fees. Recording this notice creates a lien, which may be foreclosed upon by the Association.

11. **FORECLOSURE:**

a. ADR Procedure. The Association, prior to initiating foreclosure proceedings against a delinquent owner's separate interest, must comply with the alternative dispute resolution procedure set forth above (except that the timeline for the delinquent owner to accept a meet and confer would be thirty (30) days from the date of the owner's receipt of this pre-foreclosure offer) or alternative dispute resolution consistent with Civil Code Sections 5925, et seq. ("IDR/ADR Offer"). The owner shall have thirty (30) days from the date of the IDR/ADR Offer to decide whether or not the owner wishes to pursue dispute resolution or a particular type of alternative dispute resolution (except that binding arbitration is not available to any delinquent owner if the Association intends to initiate judicial foreclosure).

b. Board Approval. Prior to initiating foreclosure proceedings, the Board of Directors must, in executive session, approve the decision to proceed with foreclosure by a majority vote. The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the board of directors of the Association and may not be delegated to an agent of the Association. The Board shall record the Board's executive session decision in the minutes of the next meeting of the Board open to the members by referencing the Assessor's Parcel Number of the property that is delinquent, not the name of the delinquent owner. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale. The Board of Directors shall provide notice by personal service to the owner of a separate

interest who occupies the separate interest or to the owner's legal representative, if the Board votes to foreclosure upon the separate interest. If the owner does not occupy the subject lot/unit, the Board shall provide written notice via first-class mail to the most current address shown in the books of the Association.

c. **Threshold Amount.** The Board of Directors shall not proceed with any form of foreclosure unless and until the amount of delinquent assessments (exclusive of any accelerated assessments, late charges, fees, costs of collection, attorney's fees or interest) equals or exceeds One Thousand Eight Hundred Dollars (\$1,800.00) or the assessments have been delinquent for more than twelve (12) months ("Threshold"). Once the Threshold has been met and all other requirements identified above have been completed, the Board may proceed with foreclosure of the assessment lien pursuant to the Association's governing documents and Civil Code Sections 5700 through 5720.

12. **MONEY JUDGMENT:** If the Association determines that a lawsuit is appropriate, the Association may file a personal lawsuit against the delinquent owner to recover all delinquent assessments owing to the Association. If a lawsuit is necessary to collect the delinquent assessments from the owner, all expenses, costs and attorneys' fees in connection with said lawsuit, including but not limited to pre- and post- judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees shall be recovered from the owner defendant.

13. **RELEASE OF LIEN:** When a delinquent owner has paid in full all delinquent assessments and charges, the attorney shall prepare a Release of Lien, which shall be recorded in the County Recorder's Office within twenty-one (21) days of receipt of the sums necessary to satisfy the delinquent amount and mail a copy of the lien release to the Owner of the residential lot/unit.

14. **PAYMENT PLANS:** An owner of a separate interest which is not a timeshare or who is not a developer may, if mailed to the Association within fifteen (15) days of the postmark date of the pay or lien notice, submit a written request to meet with the Board to discuss a payment plan for the payment of any delinquency. The Association shall provide the owner with the Association's standards for payment plans, if any exist. The Board shall meet with the owner in executive session within forty-five (45) days of the postmark of the request, unless there is no regularly scheduled Board meeting within that period, in which case the Board shall designate a committee of one or more members to meet with the owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to record a lien on the owner's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect delinquent assessments from the time prior to entering the payment plan (Civil Code Section 5665). The Association will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.

15. **PARTIAL PAYMENTS.** If the delinquent owner makes partial payments, the collection process will continue until the delinquent owner pays the debt in full, including all collection fees and costs. Owners shall not send any assessment payments to the Association once the matter has been turned over to the Association's legal counsel for collection; such payments shall only be accepted by the Association's legal counsel. Once the account is paid in full, the attorney shall release the assessment lien.

16. **PERSONAL OBLIGATION TO PAY ASSESSMENTS AND CHARGES:** Assessments, together with late charges, reasonable fees and costs of collection, reasonable attorneys' fees, and interest determined in accordance with California Civil Code Section 5650 and the Association's governing documents are a debt of the owner of a separate interest (i.e. condominium or lot) at the time that the assessment or other charges are levied. Whether or not the Association records a notice of delinquent assessment (lien) on the delinquent owner's property, the Association has a right to look to the owner, personally, to pay the debt and pursue collection of that debt in a court action. The Association is also entitled, upon compliance with the requirements of California law and provided certain criteria and procedures as specified by law are satisfied, to record a lien against the property and to take enforcement action to sell the property without court action by non-judicial foreclosure. The recording of a lien against the property does not limit the right of the Association to pursue any owner personally for payment of all monies due.

