CARNELIAN WOODS

ANNUAL HOMEOWNERS' 2026-2027 BUDGET & DISCLOSURES

State of the Association
8/31/2026

George Shaw, President

It’s been a very busy year! I’ve been working to identify and prioritize the projects that need attention by reviewing our reserve study and listening to feedback from both staff and owners. Over time, a number of our larger, more expensive maintenance projects, along with some of the smaller scheduled reserve repairs and replacements, were deferred or not completed as originally planned. Because these projects do not go away when they are postponed—a fence that was not painted last year still needs to be painted this year—the Association has accumulated approximately $740,000 in reserve work (including roughly $300,000 related to the electrical panels) planned for the 2025/26 fiscal year. The Board has been working diligently with our new management company, Hansen Management and Maintenance, to address these outstanding projects and make steady progress on the backlog.

Definitions:
SEZ: Stream Environment Zone, the area around the creek and wetland adjacent to the lodge.
BMP: Best Management Practices, the defined drainage work required to minimize silt runoff into the lake.
TRPA: Tahoe Regional Planning Agency, regulates allowed environmental changes in the basin.
RUU: Residential unit of use, a required permit to allow building on property in the Tahoe basin.

Land Capability Survey

Phase one of the surveying work has been completed. The results have and will be quite valuable. The current surveying technology captures all visible landmarks. Including steps, trees, in-ground utility boxes, trails, etc. to scale. The topological data has already:

- allowed TRPA to complete a land capabilities survey (what can be done with the land based on environmental sensitivity),
- allowed TRPA to define the limits of the SEZ to mitigate further damage to the environment and placement of boardwalks,
- allowed easy mapping of exactly which trees to remove.

In the future we can update the files (.dwg AutoCAD files) to keep the maps current and store information about any fixtures on the property. Selected layers of the maps can be printed to show just the needed information.

RUUs

We have completed an initial marketing survey to determine the value of the number and value of the assets, and to confirm that TRPA will allow them to be transferred in a sale. I'm writing this before the balloting is complete, but if the measure passes, the HOA may be able to bring in several million dollars from their sale over time.

Electric Panels

Progress on the electric panel replacement is slow. Liberty Energy apparently neglected to assign an engineer to the project, so 6 months were lost until their engineering project deadline passed and no results appeared. It is likely that no panel replacement work will be completed until next spring.

Tree removal and trimming

California Fair Plan and California legislation have defined wildfire zones around buildings and the needed characteristics to be wildfire resistant. We are performing a fantastic job at wildfire hardening (our FireWise certification), but the updated standards require more. We will need to remove an additional 49+ trees that are within 5' of the buildings, as well as any branches that overhang the buildings. I'll be putting forth a plan to replant some trees in the now entirely barren areas, with the wildfire issues in mind.

Security System

The new access and security system is installed and running. This replaces the old access cards and a person watching the hot tubs and monitoring the pool and allows monitoring how much and by whom the facilities are used. The system can give user instructions triggered by events (trying to get in when the amenity is closed or leaving the gate open). Some additional programming may be necessary to get the full benefits, but since these are programmed, a lot can be changed as needed. As part of the security system install, since the lodge network was being extended across the facility, WiFI access points were installed at the pool and west (opposite) end of the lodge. Another request from an owner. Thank you!

Lodge Sewer

The sewer at the lodge has been leaking for many years and prone to clogging. The hot tubs and pool cannot operate without bathrooms available. The original 54-year old pipes were installed backwards, have sagged and have standing water, and joints have opened up. Rather than try to replace them in the current location, an entirely new sewer line is being run. Additionally, during the work, the cast iron pipes under the lodge were found to be leaking and are being replaced. At 50+ years old, we are going to run into more aging infrastructure issues on the lodge and units that will need to be addressed.

Asphalt work

As you may have noticed, another phase of asphalt repairs, sealing and striping has been completed. We have a lot of asphalt, and this is the single, largest, frequently recurring expense in the reserves. IRS regulations consider this an operating expense, so it will be handled as an operating expense in the future.

At the suggestion of one of our owners, we have also marked with striped no-parking areas where a walkway to the units intersects with the parking lot. When there is snow, the paths in these areas become inaccessible if a car is parked there. Thank you for the suggestion!

Roof

The roofing in the entire development was inspected by both the manufacturer and an outside consultant and the results were not pretty. We need to plan on replacing the roofing in about 5 years rather than 10. Obtaining a bid for the project, we found that the area of the roof in the reserve study was about 40% too high (good), but the cost did not consider the need for roof insulation (there currently is none, despite it being on the original plans) nor the difficulty of installing the roof on building that are on a slope. The reserve study has been adjusted.

