

BARRON SQUARE HOMEOWNERS ASSOCIATION

Thain Way • Palo Alto • California

November 23, 2011

Dear Barron Square Homeowner:

The 2012 Budget, which was adopted by the Board of Directors at an Open Board Meeting held on November 16, 2011, calls for a zero percent increase in the 2012 assessments keeping the monthly assessments according to the table below.

2012 MONTHLY DUES TABLE

Effective January 1, 2012, monthly assessments will be in accordance with the following table:

Unit Type	Percent	No. of Units	Total Percent	2012	Total	2011
				Mo. Dues Per Unit	Mo. Dues By Type	Mo. Dues Per Unit
1	1.52	1	1.52	593.00	593	593.00
2	1.51	42	63.42	589.00	24,738	589.00
3	1.79	14	25.06	699.00	9,786	699.00
4	1.25	8	10.00	488.00	3,904	488.00
		65	100.00		39,021	

Enclosed with this letter are the following:

- 2012 Operating and Reserve Budget
- Assessment and Reserve Funding Disclosure Summary
- Reserve Funding Plan
- Notice of Right to Submit Secondary Address for Collection Notices
- Members Right to Minutes
- Notice Regarding Assessment and Foreclosure
- Assessment Collection Policy
- Alternative Dispute Resolution (ADR) Rights
- Internal Dispute Resolution Rights (IDR)
- Procedure for Alterations or Modifications
- Summary of Association Insurance Coverage (Civil Code § 1365)

CONTINUED ON REVERSE

BARRON SQUARE HOMEOWNERS ASSOCIATION

Thain Way ▪ Palo Alto ▪ California

Please keep this copy of the 2012 Budget with your other Association documents for your reference and to be included in a transfer to a future owner in the event that you sell your home.

Also note that enclosed with this 2012 Budget is the current insurance disclosure from State Farm and Walton & Associates Insurance. If you/your lender/agent need further insurance information concerning the Association's coverage, please contact the insurance agent directly.

If you have any questions regarding the *2012 Budget*, please submit them, in writing, to the Board of Directors, in care of PML Management at the address listed below.

Sincerely,

The Barron Square Board of Directors

Enclosures

BARRON SQUARE HOA - BUDGET SUMMARY

Fiscal Year: 01/01/2012 - 12/31/2012

	Actual at 12/31/10	Est. at 12/31/11	2012 Budget	Avg Unit Per Mo.
REVENUES:				
Total Regular Assessments	468,351	468,357	468,357	600.46
Total Interest & Dividend Income	21,017	17,510	12,058	15.46
Total Other Income	1,517	160	650	0.83
TOTAL REVENUES	490,885	486,027	481,066	616.75
EXPENSES:				
<i>MAINTENANCE & REPAIRS</i>				
Common Area Repairs & Maint.	9,437	8,125	8,370	10.73
Gutter Cleaning and Repairs	5,000	4,900	5,050	6.47
Unit Interior Related Repairs	0	875	900	1.15
Janitorial Services	1,990	1,920	1,980	2.54
Janitorial Supplies	123	150	150	0.19
Landscape - Contract	55,332	55,944	57,620	73.87
Landscape - Other	2,505	1,850	1,910	2.45
Landscape - Irrigation	893	960	0	-
Landscape - Large Tree Maint.	2,076	1,070	1,100	1.41
Lighting & Supplies	3,808	1,500	1,550	1.99
Pest Control	1,910	1,920	1,980	2.54
Plumbing & Sewers	2,316	4,280	4,410	5.65
Pool & Spa - Contract	3,840	3,840	3,960	5.08
Pool & Spa - Supplies & Repair	928	1,400	1,440	1.85
TOTAL MAINT. & REPAIRS	90,156	88,734	90,420	115.92
<i>UTILITIES</i>				
Gas	2,095	1,250	1,400	1.79
Electricity	5,609	5,440	6,000	7.69
Storm Drain	10,094	10,130	11,100	14.23
Water	12,966	11,860	13,000	16.67
TOTAL UTILITIES	30,763	28,680	31,500	40.38
<i>ADMINISTRATIVE</i>				
Audit & Tax Preparation	3,070	2,950	3,000	3.85
Mailings, Postage & Copies	4,699	3,070	3,200	4.10
Dues & Subscriptions	265	265	300	0.38
Meeting Expenses / Social Functions	475	600	600	0.77
Insurance	62,794	58,100	59,800	76.67
Insurance - Worker's Comp.	777	780	800	1.03
Legal & Professional Services	15,021	2,350	2,400	3.08
Management Services	25,695	26,460	27,500	35.26
Misc. Administrative	1,429	1,220	1,300	1.67
IRS/FTB - Pr. Yr. Pmts/Penalty	0	335	300	0.38
Permits, Licenses & Other	1,307	1,100	1,100	1.41
TOTAL ADMINISTRATIVE	115,531	97,230	100,300	128.59
Total Reserve Expenditures	97,664	43,550	188,825	242.08
Total Income Tax	4,441	3,470	2,520	3.23
TOTAL EXPENDITURES	338,556	261,664	413,565	530.21
Total Reserve Balance	958,618	1,195,850	1,263,351	
Percent Reserves Funded		52%	53%	

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Fiscal Year: 01/01/2012 - 12/31/2012