17. **TIMELY PAYMENTS:** It is the owner's responsibility to allow ample time to drop off or mail all monies due before the delinquency date. As a courtesy only, invoices or statements for regular assessments will regularly be sent to an owner by first-class mail addressed to the owner at his or her address as shown on the books and records of the Association. However, it is the owner's responsibility to be aware of the assessment payment due dates and to pay all assessments when due, in the correct amount, whether or not an invoice or statement has been sent. Owners should promptly advise the Association of any changes in the owner's mailing address.

18. **RIGHT TO REQUEST VALIDATION OF DEBT:** An owner has the right to request validation of the debt by notifying the Association in writing of such request within thirty (30) days of the Association's initial communication to the owner. Upon such request being made, an account history or other document reflecting the delinquent balance will be forwarded to the owner. Any information obtained in the collection process or obtained from an owner will be used for the purpose of collecting any monies owed.

19. **COMPLIANCE WITH CIVIL CODE SECTION 5730:** The following notice is set forth to comply with Civil Code Sections 5310 and 5730:

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this

notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

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

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

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

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

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner with 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, he or she 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 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. (Civil Code Section 5685)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare 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 of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Civil Code Section 5665)

20. **EFFECTIVE DATE:** This policy was duly adopted by resolution of the Board of Directors on May 19, 2015.

VILLA SAO MIGUEL OWNERS ASSOCIATION
Enforcement & Fine Policy

The Villa Sao Miguel Enforcement Policy provides notifying an owner, in writing, of an alleged violation, providing a 10-day notice to cure, and in failing to do so, a hearing notice to come before the Board, at which time upon the discretion of the Board, a fine may be imposed. Owners have the right to appeal the decision of the Board in writing.

Fine Schedule Section 19. Rules & Regulations

- 19.1 General violation first offense: \$100.00**
- 19.2 General violation second offense: \$100.00**
- 19.3 General violation third offense: \$100.00**
- 19.4 Health & Safety violation first offense: \$300.00**
- 19.5 Health & Safety violation second offense: \$400.00**
- 19.6 Health & Safety violation third offense: \$500.00 (each reoccurring violation)**

Age Restriction Fines

Underage Resident: \$100.00 (1st month)

Underage Resident: \$100.00 (2nd month and each additional month)

Statement addressing Condominium Project Status & FHA Certification [Civ. Code §5300 (b) (10)]

Certification of 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.

The common interest development is a Condominium Association.

The association of this common interest development is certified by the Federal Housing Administration.

Statement addressing Condominium Project Status & VA Certification [Civ. Code §5300 (b) (11)]

Certification of 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.

The common interest development is a Condominium Association.

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

Guidelines for Submittal of Architectural Plans

Architectural approval must be given for structural, plumbing, electrical or modifications to the Exterior of a unit prior to the start of any work.

Are you moving or adding either plumbing fixtures or electrical wiring? Are you replacing the flooring? Are you planning any structural changes to the walls?

If the answer is yes to any of these then you must fill out an architectural change form and the rules must be followed. If you are simply replacing an old fixture with a new one in the same location, then it does not require filling out a form.

Please provide the following:

1. Please complete a description of the proposed changes
2. Include plans to scale that show:
 - a. Location of improvements in relation to unit
 - b. Complete dimensions of changes proposed
 - c. Description of materials and color scheme
 - d. Clearly marked plant types, sizes and quantities (if any)
3. Please submit the following:
 - a. Completed application for Architectural Change form
 - b. Completed Architectural Responsibility / Hold Harmless form

Forms and documentation are to be emailed to customerservice@ark-management.com OR mailed to the following address:

Villa Sao Miguel Owners Association
10620 Treena St. Ste. 230
San Diego, CA 92131

The plans will be sent for review, and you will receive a written notice of the decision. Please note it may take up to 90 days for the Architectural Committee or Board review process. We therefore encourage applicant to begin this process well before the work is scheduled.