Drainage System Maintenance

The TRPA required all properties to institute and maintain best management practices (BMP) for soil drainage by 2007. The HOA had a plan created for the entire property in 2004 but only implemented it on one building. To implement the BMP requirements, the association is working through a multi-year project to have the entire property surveyed to produce the needed updated topographical maps, will need to have the BMP plans updated, and then obtain costs for the work.

Parcourse Boardwalk

Where the parcourse trail crosses the SEZ at the north and south ends it has trenched the wetlands and consequently diverted the normal course of the water flow, leaving the trail difficult or impossible to cross during the winter and spring. The bridges in these areas are also in disrepair.

As part of our land capability study, we now have topographical maps for our property that have allowed TRPA to define the SEZ so we know the boundaries of the sensitive areas. The trenching damage will be remediated and simple boardwalks will be installed across the entire flooding area, replacing the bridges. Additional surveying needs to be completed and TRPA approval obtained for both the north and south crossings to complete the entire project. The actual construction won’t occur until next year.

Creek Brush Management and Wetland Maintenance
The SEZ, as our forests, has become congested with dead material that is a fire risk and fallen material is causing problems. The forests were thinned in the previous fuel reduction work, and while we hoped that project would include the wetlands, it did not. In the past, a natural, sparse, fire would clear this material out, but without those it accumulates. A significant amount of dead vegetation in the creek has impeded the waterflow, causing stagnant ponding and resulting in mosquito infestations along the parcourse trail that generally last from spring melt until August. We have started a multiyear project, a bit at a time, to clear dead material that is blocking the stream and to thus begin a slow wetland restoration. We are looking into contacting a hydrologist to see what an actual wetland restoration would entail. Additionally, North Tahoe Fire has informed us that they want all dead foliage in the creek area within 100' of the buildings removed.

Unit Stairs
Replacing the unit stairs is a high demand item, but with other expenditures with deadlines, the stairs are not scheduled to occur in mass for a few years yet. Some funds are allocated to address only the worst units in the near term.

Porch Refinishing
The unit porches were typically maintained by periodic pressure washing, but now, after half a century, that is not really sufficient. The porch decking is structurally part of the surrounding walls making replacing the boards costly and difficult. Instead, a heavy sanding and sealant finish will be used at much lower cost. These will be done in conjunction with stair replacements. See unit 36 where I did this on my unit as a test and example.

Pavers
The pavers around the pool and the lodge were uneven and a trip hazard due to settling and tree roots. These have been reset.

Lodge Walkway and Deck Metal Railings
These will receive needed minor repairs and painting.

Sloped Walkway Wood Railings
These will receive needed repairs and painting. On the next maintenance pass, the railings will be updated from their 50 year old design to better align with current building codes, primarily the requirement for an upper graspable edge.

Outbuilding Maintenance

The outbuildings in front of the lodge will receive maintenance, and where needed, new siding. Since some are heated to prevent winter freezing, they are a target for small animals that chew through the walls to find warmth.

Lodge Deck Repairs

Various portions of the lodge deck need maintenance or replacement.

Pool Drain Cover

Pool Virginia Graham Baker Act drain covers that were purchased previously have been replaced. These have a 5 year life and are designed to prevent entrapment if someone is in contact with the cover.

Pool and Hot Tub Covers

The blue pool and hot tub covers have been ordered and will be replaced when received. The new hot tub covers will have sealed edges to prevent the material from delaminating and fraying.

Pickleball Court Nets

The pickleball court nets will be replaced at the end of the season.

Unit Access

The access requirement has been a part of the CC&Rs for decades and is mandatory. We still struggle with access to some of the units. Partly it is coordination, partly it is having complete sets of keys, and partly it is resistance. While this is a touchy subject for some owners, they need to remember that the HOA is responsible for maintaining everything from the unfinished sheetrock outward. Please contact management to arrange to update lock box codes or for delivery of new keys, if needed.

Energy Improvements

We continue to work to reduce energy usage at the lodge and amenities. The floor in the lodge will receive sealant and new insulation, the doors have received new weatherstripping, and some will be remounted to improve sealing.

Blueprints

We are slowly having our aging and crumbling blueprints digitized to preserve them. Hansen has a source to do this for free if we don’t make too many demands.

Lodge Maintenance

The lodge has many minor maintenance issues (nail pops, chipped corners, dirty light fixtures) that will be addressed as resources are available. It is a dated but nice building. No reason it should not look its best.

Annual Insurance Inspections

The inspections (note the new name, aka Fall Inspections) will start in October this year. Insurance requirements prescribe most of the items inspected in addition to a unit status check for unreported problems. We've found in the past roof and window leakage and serious drywall cracks that the owner would not have otherwise reported. Please cooperate with management to schedule and complete the inspections.