Component	Year New	Pres. Est. Cost	Est. Use. Life	Est. Rem. Life	Req'd Bal at 12/31/11	2012 Additions	2012 Expenses	Req'd Bal at 12/31/12
BUILDING EXTERIOR - ROOFS								
Inspection & Repair Allowance - All Roofing Components	2010	10,000	2	0	10,000	5,000	10,000	5,000
Flat Roof Replacement @ 550 Thain	2012	14,000	20	0	14,000	700	14,000	700
Sloped & Flat Roof/Gutter/Downspout/Skylights - 25%	1998	197,114	18	4	153,311	10,951	0	164,262
Sloped & Flat Roof/Gutter/Downspout/Skylights - 25%	1998	197,114	19	5	145,242	10,374	0	155,616
Sloped & Flat Roof/Gutter/Downspout/Skylights - 25%	1998	197,114	20	6	137,980	9,856	0	147,836
Sloped & Flat Roof/Gutter/Downspout/Skylights - 25%	1998	197,114	21	7	131,409	9,386	0	140,796
PAINTING & STAINING								
Paint - All Wood/Metal Components	2009	135,000	6	3	67,500	22,500	0	90,000
Paint - Wood Shingle	2009	85,000	6	3	42,500	14,167	0	56,667
PAVING & CONCRETE								
Asphalt Paving - Seal Coat	2010	8,596	5	3	3,438	1,719	0	5,158
Asphalt Paving - Parking Striping	2010	581	5	3	232	116	0	349
Asphalt Paving - Curb Painting	2010	1,082	5	3	433	216	0	649
Asphalt Paving - Minor Repair - 5%	2010	10,746	5	3	4,298	2,149	0	6,448
Asphalt Paving - Major Repair - 25%	2010	53,728	40	7	44,326	1,343	0	45,669
Concrete Repairs - Repair/Replace - Minor	2011	1,500	1	0	1,500	1,500	1,500	1,500
Concrete Repairs - Repair/Replace - Major	2008	9,000	10	6	3,600	900	0	4,500
Concrete - Pool Deck Repair/Replace	1979	53,040	35	2	50,009	1,515	0	51,525
RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES								
Doors - Entry Door & Hardware Allowance	2011	5,000	1	0	5,000	5,000	5,000	5,000
Doors - Sliding Glass Door & Hardware Allowance	2011	5,000	1	0	5,000	5,000	5,000	5,000
Windows - Inspect/Repair/Replace Allowance	2011	5,000	1	0	5,000	5,000	5,000	5,000
Wood Siding/Shingle/Trim Ongoing Repairs	2011	5,000	1	0	5,000	5,000	5,000	5,000
Termite Fumigation & Repairs (2006)	2006	65,000	10	4	39,000	6,500	0	45,500
Building Exterior Wood Repair/Replacement - every paint	2009	174,310	6	3	87,155	29,052	0	116,207
Building Exterior Wood Repair/Replacement - every other	2008	192,110	12	8	64,037	16,009	0	80,046
RESIDENTIAL BUILDING EXTERIORS - BALCONIES								
Small Balconies - Replace (4) Saarman	2002	32,000	30	20	10,667	1,067	0	11,733
Small Balconies - Replace (2)	1989	16,000	30	7	12,267	533	0	12,800
Small Balconies - Replace (3)	1983	24,000	30	1	23,200	800	0	24,000
Small Balconies - Replace (1) - 4141	2009	8,000	30	27	800	267	0	1,067
Large Balconies - Replace (23) Saarman	2002	421,317	30	20	140,439	14,044	0	154,483
Large Balconies - Replace (5)	2001	91,598	30	19	33,586	3,053	0	36,639
Large Balconies - Replace (10)	1997	183,185	30	15	91,593	6,106	0	97,699
Large Balconies - Replace (10)	1993	183,185	30	11	116,017	6,106	0	122,123
Large Balconies - Replace (10)	1898	183,185	30	7	140,442	6,106	0	146,548
Large Balconies - Replace (6)	1985	109,910	30	3	98,919	3,664	0	102,583
Large Balconies (2) - 4108 & 4141	2009	35,680	30	27	3,568	1,189	0	4,757
Townhouse Balconies - Replace (2)	1985	25,000	30	3	22,500	833	0	23,333
Townhouse Balconies - Replace (3)	1979	37,500	30	0	37,500	1,250	37,500	1,250
Repair Small, Large & Townhouse Balconies Allowance	2011	2,500	1	0	2,500	2,500	2,500	2,500
RESIDENTIAL BUILDING EXTERIORS - STAIRS								
Straight Stair & Landing - Replace (6) Saarman	2002	51,000	30	20	17,000	1,700	0	18,700
Straight Stair & Landing - Replace (3)	1989	25,500	30	7	19,550	850	0	20,400
U-Shaped Stair & Landing - Replace (7) Saarman	2002	105,000	30	20	35,000	3,500	0	38,500
U-Shaped Stair & Landing - Replace (2)	1992	30,000	30	10	20,000	1,000	0	21,000
L-Shaped Stairs & Landing - Replace (8) Saarman	2002	96,000	30	20	32,000	3,200	0	35,200
L-Shaped Stairs & Landing - Replace (1)	2008	12,000	30	26	1,600	400	0	2,000
L-Shaped Stairs & Landing - Replace (3)	1990	36,000	30	8	26,400	1,200	0	27,600
Stairs & Landing - Repair Allowance	2011	2,500	1	0	2,500	2,500	2,500	2,500
GARAGE & TRASH ENCLOSURE								
Doors - Garage Door & Trim Repair Allowance	2012	25,000	20	0	25,000	1,250	25,000	1,250
Doors - Single Car Garage Doors	1979	63,000	40	7	51,975	1,575	0	53,550
Doors - Wood/Glass Pedestrian Door	1979	7,500	35	2	7,071	214	0	7,286
Doors - Solid Wood Doors @ Walk in Garbages	2004	6,000	30	22	1,600	200	0	1,800
Trash Enclosure Rebuild Allowance	2008	1,000	10	6	400	100	0	500
FENCES, RETAINING WALLS & GATES								
Fence - Wood @ Patio - Repair/Replace Allowance	2008	10,000	5	1	8,000	2,000	0	10,000
Fence - Wood - G.N. @ Clubhouse Driveway	2003	2,160	25	16	778	86	0	864
Fence - Wood - G.N. @ Clubhouse to Building 10 Driveway	2003	4,920	25	16	1,771	197	0	1,968
Fence - Wood - @ Building 9 Drive and Open Space	200	7,630	25	13	3,662	305	0	3,968
Fence - Wood - @ Building 10 Drive and Open Space	2008	5,250	25	21	840	210	0	1,050
Fence - Wood - G.N. behind Buildings 4, 5, 6, 7, 8, 9	2000	14,460	25	13	6,941	578	0	7,519