Sincerely,

Villa Sao Miguel Owners Association

Board of Directors

VILLA SAO MIGUEL OWNERS ASSOCIATION
APPLICATION FOR ARCHITECTURAL CHANGE

Name: _____ Date: _____

Address: _____ Unit: _____

Phone: _____ Date Submitted: _____

I request your consent to make the following changes, alterations, renovations, additions, and/or removals to my Unit (GENERAL DESCRIPTION OF WORK TO BE PERFORMED include dimensions, shape, color, and location. Attach a sketch, photograph, or sales brochure illustration of the desired change).

The Villa Sao Miguel Owners Association Board of Directors requires your acceptance of the following conditions prior to modification of the common area as described in your application:

I understand that the Board will act on this request and provide me with a written response of their decision. I further understand and agree to the following provisions:

1. No work or commitment of work will be made by me until I have received written approval from the Board of Directors.
2. All work will be done at my expense and all future upkeep will remain at my expense.
3. All work will be done expeditiously once commenced and will be done in a good workman-like manner by myself or a contractor.
4. All work will be performed at a time and in a manner to minimize interference and inconvenience to other unit Owners.

5. I assume all liability and will be responsible for all damage and/or injury which may result from performance of this work.
6. I will be responsible for the conduct of all persons, agents, contractors, and employees who are connected with this work.
7. I will be responsible for complying with, and will comply with, all applicable federal, state, and local laws, codes, regulations, and requirements in connection with this work, and I will obtain any necessary governmental permits and approvals for the work. I understand and agree that the Villa Sao Miguel Owners Association, its Board of Directors and its agent have no responsibility with respect to such compliance and that the Board of Directors' or its designated committee's approval of this request shall not be understood as the making of a representation or warranty that the plans, specification, or work comply with any law, code, regulation, or governmental requirement.
8. I understand that a decision by the Board of Directors is final.
9. The Contractor is _____
10. The Contractor's License is _____

I understand and agree to the above provisions.

Homeowner Signature: _____

Board of Directors Use Only:

Approved: _____ Not Approved: _____

Approved with Conditions: _____

Board Member Signature: _____ Date: _____

VILLA SAO MIGUEL OWNERS ASSOCIATION
ARCHITECTURAL RESPONSIBILITY / HOLD HARMLESS

Name: _____ Date: _____

Address: _____ Unit: _____

The Villa Sao Miguel Owners Association Board of Directors requires your acceptance of the following conditions prior to modification of the common area as described in your application:

1. The present and all subsequent Owners of the Unit will hold the Association and the Board of Directors harmless for any and all damage or injury by the proposed modification(s).
2. The present and all subsequent Owners of the Unit accept any and all responsibility for any damage to the Unit, common area of the neighboring units caused by the modification of the common area.
3. The present and all subsequent Owners of the Unit will maintain and keep up the proposed modification in accordance with the requirements of the Board of Directors.
4. Homeowner will supply all necessary plans, permits, and documents for this project and will see it that the project is built to conform to the plans set forth by Villa Sao Miguel Owners Association as well as the City and State building codes.

Please note that acceptance of this agreement by signing this letter and returning it to Management for the Board of Directors signature must be obtained before starting work. A copy will be provided for your files.

Approval of your project is subject in receiving this signed agreement.

Homeowner Signature: _____ Date: _____

Board Member Signature: _____ Date: _____

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525*

The seller may, in accordance with Section 4530 of the Civil Code, provide the prospective purchaser with, 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 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 Section 4525 Items: _____

Print Name: _____

Position or Title: _____

Association or Agent: _____

Date Signed: _____

CHECK OR COMPLETE APPLICABLE COLUMN OR COLUMNS BELOW			
Document	Civil Code Section Included	Fee for Document	Not Available (N/A), Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP), Noticed in Demand (DM)
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	\$30.00	
CC&Rs	Section 4525(a)(1)	\$50.00	
Bylaws	Section 4525(a)(1)	\$40.00	
Operating Rules	Section 4525(a)(1)	\$40.00	
Age restrictions, if any	Section 4525(a)(1)		N/A
Rental restrictions, if any	Section 4525(a)(9)		See Civil Code §4741
Annual budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)	\$75.00	

Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	\$50.00	
Financial statement review	Sections 5305 and 4525(a)(3)	\$40.00	
Assessment enforcement policy	Sections 5310 and 4525(a)(4)	\$25.00	
Insurance summary	Sections 5300 and 4525(a)(3)	\$25.00	
Regular assessment	Section 4525(a)(4)	Up to \$250.00	DP or DM
Special assessment	Section 4525(a)(4)	\$10.00	
Emergency assessment	Section 4525(a)(4)	\$10.00	
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)	\$250	DM
Approved changes to assessments	Sections 5300 and 4525(a)(4), (8)	\$250	DM
Settlement Notice regarding common area defects	Sections 4525(a)(6), (7), and 6100	\$250	DM
Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100	\$250	DM
Notice of Violations	Sections 5855 and 4525(a)(5)	\$250	DM
Required statement of fees	Section 4525	\$250	DM
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section 4525(a)(10)	\$50.00	

TOTAL FEES FOR THESE DOCUMENTS: Price Varies on Package Purchased or Individual Documents Purchased.