ANNUAL BUDGET REPORT
Information Included per Civil Code 5300

1. **Pro Forma Operating Budget**

2. **Reserve Summary:** A summary of the Association's reserves prepared pursuant to Civil Code 5300(b)(2) and 5565.

3. **Reserve Funding Plan:** The Association's reserve funding plan prepared pursuant to Civil Code 5300(b)(3), 5550(b)(5), and 5560. Full report available at: www.carnelianwoods.org/board-of-directors and available upon request.

4. **Major Component Repairs**: Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code 5300, 5550 and 5560). Full Study Available upon request.

5. **Anticipated Special Assessments:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code 5300, 5550 and 5560). Full Study Available upon request.

6. **Reserve Funding Mechanism:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code 5300, 5550 and 5560). Full Study Available upon request.

7. **Procedures for Calculating Reserves:** Included in the Assessment and Reserve Funding Disclosure Summary (Civil Code 5300, 5550 and 5560). Full Study Available upon request.

8. **Outstanding Loans** (Civil Code 5300(b)(8))

9. **Insurance Disclosure** (Civil Code 5300(b)(9))

10. **Assessment & Reserve Funding Disclosure Summary:** The completed Assessment and Reserve Funding Disclosure Summary prepared pursuant to Civil Code 5570 and included with the Annual Budget Report pursuant to Civil Code 5300(e).