Fiscal Year: 01/01/2012 - 12/31/2012

Component	Year New	Pres. Est. Cost	Est. Use. Life	Est. Rem. Life	Req'd Bal at 12/31/11	2012 Additions	2012 Expenses	Req'd Bal at 12/31/12
Fence - Wood - G.N. behind Buildings 1, 2, 3, 4	2000	11,140	25	13	5,347	446	0	5,793
Fence - Wood - Pool Area Fences	2005	940	25	18	263	38	0	301
Fence - Cyclone @ Tennis Court - Replace	1979	10,800	45	12	7,920	240	0	8,160
Retaining - Wood @ Units 4122 and 4124	1995	1,855	30	13	1,051	62	0	1,113
Retaining - Masonry Retaining Wall @ Tennis	1979	27,000	55	22	16,200	491	0	16,691
Retaining - Wood @ Pool Area	2003	6,500	25	16	2,340	260	0	2,600
Gates - El Camino Car Gates - Replace	1995	1,500	25	8	1,020	60	0	1,080
Gate - El Camino Pedestrian Gate - Replace	2007	1,500	25	20	300	60	0	360
Gates - Pool Gates - Replace	2005	3,000	25	18	840	120	0	960
Gates - Cyclone @ Tennis Court - Replace	1995	500	25	8	340	20	0	360
Gates - Wood @ Maintenance Area	2000	1,000	15	3	800	67	0	867
LIGHTING - ALL SITE								
Lighting Wiring and Controllers Repair Allowance	2011	1,000	1	0	1,000	1,000	1,000	1,000
Light Fixtures - @ Landscaping & Wiring	1979	9,900	30	0	9,900	330	9,900	330
Light Poles @ Pool Area - Poles, Fixtures & Wiring	1979	3,000	30	0	3,000	100	3,000	100
Lights - Clubhouse Building Exterior	1979	375	30	0	375	13	375	13
Lights - Wall Mount @ Garages	1979	5,625	30	0	5,625	188	5,625	188
Lights - Residential Building Exterior - Entry/Balc./Stairs	1979	24,375	30	0	24,375	813	24,375	813
SPA								
Pre-Fab Tub Replace	2002	10,000	20	10	5,000	500	0	5,500
Rails - Replace	2002	1,000	30	20	333	33	0	367
Heater - Replace	2006	2,650	15	9	1,060	177	0	1,237
Filter - Replace	1997	2,250	16	1	2,109	141	0	2,250
Filter Pump - Replace	1994	850	9	1	756	94	0	850
SWIMMING POOL								
Drainage Upgrade Allowance	2009	2,500	15	12	500	167	0	667
Plaster - Resurface	2003	7,733	12	3	5,800	644	0	6,444
Coping - Replace	2003	2,400	30	21	720	80	0	800
Tile - Replace	2003	2,400	30	21	720	80	0	800
Seal Coping/Deck Joint - Replace Mastic	2003	720	10	1	648	72	0	720
Rails - Replace	2003	2,000	30	21	600	67	0	667
Lights - Replace	2003	300	15	6	180	20	0	200
Heater - Replace	2000	2,850	13	1	2,631	219	0	2,850
Filter - Replace	2000	2,250	13	1	2,077	173	0	2,250
Filter - Pump Replace	2000	850	13	1	785	65	0	850
Solar Controller - Replace	2000	750	15	3	600	50	0	650
Solar Pump - Replace	2000	850	13	1	785	65	0	850
Solar Panels - Replace	2000	9,000	15	3	7,200	600	0	7,800
Solar Panels - Structure Replace	2000	5,400	15	3	4,320	360	0	4,680
Pool Signs - Replace	2004	250	5	0	250	50	250	50
Pool Furniture - Replacement Allowance	2004	2,500	10	2	2,000	250	0	2,250
CLUBHOUSE BUILDING EXTERIOR								
Gutter & Downspout - Replace	2005	2,176	25	18	609	87	0	696
Clubhouse Deck & Stairs - Replace - Redwood	2008	15,000	25	21	2,400	600	0	3,000
Clubhouse Deck & Stairs - Sealing/Leak Maintenance	2010	1,446	3	1	964	482	0	1,446
Doors - Wood/Glass Entry Doors	1979	3,400	45	12	2,493	76	0	2,569
Doors - Solid Wood Entry Door - Pool Equipment Room	1979	600	45	12	440	13	0	453
Doors - Metal/Glass Sliding Doors	1979	2,850	35	2	2,687	81	0	2,769
Windows	1979	5,000	35	2	4,714	143	0	4,857
CLUBHOUSE INTERIOR								
Paint - Interior (Clubhouse)	2004	3,493	15	7	1,863	233	0	2,096
Carpet Floor - Replace	2005	4,420	15	8	2,063	295	0	2,357
Tile Floor - Replace	1979	11,000	40	7	9,075	275	0	9,350
Refrigerator - Replace	2004	500	15	7	267	33	0	300
Disposal - Replace	2011	300	15	14	20	20	0	40
HVAC Unit - Replace	1979	3,000	34	1	2,912	88	0	3,000
Clubhouse & Sauna Fans - Replace	1994	700	20	2	630	35	0	665
Sauna Room Rehabilitation & Door	1979	5,000	35	2	4,714	143	0	4,857
Sauna Mechanical - Replace	2011	3,000	30	29	100	100	0	200
Water Heater - tankless	1996	1,000	18	2	889	56	0	944
Doors - Wood w/Glass	1979	1,200	45	12	880	27	0	907
Doors - Solid Wood	1979	2,400	45	12	1,760	53	0	1,813
Lights	2004	2,850	35	27	651	81	0	733

Fiscal Year: 01/01/2012 - 12/31/2012

Component	Year New	Pres. Est. Cost	Est. Use. Life	Est. Rem. Life	Req'd Bal at 12/31/11	2012 Additions	2012 Expenses	Req'd Bal at 12/31/12
Restroom Upgrade	2004	10,000	15	7	5,333	667	0	6,000
Kitchen Area Upgrade	2004	5,000	15	7	2,667	333	0	3,000
Furniture Replace	2005	7,000	10	3	4,900	700	0	5,600
TENNIS COURT AREA								
Tennis Court - Resurface/Lines	2010	5,500	5	3	2,200	1,100	0	3,300
Tennis Court - Replace	1979	36,000	45	12	26,400	800	0	27,200
Tennis Court Net - Replace	2010	350	5	3	140	70	0	210
IRRIGATION & LANDSCAPING								
Well Components Repair and Replacement - Ongoing	2011	2,500	1	0	2,500	2,500	2,500	2,500
Well Components - Major System Replacement	2011	55,609	25	24	2,224	2,224	0	4,449
Irrigation Replace Allowance (Valves, Pipes, Heads etc.)	2011	2,500	1	0	2,500	2,500	2,500	2,500
Irrigation Controllers 4ea	2009	8,000	15	12	1,600	533	0	2,133
Irrigation Controllers 2 ea	2000	4,000	15	3	3,200	267	0	3,467
Backflow Preventor	1995	10,000	25	8	6,800	400	0	7,200
Large Tree Care	2011	10,000	1	0	10,000	10,000	10,000	10,000
Large Landscape Enhancements	2011	5,000	1	0	5,000	5,000	5,000	5,000
MISCELLANEOUS & CONTINGENCIES								
Storage Shed (Modular) - Replace	2007	1,200	20	15	300	60	0	360
Iron Stair Railings @ site Concrete Stairs	1985	5,300	30	3	4,770	177	0	4,947
Arborist Tree Report	2009	5,000	5	2	3,000	1,000	0	4,000
Reserve Study - Annual update	2009	800	3	0	800	267	800	267
Reserve Study - Annual update	2010	800	3	1	533	267	0	800
Reserve Study - Third Year Site Inspection	2011	1,600	3	2	533	533	0	1,067
Underground Utility Inspections & Repairs	2011	5,000	1	0	5,000	5,000	5,000	5,000
CC&R Revisions	2009	5,000	5	2	3,000	1,000	0	4,000
MAILBOX KIOSKS								
Kiosks Rebuild (Structure, Siding, Roof)	1995	9,000	25	8	6,120	360	0	6,480
Mailboxes	1995	11,700	25	8	7,956	468	0	8,424
SIGNAGE								
Entry Sign (Monument) Replace	1997	2,500	21	6	1,786	119	0	1,905
Mapboard - Repair/Replace	2005	2,500	12	5	1,458	208	0	1,667
Building/Unit Number Signs Repair/Replace	2005	3,250	15	5	2,167	217	0	2,383
Unallocated Items (3%)		5,200	1	0	5,200	5,200	5,200	5,200
Component		3,939,286	2,855	1,087	2,294,044	285,643	188,525	2,391,162