* 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 shall be charged separately. Additional charges between \$10.00 - \$25.00 are added to orders through CondoCerts. The purchase of packages can lower the above rates. Rates are subject to change with no notice.

VILLA SAO MIGUEL OWNERS ASSOCIATION

Architectural Application



A.R.K. Management

Guidelines for Submittal of Architectural Plans

Architectural approval must be given for structural, plumbing, electrical or modifications to the Exterior of a unit prior to the start of any work.

Please provide the following:

1. Please complete a description of the proposed changes
2. Include plans to scale that show:
 - a. Location of improvements in relation to unit
 - b. Complete dimensions of changes proposed
 - c. Description of materials and color scheme
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3. Please submit the following:
 - a. Completed application for Architectural Change form
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Forms and documentation are to be emailed to customerservice@ark-management.com OR mailed to the following address:

Villa Sao Miguel Owners Association
9988 Hibert St. Ste. 102
San Diego, CA 92131

The plans will be sent for review, and you will receive a written notice of the decision. Please note it may take up to 90 days for the Architectural Committee or Board review process. We therefore encourage applicant to begin this process well before the work is scheduled.

Sincerely,

Villa Sao Miguel Owners Association
Board of Directors

VILLA SAO MIGUEL OWNERS ASSOCIATION
APPLICATION FOR ARCHITECTURAL CHANGE

Name: _____ Date: _____

Address: _____ Unit: _____

Phone: _____ Date Submitted: _____

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1. No work or commitment of work will be made by me until I have received written approval from the Board of Directors.
2. All work will be done at my expense and all future upkeep will remain at my expense.
3. All work will be done expeditiously once commenced and will be done in a good workman-like manner by myself or a contractor.
4. All work will be performed at a time and in a manner to minimize interference and inconvenience to other unit Owners.

5. I assume all liability and will be responsible for all damage and/or injury which may result from performance of this work.
6. I will be responsible for the conduct of all persons, agents, contractors, and employees who are connected with this work.
7. I will be responsible for complying with, and will comply with, all applicable federal, state, and local laws, codes, regulations, and requirements in connection with this work, and I will obtain any necessary governmental permits and approvals for the work. I understand and agree that the Villa Sao Miguel Owners Association, its Board of Directors and its agent have no responsibility with respect to such compliance and that the Board of Directors' or its designated committee's approval of this request shall not be understood as the making of a representation or warranty that the plans, specification, or work comply with any law, code, regulation, or governmental requirement.
8. I understand that a decision by the Board of Directors is final.
9. The Contractor is _____
10. The Contractor's License is _____

I understand and agree to the above provisions.

Homeowner Signature: _____

Board of Directors Use Only:

Approved: _____ Not Approved: _____

Approved with Conditions: _____

Board Member Signature: _____ Date: _____

VILLA SAO MIGUEL OWNERS ASSOCIATION
ARCHITECTURAL RESPONSIBILITY / HOLD HARMLESS

Name: _____ Date: _____

Address: _____ Unit: _____

The Villa Sao Miguel Owners Association Board of Directors requires your acceptance of the following conditions prior to modification of the common area as described in your application:

1. The present and all subsequent Owners of the Unit will hold the Association and the Board of Directors harmless for any and all damage or injury by the proposed modification(s).
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3. The present and all subsequent Owners of the Unit will maintain and keep up the proposed modification in accordance with the requirements of the Board of Directors.
4. Homeowner will supply all necessary plans, permits, and documents for this project and will see it that the project is built to conform to the plans set forth by Villa Sao Miguel Owners Association as well as the City and State building codes.

Please note that acceptance of this agreement by signing this letter and returning it to Management for the Board of Directors signature must be obtained before starting work. A copy will be provided for your files.

Approval of your project is subject in receiving this signed agreement.

Homeowner Signature: _____ Date: _____

Board Member Signature: _____ Date: _____