11. **FHA/VA Certification**

12. **A copy of the completed "Charges For Documents Provided" disclosure**

CARNELIAN WOODS

Income Statement Budget

Carnelian Woods

June 2026

Carnelian Woods

	Year-to-date			Annual	Remaining	FY 2025/26	Variance	FY 2026-27
	Actual	Budget	Variance	Budget	Budget	Current View	to Budget	Budget
Revenue								
Operating Income								
4000 - Dues and Assessments	1,263,426.00	1,263,426.03	(0.03)	1,684,568.00	421,142.00	1,684,568.00	0.00	2,021,104.00
4001 - Dues Allocated to Reserve	(270,788.34)	(270,789.03)	0.69	(361,052.00)	(90,263.66)	(361,052.00)	0.00	(622,096.00)
4009 - Special Assessment - Siding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4015 - Rental Income	21,300.00	21,300.00	0.00	21,300.00	0.00	31,950.00	10,650.00	0.00
4025 - Late Charges	0.00	750.00	(750.00)	1,000.00	1,000.00	0.00	(1,000.00)	0.00
4030 - Transfer Fees	1,750.00	900.00	850.00	1,200.00	(550.00)	1,750.00	550.00	1,200.00
4040 - Miscellaneous Income	0.00	500.00	(500.00)	500.00	500.00	0.00	(500.00)	0.00
4175 - Returned Item Fee	35.00	0.00	35.00	0.00	(35.00)	35.00	35.00	0.00
4300 - Operating Interest	0.40	0.00	0.40	0.00	(0.40)	0.40	0.40	0.00
4999 - Revenue Clearing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total: Operating Income	**1,015,723.06**	**1,016,087.00**	**(363.94)**	**1,347,516.00**	**331,792.94**	**1,357,251.40**	**9,735.40**	**1,400,208.00**
Expense								
Administrative Expenses								
5030 - Bank Service Charges	93.77	45.00	48.77	60.00	(33.77)	1,293.77	1,233.77	5,400.00
5060 - Insurance	231,966.95	233,883.00	(1,916.05)	271,752.00	39,785.05	271,752.00	0.00	308,969.58
5065 - Licenses and Permits	2,083.04	2,300.00	(216.96)	2,300.00	216.96	2,300.00	0.00	2,369.00
5069 - Meetings - Director & HO	46.48	2,275.00	(2,228.52)	2,500.00	2,453.52	100.00	(2,400.00)	2,500.00
5070 - Miscellaneous	8,879.99	2,250.00	6,629.99	3,000.00	(5,879.99)	11,839.99	8,839.99	12,000.00
5072 - Office Expense/Supplies	3,038.55	7,000.00	(3,961.45)	9,000.00	5,961.45	4,051.40	(4,948.60)	7,500.00
5075 - Postage and Delivery	1,440.93	1,625.00	(184.07)	2,150.00	709.07	1,921.24	(228.76)	2,214.50
Total: Administrative Expenses	**247,549.71**	**249,378.00**	**(1,828.29)**	**290,762.00**	**43,212.29**	**293,258.40**	**2,496.40**	**340,953.08**
Payroll Expenses								
5055 - Employees Benefits	20,194.10	24,985.00	(4,790.90)	34,444.00	14,249.90	29,436.44	(5,007.56)	0.00
5073 - Payroll Tax Expense	14,252.32	15,634.00	(1,381.68)	21,310.00	7,057.68	19,003.09	(2,306.91)	0.00
5074 - Payroll Service Fee	3,392.63	3,829.00	(436.37)	5,029.00	1,636.37	4,510.67	(518.33)	0.00
5136 - Wages - Maint/Mgmt	131,648.50	169,114.00	(37,465.50)	230,497.00	98,848.50	146,028.46	(84,468.54)	0.00
5139 - Wages - Vehicle / Equipment Repair	144.00	0.00	144.00	0.00	(144.00)	144.00	144.00	0.00
5185 - Workers Comp Insurance	0.00	9,150.03	(9,150.03)	12,200.00	12,200.00	0.00	(12,200.00)	0.00
Total: Payroll Expenses	**169,631.55**	**222,712.03**	**(53,080.48)**	**303,480.00**	**133,848.45**	**199,122.66**	**(104,357.34)**	**0.00**
Professional Services								
5080 - Professional Fees	600.00	3,500.00	(2,900.00)	4,500.00	3,900.00	1,200.00	(3,300.00)	1,200.00
5081 - Management Fee	151,718.00	157,238.00	(5,520.00)	222,260.00	70,542.00	216,740.00	(5,520.00)	713,976.00
5082 - eUnify Accounting/uManage Services	11,230.00	0.00	11,230.00	0.00	(11,230.00)	14,230.00	14,230.00	6,180.00
5085 - Accounting	1,190.00	7,500.00	(6,310.00)	7,500.00	6,310.00	5,690.00	(1,810.00)	16,900.00
5095 - Legal Fees	10,038.04	4,875.00	5,163.04	6,500.00	(3,538.04)	13,384.05	6,884.05	6,000.00
5145 - Security	10,885.94	29,481.00	(18,595.06)	31,731.00	20,845.06	16,369.94	(15,361.06)	12,250.70
Total: Professional Services	**185,661.98**	**202,594.00**	**(16,932.02)**	**272,491.00**	**86,829.02**	**267,613.99**	**(4,877.01)**	**756,506.70**
Taxes								
5155 - Taxes - IRS	0.00	4,157.00	(4,157.00)	4,157.00	4,157.00	4,157.00	0.00	5,000.00
5160 - Taxes - Property	10,996.82	10,968.00	28.82	10,968.00	(28.82)	10,996.82	28.82	11,216.76
5165 - Taxes - State	0.00	2,394.00	(2,394.00)	2,394.00	2,394.00	2,394.00	0.00	2,500.00
Total: Taxes	**10,996.82**	**17,519.00**	**(6,522.18)**	**17,519.00**	**6,522.18**	**17,547.82**	**28.82**	**18,716.76**
Utilities								
5170 - Telephone/Internet	1,482.50	1,261.00	221.50	1,696.00	213.50	1,951.25	255.25	2,191.25
5175 - Utilities - Electricity/Other	12,408.38	6,098.00	6,310.38	8,052.00	(4,356.38)	15,480.11	7,428.11	17,028.12
5176 - Utilities - Refuse	39,201.45	39,056.22	145.23	52,075.00	12,873.55	52,354.50	279.50	53,925.14
5177 - Utilities - Lodge	35,210.70	21,567.00	13,643.70	29,733.00	(5,477.70)	48,714.78	18,981.78	53,586.26
5178 - Utilities - Pavilion	6,076.37	7,480.00	(1,403.63)	9,742.00	3,665.63	7,608.59	(2,133.41)	8,369.45
5179 - Utilities - Pool	11,042.61	13,984.00	(2,941.39)	23,553.00	12,510.39	15,981.12	(7,571.88)	17,579.23
Total: Utilities	**105,422.01**	**89,446.22**	**15,975.79**	**124,851.00**	**19,428.99**	**142,090.35**	**17,239.35**	**152,679.45**
Amenities Maintenance								
5101 - Lodge Maintenance Supplies	599.53	4,435.00	(3,835.47)	5,660.00	5,060.47	5,660.00	211.38	6,000.00
5125 - Pool/Spa Maintenance/Repairs	3,054.61	20,640.00	(17,585.39)	27,520.00	24,465.39	4,561.30	(22,958.70)	4,500.00
5147 - Pool/Spa Supplies	5,374.63	0.00	5,374.63	0.00	(5,374.63)	18,000.00	18,000.00	18,000.00
5148 - BBQ Maintenance	45.25	0.00	45.25	0.00	(45.25)	45.25	45.25	150.00
Total: Amenities Maintenance	**9,074.02**	**25,075.00**	**(16,000.98)**	**33,180.00**	**24,105.98**	**28,266.55**	**(4,702.07)**	**28,650.00**