NOTE: Based on Reserve Study by Reserve Analysis Consulting, LLC - November 2011

- (a) The disclosures required by this article with regard to an association or a property shall be summarized on the following form:

BARRON SQUARE HOMEOWNERS ASSOCIATION

Assessment and Reserve Funding Disclosure Summary 1365.2.5

- (1) The current regular assessment per ownership interest is (see chart below) per unit.
 (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	Amount per ownership interest per month (If assessment is variable, see note immediately below)	Purpose of the Assessment
January 1, 2011	variable	Regular Monthly Assessment

2012 MONTHLY DUES TABLE

Effective January 1, 2012, monthly assessments will be in accordance with the following table:

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		65	100.00	39,021		

- (3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years
 Yes No
- (4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members.
- (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 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is \$2,294,044, based in whole or in part on the last reserve study or update prepared by Reserve Analysis Consulting as of November 2008. The projected reserve fund cash balance at the end of the current fiscal year is \$1,195,850, resulting in reserves being 52 percent funded at this date.
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Civil Code, the estimated average amount required in the reserve fund at the end of each of the next five budget years is \$2,490,676, and the projected average reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$1,362,865, leaving the reserve at 55 percent funding.

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate on reserve funds was 1.5 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.0 percent per year

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

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
 - (2) "Major component" has the meaning used in Section 1365.5. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.
 - (3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
 - (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.
-

6.00

RESERVE FUNDING PLAN

2011 Average unit per month reserve contribution = \$303.43

2011 Total annual reserve contribution *1 = \$236,677

DESCRIPTION - 1ST 10 YEARS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Projected Beginning Fund Balance	\$1,176,035	\$1,237,499	\$1,400,736	\$1,520,864	\$1,085,307	\$1,015,560	\$1,032,759	\$1,013,268	\$563,404	\$467,490
Proposed percentage increase	4.26%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Proposed unit per month dollar increase	\$12.92	\$15.82	\$16.61	\$17.44	\$18.31	\$19.23	\$20.19	\$21.20	\$22.26	\$23.37
Proposed average unit/month contribution	\$316.36	\$332.17	\$348.78	\$366.22	\$384.53	\$403.76	\$423.95	\$445.14	\$467.40	\$490.77
Proposed Total Annual Contribution *1	\$246,757	\$259,095	\$272,050	\$285,652	\$299,935	\$314,931	\$330,678	\$347,212	\$364,572	\$382,801
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Does special assessment require vote?										
Income from other sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserve Fund Available	\$1,422,792	\$1,496,594	\$1,672,785	\$1,806,516	\$1,385,241	\$1,330,491	\$1,363,437	\$1,360,480	\$927,977	\$850,291
Proposed inflated yearly expenditures	\$196,550	\$108,600	\$165,756	\$731,082	\$378,920	\$307,126	\$359,386	\$802,201	\$464,739	\$605,112
Balance after expenditures	\$1,226,242	\$1,387,994	\$1,507,029	\$1,075,434	\$1,006,322	\$1,023,365	\$1,004,051	\$558,279	\$463,237	\$245,179
Interest on balance after tax	\$11,257	\$12,742	\$13,835	\$9,872	\$9,238	\$9,394	\$9,217	\$5,125	\$4,253	\$2,251
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	58.68%	59.43%	59.03%	48.19%	44.76%	43.65%	41.79%	27.29%	23.00%	13.20%
Projected Year Ending Balance *3	\$1,237,499	\$1,400,736	\$1,520,864	\$1,085,307	\$1,015,560	\$1,032,759	\$1,013,268	\$563,404	\$467,490	\$247,430

DESCRIPTION - 2ND 10 YEARS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Projected Beginning Fund Balance	\$247,430	\$507,472	\$581,201	\$825,225	\$1,113,567	\$1,402,694	\$884,719	\$1,257,403	\$1,715,837	\$2,124,873
Proposed percentage increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Proposed unit per month dollar increase	\$24.54	\$25.77	\$27.05	\$28.41	\$29.83	\$31.32	\$32.88	\$34.53	\$36.25	\$38.07
Proposed average unit/month contribution	\$515.31	\$541.07	\$568.13	\$596.53	\$626.36	\$657.68	\$690.56	\$725.09	\$761.35	\$799.41
Proposed Total Annual Contribution *1	\$401,941	\$422,038	\$443,140	\$465,297	\$488,562	\$512,990	\$538,640	\$565,572	\$593,850	\$623,543
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Does special assessment require vote?										
Income from other sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserve Fund Available	\$649,371	\$929,510	\$1,024,341	\$1,290,522	\$1,602,129	\$1,915,684	\$1,423,358	\$1,822,974	\$2,309,687	\$2,748,416
Proposed inflated yearly expenditures	\$146,516	\$353,596	\$206,623	\$187,085	\$212,195	\$1,039,013	\$177,394	\$122,745	\$204,143	\$265,849
Balance after expenditures	\$502,855	\$575,914	\$817,718	\$1,103,438	\$1,389,934	\$876,671	\$1,245,965	\$1,700,229	\$2,105,544	\$2,482,567
Interest on balance after tax	\$4,616	\$5,287	\$7,507	\$10,130	\$12,760	\$8,048	\$11,438	\$15,608	\$19,329	\$22,790
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	23.42%	25.62%	32.52%	39.12%	44.50%	32.90%	41.23%	49.20%	54.85%	59.28%
Projected Year Ending Balance *3	\$507,472	\$581,201	\$825,225	\$1,113,567	\$1,402,694	\$884,719	\$1,257,403	\$1,715,837	\$2,124,873	\$2,505,357