Thu August 13, 2026
05:54:01 PM

Income Statement Budget
Carnelian Woods
June 2026

Carnelian Woods

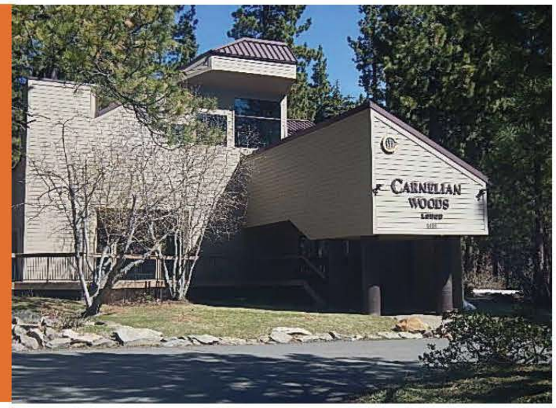
Snow Removal Expense								
5034 - Snow Removal Supplies	1,388.19	5,000.00	(3,611.81)	5,000.00	3,611.81	1,388.19	(3,611.81)	0.00
5134 - Snow Removal Contract	16,663.75	30,000.00	(13,336.25)	30,000.00	13,336.25	16,663.75	(13,336.25)	0.00
5138 - Snow Removal	8,520.00	0.00	8,520.00	0.00	(8,520.00)	8,520.00	8,520.00	0.00
Total: Snow Removal Expense	**26,571.94**	**35,000.00**	**(8,428.06)**	**35,000.00**	**8,428.06**	**26,571.94**	**(8,428.06)**	**0.00**
Property Inspection and Maintenance								
5105 - General Maintenance	16.28	0.00	16.28	0.00	(16.28)	21.71	0.00	0.00
5107 - Materials and Supplies - Building Maintena	2,049.08	0.00	2,049.08	0.00	(2,049.08)	2,732.11	2.56	3,000.00
5112 - Under Unit Repair	18.22	0.00	18.22	0.00	(18.22)	24.29	24.29	5,000.00
5115 - Building Repairs	710.03	0.00	710.03	0.00	(710.03)	2,710.03	2,710.03	0.00
5116 - Deck Repair	538.68	0.00	538.68	0.00	(538.68)	718.24	718.24	5,000.00
Total: Property Inspection and Maintenance	**3,332.29**	**0.00**	**3,332.29**	**0.00**	**(3,332.29)**	**6,206.38**	**3,455.12**	**13,000.00**
Grounds Maintenance								
5102 - General - Grounds Maintenance	648.33	15,150.00	(14,501.67)	49,700.00	49,051.67	1,980.00	(47,720.00)	2,000.00
xxxx - Asphalt repairs / striping / paving								
5104 - Defensible Space	1,621.92	0.00	1,621.92	0.00	(1,621.92)	121,621.92	121,621.92	60,000.00
Total: Grounds Maintenance	**2,270.25**	**15,150.00**	**(12,879.75)**	**49,700.00**	**47,429.75**	**123,601.92**	**73,901.92**	**62,000.00**
Building Maintenance								
5032 - Pavilion	4,627.70	0.00	4,627.70	0.00	(4,627.70)	6,170.27	6,170.27	5,000.00
5036 - Fall Maintenance	8,392.50	0.00	8,392.50	0.00	(8,392.50)	11,190.00	11,190.00	12,000.00
5106 - Building Maintenance	2,672.11	15,025.00	(12,352.89)	20,275.00	17,602.89	3,562.81	(16,712.19)	7,000.00
Total: Building Maintenance	**15,692.31**	**15,025.00**	**667.31**	**20,275.00**	**4,582.69**	**20,923.08**	**648.08**	**24,000.00**
Equipment Maintenance and Fuel								
5017 - Loader Fuel & Repairs	262.07	0.00	262.07	0.00	(262.07)	262.07	0.00	0.00
5020 - Vehicle Fuel	7,867.34	7,500.00	367.34	10,000.00	2,132.66	10,320.83	320.83	0.00
5021 - Equipment Maintenance	749.92	8,650.00	(7,900.08)	11,060.00	10,310.08	1,917.67	(9,142.33)	2,000.00
5180 - Vehicle Expense	3,736.98	0.00	3,736.98	0.00	(3,736.98)	3,736.98	3,736.98	0.00
Total: Equipment Maintenance and Fuel	**12,616.31**	**16,150.00**	**(3,533.69)**	**21,060.00**	**8,443.69**	**16,237.55**	**(5,084.52)**	**2,000.00**
Other Expense								
5099 - Penalties and Late Fees	361.93	0.00	361.93	0.00	(361.93)	361.93	361.93	350.00
Total: Other Expense	**361.93**	**0.00**	**361.93**	**0.00**	**(361.93)**	**361.93**	**361.93**	**350.00**
Total: Operating Expense	**789,181.12**	**888,049.25**	**(98,868.13)**	**1,168,318.00**	**379,136.88**	**1,141,802.57**	**(29,317.37)**	**1,398,855.98**
Net Operating Income	**226,541.94**	**128,037.75**	**98,504.19**	**179,198.00**	**(47,343.94)**	**215,448.83**	**39,052.77**	**1,352.02**
Reserve Income								
6010 - Reserve Interest	5,920.68	4,500.00	1,420.68	6,000.00	79.32	7,894.24	1,894.24	8,000.00
6100 - Dues Allocated to Reserve	270,788.34	270,789.03	(0.69)	361,052.00	90,263.66	361,052.00	0.00	622,096.00
Total: Reserve Income	**276,709.02**	**275,289.03**	**1,419.99**	**367,052.00**	**90,342.98**	**368,946.24**	**1,894.24**	**630,096.00**
Reserve Expense								
7045 - Pavilion Remodel-Rehab	58,893.00	17,321.00	41,572.00	68,571.00	9,678.00	68,571.00	0.00	0.00
7055 - Unit Balconies	0.00	0.00	0.00	5,125.00	5,125.00	5,125.00	0.00	4,500.00
7075 - Asphalt-Seal/Repair	0.00	0.00	0.00	42,332.00	42,332.00	42,332.00	0.00	23,965.00
7084 - Lighting Project	0.00	0.00	0.00	17,700.00	17,700.00	17,700.00	0.00	1,000.00
7105 - Wood Fence-Replace	0.00	0.00	0.00	2,365.00	2,365.00	2,365.00	0.00	39,286.80
7115 - Structural Improvements	0.00	0.00	0.00	107,492.00	107,492.00	0.00	(107,492.00)	102,911.80
7125 - Roofs	54,505.00	23,305.00	31,200.00	56,610.00	2,105.00	54,505.00	(2,105.00)	0.00
7131 - Forestry	8,850.00	8,850.00	0.00	8,850.00	0.00	8,850.00	0.00	0.00
7140 - Drainage System-Maintain/Refurb	45,067.80	0.00	45,067.80	0.00	(45,067.80)	45,067.80	45,067.80	0.00
7200 - Landscaping	0.00	0.00	0.00	10,250.00	10,250.00	0.00	(10,250.00)	0.00
7202 - Security System	44,931.56	21,963.00	22,968.56	21,963.00	(22,968.56)	44,931.56	22,968.56	3,000.00
7203 - Infrastructure	0.00	0.00	0.00	350,032.00	350,032.00	55,000.00	(295,032.00)	0.00
7205 - Bat Exclusion	15,700.00	15,700.00	0.00	20,825.00	5,125.00	20,825.00	0.00	0.00
7210 - Entry Stairs	155.70	0.00	155.70	0.00	(155.70)	155.70	155.70	0.00
7220 - Reserve Study	0.00	0.00	0.00	500.00	500.00	500.00	0.00	500.00
7400 - Bank Service Charges	301.00	0.00	301.00	300.00	(1.00)	401.33	101.33	450.00
7500 - Maintenance Equipment	70.86	0.00	70.86	23,613.00	23,542.14	94.48	(23,518.52)	12,639.00
7510 - Miscellaneous	0.00	0.00	0.00	10,250.00	10,250.00	10,250.00	0.00	305,150.00
Total: Reserve Expense	**228,474.92**	**87,139.00**	**141,335.92**	**746,778.00**	**518,303.08**	**376,673.87**	**(318,293.49)**	**493,402.60**
Net Reserve Income	**48,234.10**	**188,150.03**	**(139,915.93)**	**(379,726.00)**	**(427,960.10)**	**(7,727.63)**	**320,187.73**	**136,693.40**