DESCRIPTION - 3RD 10 YEARS	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Projected Beginning Fund Balance	\$2,505,357	\$1,291,099	\$1,031,385	\$1,077,078	\$1,605,710	\$1,539,243	\$2,185,058	\$2,301,569	\$1,892,237	\$2,042,019
Proposed percentage increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Proposed unit per month dollar increase	\$23.98	\$24.70	\$25.44	\$26.21	\$26.99	\$27.80	\$28.64	\$29.50	\$30.38	\$31.29
Proposed average unit/month contribution	\$823.40	\$848.10	\$873.54	\$899.75	\$926.74	\$954.54	\$983.18	\$1,012.67	\$1,043.05	\$1,074.35
Proposed Total Annual Contribution *1	\$642,249	\$661,516	\$681,362	\$701,803	\$722,857	\$744,543	\$766,879	\$789,885	\$813,582	\$837,989
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Does increase require membership vote?	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Does special assessment require vote?										
Income from other sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserve Fund Available	\$3,147,606	\$1,952,616	\$1,712,747	\$1,778,880	\$2,328,566	\$2,283,786	\$2,951,937	\$3,091,455	\$2,705,819	\$2,880,008
Proposed inflated yearly expenditures	\$1,868,251	\$930,613	\$645,467	\$187,777	\$803,325	\$118,604	\$671,304	\$1,216,430	\$682,375	\$153,282
Balance after expenditures	\$1,279,355	\$1,022,003	\$1,067,280	\$1,591,103	\$1,525,241	\$2,165,182	\$2,280,633	\$1,875,024	\$2,023,444	\$2,726,726
Interest on balance after tax	\$11,744	\$9,382	\$9,798	\$14,606	\$14,002	\$19,876	\$20,936	\$17,213	\$18,575	\$25,031
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	42.34%	37.35%	39.06%	49.96%	49.60%	59.50%	61.83%	61.05%	64.32%	72.69%
Projected Year Ending Balance *3	\$1,291,099	\$1,031,385	\$1,077,078	\$1,605,710	\$1,539,243	\$2,185,058	\$2,301,569	\$1,892,237	\$2,042,019	\$2,751,758

BARRON SQUARE HOMEOWNERS ASSOCIATION

ASSESSMENT COLLECTION POLICY

NOTICE TO MEMBERS: This document sets forth the Association's policy regarding the collection of assessments pursuant to the Association's Declaration of Covenants, Conditions & Restrictions, its Bylaws, and California Civil Code sections 1363.05, 1365.1, 1365.2, 1366, 1367 and 1367.1, 1367.4.

- 1. Assessments in General.** The Association has a duty to levy regular and special assessments sufficient to perform its obligations under the governing documents and California law. Regular assessments are determined at least once annually and are payable during the year in monthly installments or at such other intervals as the Board of Directors shall designate. The Association shall distribute the written notice described in Civil Code section 1365.1(b) to each member of the Association during the 60-day period immediately preceding the beginning of the Association's fiscal year.
- 2. Obligation to Pay Assessments.** A regular or special assessment and any late charges, reasonable fees and costs of collection, reasonable attorney's fees, if any, and interest, if any, as determined in accordance with section 1366, shall be a debt of the owner at the time the assessment or other sums are levied. Each assessment or charge is also a lien on the owner's property from and after the time the Association causes a Notice of Delinquent Assessment Lien to be recorded with the Recorder's Office of the county in which the property is located.
- 3. Monetary Charge for Reimbursement to Association for Damage to Common Areas and Facilities.** A monetary charge imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to common areas and facilities for which the member or the member's guests or tenants were responsible may become a lien against the member's separate interest enforceable by the sale of the interest under sections 2924, 2924b, and 2924c, provided the authority to impose a lien is set forth in the governing documents.
- 4. Monetary Penalty Imposed by the Association as a Disciplinary Measure.** A monetary penalty imposed by the Association as a disciplinary measure for failure of a member to comply with the governing instruments, except for late payments, may not be characterized nor treated in the governing instruments as an assessment that may become a lien against the member's subdivision separate interest enforceable by the sale of the interest under sections 2924, 2924b, and 2924c.
- 5. Notice of Assessments.** Not less than 30 days nor more than 60 days before any increase in the regular assessment or any special assessment becomes due, the Association will give the owners notice of the assessment. Notice will be sent by first-class mail to addresses on the membership register as of the date of notice. The Board of Directors may elect from time to time to provide additional periodic statements of assessments and charges, but lack of such statements does not relieve the owners of the obligation to pay assessments.
- 6. 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, collection service, banking institution, attorney, law firm or other appropriate agent.
- 7. Association Cannot Voluntarily Assign or Pledge the Association's Right to Collect.** An Association may not voluntarily assign or pledge the Association's right to collect payments or assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association; however, the foregoing provision may not restrict the right or ability of an Association to assign any unpaid obligations of a former member to a third party for purposes of collection. Subject to the limitations of this subdivision, after the expiration of 30 days following the recording of a lien per the Covenants, Conditions and Restrictions (CC&R's), the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a trustee substituted pursuant to section 2934a. Any sale by the trustee shall be conducted in accordance with sections 2924, 2924b, and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in sections 2924c and 2924d.

8. Due Date/Delinquency Date of Assessments. Unless otherwise specified by the Board or the governing documents, an assessment is due on the first of each month. An assessment, or any portion thereof, is delinquent if it has not been received as directed by the Board or its designated agent 15 days after it is due.

9. Late Charges and Interest on Delinquent Amounts. Delinquent accounts become subject to the following additional charges as contained in Civil Code section 1366 and the governing documents: costs of collection including reasonable attorney's fees; a late charge of \$20.00, and interest on all sums (including the delinquent assessment, collection fees and costs, and reasonable attorney's fees) at an annual interest rate of 12% commencing 30 days after the assessment becomes due, whether or not charged prior to collection. If it is determined the assessment was paid on time to the Association, the owner will not be liable to pay the charges, interest, and costs of collection.

10. Collection Charges. Any costs and fees incurred in setting up, processing and collecting delinquent amounts, including, without limitation, late charges, statement charges, monthly administrative charges, charges for preparation of delinquency notices or collection charges, or request for a payment plan as well as the recordation of a lien or initiation of foreclosure proceedings, postage, copies, envelopes, labels, filing and recordation charges, delivery charges, and attorney's fees and costs, title searches, bankruptcy searches, pulling copies or grant deeds or property ownership history, address and or phone number verification searches, in addition to any other charges necessary to collect a delinquent assessment shall become an additional charge against the owner and the owner's property and shall be subject to collection action pursuant to this Policy. A returned check charge of \$25.00 will be assessed for all checks returned for any reason whatsoever.

11. Application of Payments. Neither the Association nor its designated agent has any obligation to accept partial payments on an assessment account. Unless stated otherwise in writing, partial payments accepted will be applied first to the oldest assessments owed, and, only after the assessments owed are paid in full will the payments be applied to the fees and costs of collection, attorney's fees, late charges, or interest. Owners may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received it. Payments may be required to be made in certified funds, by cashier's check, or by money order.

12. Initial Delinquency Notice. Once an assessment, or any portion thereof, has become delinquent, the owner may receive an initial delinquency notice stating all amounts past due and any known collection charges imposed as of the date of the notice, which may be in the form of a letter, monthly statement, past due notice, or any other form of writing or notice from the Association or its agent.

13. Notice of Delinquent Assessment. If an assessment account remains unpaid for 90 days after it is due, the Association or its designated agent shall, at least 30 days prior to recording a lien upon the separate interest of the owner, notify the owner of record in writing by certified mail pursuant to Civil Code Section 1367.1.