Income Statement Budget
Carnelian Woods
June 2026

Loan Income								
4004 - Special Assessments - Loan	155,052.00	155,052.00	0.00	206,736.00	51,684.00	206,736.00	0.00	206,736.00
Total: Loan Income	**155,052.00**	**155,052.00**	**0.00**	**206,736.00**	**51,684.00**	**206,736.00**	**0.00**	**206,736.00**
5062 - Interest Expense - Loan	23,447.04	23,080.50	366.54	30,774.00	7,326.96	30,774.00	0.00	21,067.00
Total: Revenue	**1,447,484.08**	**1,446,428.03**	**1,056.05**	**1,921,304.00**	**473,819.92**	**1,932,933.64**	**11,629.64**	**2,237,040.00**
Total: Expense	**1,041,103.08**	**998,268.75**	**42,834.33**	**1,945,870.00**	**904,766.92**	**1,549,250.44**	**(347,610.86)**	**1,913,325.58**
Net Income	**406,381.00**	**448,159.28**	**(41,778.28)**	**(24,566.00)**	**(430,947.00)**	**383,683.20**	**359,240.50**	**323,714.42**

Browning
RESERVE GROUP
A Division of Reserve Advisors

Clarity from Complexity



RESERVE STUDY
Member Distribution Materials

Carnelian Woods
Update w/o Site Visit Review
2025/2026 Update
Published - August 31, 2026
Prepared for the 2026/2027 Fiscal Year

Table of Contents

Browning Reserve Group, A Division of Reserve Advisors, LLC
www.BrowningRG.com

FIREWISE USA

Browning
RESERVE GROUP
A Division of Reserve Advisors

Carnelian Woods
2025/2026 Update
Prepared for the 2026/2027 Fiscal Year

California Member Summary

This is a summary of the Reserve Study that has been performed for Carnelian Woods, (the "Association") which is Planned Community with a total of 118 Units. This study was conducted in compliance with California Civil Code Sections 5300, 5550 and 5560 and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group, a division of Reserve Advisors, LLC prepared this Update w/o Site Visit Review for the October 01, 2026 - September 30, 2027 fiscal year. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements. Although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

CARNELIAN WOODS

Carnelian Woods

California Member Summary

2025/2026 Update
Prepared for the 2026/2027 Fiscal Year

Browning RESERVE GROUP
A Division of Reserve Advisors

Reserve Component	*Current Replacement Cost*	*Useful Life*	*Remaining Life*	*2025/26 Fully Funded Balance*	*2026/27 Fully Funded Balance*	*2026/27 Line Item Contribution based on Cash Flow Method*
01000 - Paving	**962,592**	**1 - 30**	**0 - 15**	**574,404**	**586,419**	**44,346**
02000 - Concrete	**137,465**	**5 - 40**	**0 - 25**	**58,099**	**52,890**	**4,465**
04000 - Structural Repairs	**2,995,365**	**1 - 40**	**0 - 28**	**882,286**	**902,128**	**68,083**
04500 - Decking/Balconies	**201,147**	**5 - 25**	**0 - 7**	**138,055**	**143,599**	**10,648**
05000 - Roofing	**2,906,871**	**5 - 40**	**0 - 31**	**1,718,166**	**1,745,872**	**132,655**
08000 - Rehab	**168,738**	**3 - 30**	**0 - 25**	**109,501**	**73,991**	**8,472**
12000 - Pool	**569,253**	**5 - 40**	**0 - 19**	**305,007**	**312,730**	**23,547**
13000 - Spa	**65,664**	**10 - 20**	**4 - 9**	**39,903**	**44,546**	**3,053**
14000 - Recreation	**22,703**	**10 - 20**	**3 - 5**	**18,258**	**19,542**	**1,412**
17000 - Tennis Court	**270,002**	**5 - 40**	**0 - 21**	**155,583**	**168,410**	**11,983**
18000 - Landscaping	**223,518**	**1 - 20**	**0 - 9**	**143,078**	**76,017**	**11,067**
19000 - Fencing	**85,689**	**5 - 40**	**0 - 14**	**55,083**	**57,074**	**4,236**
20000 - Lighting	**64,449**	**2 - 20**	**1 - 18**	**31,941**	**46,414**	**2,442**
21000 - Signage	**4,774**	**12**	**8**	**1,591**	**1,989**	**114**
23000 - Mechanical Equipment	**28,241**	**10 - 30**	**3 - 18**	**15,639**	**17,362**	**1,221**
24000 - Furnishings	**30,228**	**5 - 10**	**3 - 4**	**20,368**	**23,549**	**1,603**
24600 - Safety / Access	**39,664**	**5 - 10**	**0 - 1**	**39,134**	**6,353**	**3,015**
25000 - Flooring	**14,884**	**10**	**1 - 6**	**11,948**	**13,436**	**916**
26000 - Outdoor Equipment	**30,566**	**10 - 20**	**1 - 11**	**18,222**	**20,047**	**1,374**
27000 - Appliances	**6,365**	**6**	**6**	**909**	**1,819**	**76**
29000 - Infrastructure	**650,359**	**4 - 50**	**0 - 4**	**463,088**	**198,591**	**35,683**
30000 - Miscellaneous	**224,165**	**1 - 20**	**0 - 10**	**132,839**	**147,916**	**10,266**
31000 - Reserve Study	**5,270**	**3**	**0 - 2**	**3,513**	**4,695**	**267**
32000 - Undesignated	**10,300**	**1**	**1**	**5,150**	**10,300**	**382**
Grand Total	**9,718,274**			**4,941,767**	**4,675,689**	**381,327**

2

Browning
RESERVE GROUP
A Division of Reserve Advisors

Carnelian Woods
2025/2026 Update
Prepared for the 2026/2027 Fiscal Year

California Assessment and Reserve Funding Disclosure For the Fiscal Year Ending 2027

1. The regular assessment per ownership interest is $4282 per Quarter for the fiscal year beginning October 01, 2026.
   Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached summary.