14. Recording of Lien. At the expiration of 30 days following the delinquent assessment letter, the Association or its designated agent will without further notice to the owner, record a lien against the owner's property. The notice of delinquent assessment shall be mailed in the manner set forth in Section 2924b, to all record owners of the owner's interest in the common interest development no later than 10 calendar days after recordation.

15. Association Lien Subordination. A delinquent assessment lien shall be prior to all other liens recorded subsequent to the notice of assessment, except that the declaration may provide for the subordination thereof to any other liens and encumbrances.

16. Recording of Release of Lien. A release of lien will not be recorded until the entire balance of the owner's account is paid in full. All charges incurred in recording a Release of Lien, including reasonable attorney or agent fees and costs, will be charged to the account. Within 21 days of the payment of the sums specified in the notice of delinquent assessment, the Association shall record or cause to be recorded in the office of the county recorder in which the notice of delinquent assessment is recorded a lien release or notice of rescission and provide the owner of the separate interest a copy of the lien release or notice that the delinquent assessment has been satisfied.

17. Lien Recorded In Error. If it is determined that a lien previously recorded against a separate interest was recorded in error, the party who recorded the lien shall, within 21 calendar days, record or cause to be recorded in the office of the county recorder in which the notice of delinquent assessment is recorded, a lien release or notice of rescission and provide the owner of the separate interest with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission. If the Association fails to comply with the procedures set forth in this section it shall, prior to recording a lien, recommence the required notice process. Any costs associated with recommencing the notice process shall be borne by the Association and not by the owner of a separate interest. This section only applies to liens recorded on or after January 1, 2003.

18. Foreclosure. Foreclosure proceedings may not begin until the amount of the delinquent assessments secured by the lien, exclusive of any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest, equals or exceeds one thousand eight hundred dollars (\$1,800) or the assessments are more than 12 months delinquent. An Association that chooses to record a lien under these provisions, prior to recording the lien, shall offer the owner and, if so requested by the owner, participate in dispute resolutions as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of the Civil Code.

19. Deed in Lieu of Foreclosure. Nothing in this section or in subdivision (a) of section 726 of the Code of Civil Procedure prohibits actions against the owner of a separate interest to recover sums for which a lien is created or prohibits an Association from taking a deed in lieu of foreclosure.

20. Payment Plan Agreement. An owner of a separate interest may submit a written request to meet with the Board of Directors to discuss a payment plan agreement to allow the owner to make periodic partial payments on the entire balance of the assessment account in addition to assessments that will accrue during the payment plan period. The Association has no obligation to enter into such a payment agreement. If the Association accepts an agreement with the owner it shall be reasonable, as determined by the Board in its sole discretion, and in accordance with the standards for payment plans, if any exist. The payment agreement shall be in writing and will include a provision that additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. Interest and administrative charges will accrue until the account is paid in full. The agreement will also include a provision that in the event of a default on the payment plan, the Association may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan. A lien will be recorded against the property to secure debt for the Association. The owner will be charged for the additional collection fees and costs to administer the payment plan. The Board shall meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the delinquent assessment letter unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner.

21. Validation of Debt. Unless an owner disputes the validity of the debt, or any portion thereof, within thirty (30) days after receipt of the notice pursuant to the delinquent assessment letter, the debt will be assumed to be valid. Validation of the debt will be provided in writing, at no additional cost to the owner and will include 1) an itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any 2) the Association's name and 3) the Association's mailing address.

22. Disputes. Federal law states that initial dispute can be either oral or in writing. State law requires disputes to be in writing. It is therefore recommended that all disputes be put in writing to avoid misunderstanding.

23. Dispute Resolution Procedure. An owner has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "meet and confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4 of the Civil Code. A copy of the Dispute Resolution Procedure is attached to this collection policy.

24. ADR-Alternative Dispute Resolution. An owner has the right to request alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7 of the Civil Code before the Association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate judicial foreclosure.

- 25. Owner has Right to Request Meeting with Board.** Owner has the right to request a meeting with the board. The board shall meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the delinquent assessment letter, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner.
- 26. Owner has Right to Inspect Association Records.** Owner has the right to inspect the Association records, pursuant to Section 1365.2 of the Civil Code. Owner should contact the Association's managing agent for the policies and procedures set forth to inspect the records.
- 27. 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 remedy.
- 28. Address of the Association and the Board of Directors.** Owners should respond in writing or make payments to the address as directed by the designated agent. **Overnight payments and correspondence** should be mailed to: BARRON SQUARE HOMEOWNERS ASSOCIATION, c/o PML Management, 655 Mariners Island Blvd., Suite 301, San Mateo, CA 94404. This address is subject to change after the distribution of this policy. Notification of a change will be in writing to the membership through normal day-to-day correspondence from the Association or its managing agent. It is the owners' responsibility to note any changes for their records.
- 29. Returned Payments.** Payments returned for insufficient funds, closed account, stop payment or for any other reason will be charged back to the Owner's account (currently, this is \$25.00) in addition to any administrative fee, bank fee or collection fees and costs incurred to handle the returned payment. If any two payments to the account in a 24-month period are "Returned" to the bank, personal checks will no longer be accepted.
- 30. Sufficiency of Notice.** Except for notice that under California law must be sent by certified mail, notice is sufficient if either hand delivered or mailed first class, postage prepaid, to the owner at the address on the membership register at the time of notice. Notice is presumed received (3) three days after notice was mailed. Owner is required to notify the Association of any change in the owner's name or mailing address. An owner may provide written notice by facsimile transmission or United States mail to the Association of a secondary address. If a secondary address is provided, the Association shall send any and all correspondence and legal notices required pursuant to the article to both the primary and secondary address.
- 31. 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.

BARRON SQUARE HOMEOWNERS ASSOCIATION

NOTICE REGARDING ASSESSMENTS AND FORECLOSURE

Civil Code §1365.1

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 Section 1367.4 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 1366, 1367.1, and 1367.4 of the Civil Code)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The Association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code)

The association must comply with the requirements of Section 1367.1 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 1367.1 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 that debt. (Section 1367.1 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 1367.1 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 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 1367.1 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 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 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 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 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 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 in court or otherwise.

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 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare 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 1367.1 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 a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code)

BARRON SQUARE HOMEOWNERS ASSOCIATION

SUMMARY OF CIVIL CODE §1369.520 (ALTERNATIVE DISPUTE RESOLUTION)

1. If an association, owner or member of an association seeks either:
 - A. Declaratory or injunctive relief; or
 - B. Declaratory or injunctive relief and a claim for \$7,500.00 or less, other than for association assessments, concerning the enforcement of the governing documents; the parties shall submit their dispute to Alternative Dispute Resolution (ADR), such as mediation or arbitration. A Request for Resolution ("Request") begins the process and it shall include:
 - 1) a description of the dispute;
 - 2) a request for ADR; and
 - 3) notice that the party receiving the Request is required to respond within thirty (30) days or the Request will be deemed rejected.
 - C. This does not apply to a small claims action.
 - D. Except as required by law, this does not apply to an assessment dispute.
2. 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.
3. If the Request is accepted, ADR shall be completed within ninety (90) days from the date of acceptance, or it can be extended by a written stipulation signed by both parties.

FAILURE OF A MEMBER OF THE ASSOCIATION TO COMPLY WITH THE ALTERNATE DISPUTE RESOLUTION REQUIREMENTS OF SECTION 1369.520 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.

4. Attached to this document is a copy of the Association's Dispute Resolution Procedure.

BARRON SQUARE HOMEOWNERS ASSOCIATION

DISPUTE RESOLUTION PROCEDURE

1. WHO MAY START:

This procedure may be invoked by the Association or an owner. Either may make a written request to meet and confer to resolve a dispute. The Board shall designate a member of the Board to meet and confer.

2. WHO PARTICIPATES:

A. When a written request for Dispute Resolution is received from an owner, the Association shall participate.

B. If the Association makes a written request for an owner to participate, the owner may elect not to participate.

3. NON-PARTICIPATION BY THE OWNER:

If the owner declines to participate, the Association shall begin Alternative Dispute Resolution, pursuant to Civil Code §1369.520.

4. IF THE OWNER PARTICIPATES, THEN THE MEET AND CONFER TAKES PLACE:

A. Both parties shall meet and confer to resolve the dispute within forty-five (45) days of receipt of the written request by the other party.

B. The meeting shall take place promptly at a mutually convenient time and place. Each party shall explain his/her position and shall confer in good faith to resolve the dispute.

C. A written decision shall be made by the designated Board Member and delivered or received by the owner within ten (10) days after the meet and confer.

D. A resolution of the dispute agreed to by the parties shall be made in writing and dated and signed by the parties, including the Board designee on behalf of the Association.

E. If the owner participates, but the dispute is resolved other than by agreement of the owner, the owner shall have the right to appeal to the Association's Board of Directors.

5. IF BOTH PARTIES DO NOT AGREE:

A. If after the meet and confer, the parties do not mutually agree, then a neutral third party (who is mutually agreeable to both parties) shall resolve the dispute within forty-five (45) days. A written decision shall be made by the neutral within ten (10) days after their meeting.

6. APPEAL:

A. If the owner disputes the resolution, an appeal must be taken to the Board of Directors within thirty (30) days of the date of the decision by the designated Board member.

B. If there is an appeal, the Board must hear the Appeal at its next regularly scheduled meeting in executive session, then issue a written decision within ten (10) days.

7. NO CONFLICT:

- A. The resolution must not be in conflict with the law or the governing documents.
- B. The agreement must be consistent with the authority granted to the Board of Directors or the agreement must be ratified by the Board.
- C. The written agreement, which is dated and signed by the parties, will bind both parties and be judicially enforceable.

8. NO FEE:

No fee will be charged to the owner during this process.

9. EXCEPTIONS:

- A. Reasonable exceptions may be made to the time deadlines, in the discretion of the Board.
- B. Any exceptions will be made on a case-by-case basis.

10. TIME:

- A. The maximum time to act on a request by the owner is forty-five (45) days.
- B. Initiation to termination of the dispute will take no more than one-hundred eighty (180) days.

BARRON SQUARE HOMEOWNERS ASSOCIATION

MEMBERS' RIGHT TO MINUTES

The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors of the Association, other than an executive session, shall be available to members within thirty (30) days of the meeting.

The minutes, proposed minutes, or summary of minutes shall be distributed to any member of the Association upon request and upon reimbursement of the Association's cost for making distribution [Civil Code section 1363.05(d)].

A written request may be sent to:

PML Management
655 Mariners Island Blvd., Suite 301
San Mateo, CA 94404

NOTICE OF RIGHT TO SUBMIT SECONDARY ADDRESS FOR COLLECTION NOTICES

An owner may make a written request to the Association of a secondary address to be used by the Association for collection notices. The written request shall be mailed to the Association in a manner that shall indicate receipt. The owner may identify or change a secondary address at any time [Civil Code section 1367.1(k)].

A written request may be sent to:

PML Management
655 Mariners Island Blvd., Suite 301
San Mateo, CA 94404

It is recommended that this request be sent by overnight delivery or certified return receipt requested to comply with the law.

BARRON SQUARE HOMEOWNERS ASSOCIATION
PROCEDURE FOR ALTERATIONS OR MODIFICATIONS
(PHYSICAL CHANGES)

1. WHO MAY START:

This procedure is initiated by any homeowner seeking to make a physical change, alteration, modification, repair, and/or structural change to the owner's separate interest or to the Common Area, if written approval is required by the Association.

2. DESIGN HARMONY:

Keep in mind that this is a common interest development that has been planned with harmony in design and location of structures and topography.

3. REQUIREMENTS:

A. Prior to construction, submit to the Association the following:

- 1) An approved architectural change form; and
- 2) Plans and specifications of the proposed change showing the nature, kind, shape, height, materials, colors, location(s) and other relevant information.

B. Upon receipt by the Association, the Association shall make a written decision within thirty (30) days. The decision shall be approved, disapproved or approved with conditions.

- 1) If the change is approved, the homeowner may proceed.
- 2) If the change is disapproved, the written decision shall include an explanation of the reason the proposed change was disapproved.
 - a) If a proposed change is disapproved, the homeowner is entitled to reconsideration by the Board at an open meeting.
 - b) The homeowner has thirty (30) days from receipt of the decision to apply for reconsideration.
 1. Once received by the Board, it has thirty (30) days to schedule a reconsideration meeting.
 2. After the reconsideration meeting, the Board must issue a written decision within ten (10) days.

4. EXCEPTIONS:

- A. Reasonable exceptions may be made to the time deadlines in the discretion of the Board.
- B. Any exceptions will be made on a case-by-case basis.

5. TIME:

Initiation to termination of this process should take no more than one hundred fifty (150) days.

6. NO CONFLICT:

The adopted change(s) shall not be in conflict with the governing documents, current law and/or local ordinances, rules, or procedures.

7. CHANGES/MODIFICATONS THAT REQUIRE APPROVAL:

- A. Any renovations, additions, repairs or installations that would alter or modify the internal or external structure of any building.
- B. Any renovations, additions, repairs or installations that would visually impact the Common Area.
- C. Any alterations to or construction on the Common Area.
- D. Any fences, hedges, or walls, except within enclosed patios.
- E. Screens or fences to conceal storage.
- F. Installation of awnings, sunshades or screen doors.
- G. Installation of satellite dish or other type of audio/video receiver and solar energy system(s).

Barron square

ARCHITECTURAL CONTROL APPROVAL REQUEST FORM

Date: _____

TO: ARCHITECTURAL CONTROL COMMITTEE, C/O PML MANAGEMENT CORP.

SUBJECT: REQUEST FOR APPROVAL OF PROPOSED CHANGE

NAME: (print) _____

PHONE: (h) (_____) _____ (w.) (_____) _____

ASSOCIATION ADDRESS: _____

DESCRIPTION OF PROPOSED CHANGE: _____

HOMEOWNER(S) SIGNATURE

NOTE: *PLEASE RETURN TWO COPIES OF THIS COMPLETED FORM AND TWO COPIES OF YOUR PLANS SO THAT THEY MAY BE DISTRIBUTED TO THE ARCHITECTURAL CONTROL COMMITTEE FOR APPROVAL.*

PML Management Corporation
655 Mariners Island Blvd., #301
San Mateo, CA 94404
(650) 349-9113
FAX (650) 349-9190

ARCHITECTURAL CONTROL COMMITTEE ACTION:

APPROVED: DENIED:

ARCHITECTURAL CONTROL COMMITTEE COMMENT: _____

ARCHITECTURAL CONTROL COMMITTEE SIGNATURES: _____

DATE: _____

Eva Martin-Long, Agent License #0716139

State Farm Insurance Companies

10011 N. Foothill Blvd. Ste. 111, Cupertino, CA 95014

(408)973-0700 Fax (408)255-5615 evamartinlong.com

Licensed Team Members: *Cherie Pappas & Erica Bravo*



Providing Insurance and
Financial Services

CIVIL CODE 1365 INSURANCE DISCLOSURE REQUIREMENTS
POLICY PERIODS 01-01-2011 TO 01-01-2012

ASSOCIATION NAME: Barron Square Homeowners Association

NAME OF INSURER: STATE FARM INSURANCE

POLICY LIMITS: Property: \$15,307,100

Business Property \$11,000

Liability: \$1,000,000

COMMERCIAL UMBRELLA: \$5,000,000

INSURANCE DEDUCTIBLES: Property: \$5,000

Liability: \$0

Commercial Umbrella: \$0

RECOMMENDATIONS MADE BY AGENT: Made annually to Association

RECOMMENDATIONS ACCEPTED: Annually

DOES COVERAGE EXTEND TO REAL PROPERTY IMPROVEMENTS: Yes

DOES ASSOCIATION CARRY EARTHQUAKE INSURANCE: No

DOES THE ASSOCIATION CARRY FLOOD INSURANCE: No

DOES THE ASSOCIATION CARRY DIRECTORS AND OFFICERS INSURANCE: Yes /\$2,000,000

DOES THE ASSOCIATION CARRY A FIDELITY BOND: Yes/\$800,000

DOES THE ASSOCIATION CARRY A WORKERS COMPENSATION POLICY: Yes

"This summary of the association's policies of insurance provides only certain information, as required by subdivision:

(e) of Section 1365 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. 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 broker or agent for appropriate additional coverage."

Eva Martin-Long
State Farm Insurance



A-P

**ATLANTIC-PACIFIC
INSURANCE BROKERS, INC**

INSURANCE PROPOSAL

December 31, 2010 to December 31, 2011

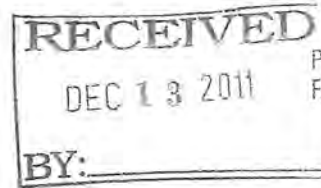
BARRON SQUARE HOMEOWNERS ASSOCIATION

*Presented by Walton & Associates Insurance Services
Atlantic-Pacific Insurance Brokers, Inc.*

Kelley M. Slocum
Commercial Lines Licensed Agent

Lila J. Infelise
Account Executive

Eva Martin-Long, Agent License #0716139
State Farm Insurance Companies
10011 N. Foothill Blvd. Ste. 111, Cupertino, CA 95014
(408)973-0700 Fax (408)255-5615 evamartinlong.com
Licensed Team Members: Cherie Pappas & Erica Bravo



Providing Insurance and
Financial Services

CIVIL CODE 1365 INSURANCE DISCLOSURE REQUIREMENTS
POLICY PERIODS 01-01-2012 TO 01-01-2013

ASSOCIATION NAME: Barron Square Homeowners Association

NAME OF INSURER: STATE FARM INSURANCE

POLICY LIMITS: Property: \$15,709,100 Business Property \$11,300 Liability: \$1,000,000

COMMERCIAL UMBRELLA: \$5,000,000

INSURANCE DEDUCTIBLES: Property: \$5,000 Liability: \$0
Commercial Umbrella: \$0

RECOMMENDATIONS MADE BY AGENT: Made annually to Association

RECOMMENDATIONS ACCEPTED: Annually

DOES COVERAGE EXTEND TO REAL PROPERTY IMPROVEMENTS: Yes

DOES ASSOCIATION CARRY EARTHQUAKE INSURANCE: No

DOES THE ASSOCIATION CARRY FLOOD INSURANCE: No

DOES THE ASSOCIATION CARRY DIRECTORS AND OFFICERS INSURANCE: Yes /\$2,000,000

DOES THE ASSOCIATION CARRY A FIDELITY BOND/EMPLOYEE DISHONESTY: Yes/\$800,000

DOES THE ASSOCIATION CARRY A WORKERS COMPENSATION POLICY: Yes

"This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 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. 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 broker or agent for appropriate additional coverage."

Eva Martin-Long
State Farm Insurance

BARRON SQUARE HOMEOWNERS ASSOCIATION
Civil Code 1365 Insurance Disclosure Requirements
Commercial Earthquake- December 31, 2011 to December 31, 2012

COMMERCIAL EARTHQUAKE

Name of Insurer	QBE Specialty Insurance Company
12/31/2011 to 12/31/2012	
Earthquake	\$10,000,000 Loss Limit \$1,783,602 Combined Demolition Cost & Increased Cost of Construction
Building Ordinance	
Contingent Liability	\$10,000,000
Deductible	15% Per Unit (Subject to \$25,000 Minimum Per Occurrence)

This summary of the Association's insurance policies provides certain information as required by subdivision (e) of Section 1365 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 payment of 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 the summary, the Association's policies may not cover your property, or real property improvements to or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any applicable deductible.

THIS SUMMARY DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THESE POLICIES. PLEASE READ YOUR POLICIES CAREFULLY.

WALTON & ASSOCIATES INSURANCE SERVICES
LICENSE #: 0D79626

COMMERCIAL EARTHQUAKE

"Protection against the peril of Earthquake."

INSURER: QBE Specialty Insurance Company

POLICY TERM: December 31, 2010 to December 31, 2011

COVERAGE:

Commercial Earthquake

\$10,000,000 Loss Limit (Real Property, Well)

\$1,713,000 Combined Demolition and Increased Cost of Construction

15% Deductible

EXCLUSIONS: Flood; Terrorism; Cyber Risk; Mold; See Policy

ANNUAL PREMIUM: \$31,705.60**
(Includes All Fees & Taxes)