2. Additional regular or special assessments that have already been scheduled to be imposed or charged,

   regardless of the purpose, if they have been approved by the board and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (if assessments are variable, see note immediately below):	Purpose of the Assessment
Quarterly	$438	SIDING LOAN
Total:	$438.00	

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached report.

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

   Yes___X_____No__________
   This disclosure has been prepared by Browning Reserve Group, a division of Reserve Advisors, LLC and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation. The accuracy of this information over the next 30 years will be dependent upon circumstances which are impossible to predict with specificity, and will require future action to adjust assessments over the period in accordance with the current projections and future developments.

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

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N/A	N/A

5. All major components are included in the reserve study and are included in its calculations. See next page §5300(b)(4), for any major component exclusions.

6. Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is $4,941,767, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, a division of Reserve Advisors, LLC as of August, 2026. The projected reserve fund cash balance at the end of the current fiscal year is $34,762 resulting in reserves being 0.70% percent funded at this date. Civil code section 5570 does not require the board to fund reserves in accordance with this calculation.
   An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast). This is a method of developing a reserve funding plan where the contributions to the reserve fund are designated to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

7. Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is presented in column (b) 'Fully Funded Balance' in the table immediately below; and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2026/2027	$4,792,581	$170,940	3.57%
2027/2028	$5,118,794	$361,907	7.07%
2028/2029	$5,469,975	$439,185	8.03%
2029/2030	$5,674,894	$493,828	8.70%
2030/2031	$5,814,984	$720,159	12.38%

If the reserve funding plan approved by the association is implemented, the projected fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

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, 2.50% per year was the assumed long-term inflation rate, and 2.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of September 30, 2027 is $41,584.79 per ownership interest (average).

This is calculated as the current estimate of the amount of cash reserves necessary as of the end of the fiscal year for which the study is prepared, less, the amount of accumulated cash reserves actually (Projected to be) set aside to repair, replace, restore, or maintain the major components.

$$Deficiency = \frac{Fully\ Funded\ Balance - Reserve\ Ending\ Balance}{Ownership\ Interest\ Quantity}$$

§5300(b)(4) The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years, unless noted below:

Major Component:	Exclusion Justification:
N/A	N/A

§5300(b)(5) The board of directors as of the date of the study does not anticipate the levy of a special assessment for the repair, replacement, or restoration of the major components.

CARNELIAN WOODS

Browning
RESERVE GROUP
A Division of Reserve Advisors

Section III
Carnelian Woods

30 Year Reserve Funding Plan Cash Flow Method

2025/2026 Update
Prepared for the 2026/2027 Fiscal Year

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Beginning Balance	400,575	34,762	170,940	361,907	439,185	493,828	720,159	1,059,061	1,302,034	1,486,168
Inflated Expenditures @ 2.50%	732,239	247,994	218,996	358,990	407,557	265,027	186,587	318,401	412,848	347,707
Reserve Contributions	361,052	381,632	403,385	426,378	450,681	476,370	503,523	532,224	562,561	594,627
Units/month @ 118	254.98	269.51	284.88	301.11	318.28	336.42	355.60	375.86	397.29	419.93
Percentage Increase	0.0%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	5,375	2,540	6,578	9,890	11,519	14,987	21,966	29,149	34,422	40,241
Ending Balance	34,762	170,940	361,907	439,185	493,828	720,159	1,059,061	1,302,034	1,486,168	1,773,329

	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45
Beginning Balance	1,773,329	1,855,621	1,093,786	654,131	195,732	783,488	1,327,194	1,812,784	2,612,506	3,367,295
Inflated Expenditures @ 2.50%	591,030	1,462,594	1,163,449	1,211,132	208,881	311,619	429,710	181,410	298,344	972,390
Reserve Contributions	628,521	664,346	702,214	742,240	784,548	829,267	876,536	926,498	979,309	1,035,129
Units/month @ 118	443.87	469.17	495.91	524.18	554.06	585.64	619.02	654.31	691.60	731.02
Percentage Increase	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	44,802	36,412	21,579	10,492	12,089	26,058	38,765	54,633	73,825	84,967
Ending Balance	1,855,621	1,093,786	654,131	195,732	783,488	1,327,194	1,812,784	2,612,506	3,367,295	3,515,001

	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53	2053/54	2054/55
Beginning Balance	3,515,001	4,273,436	5,291,431	6,441,589	7,390,897	8,693,507	9,693,533	11,204,508	12,879,054	9,032,054
Inflated Expenditures @ 2.50%	431,849	256,587	217,111	513,559	261,708	670,566	272,902	235,634	5,822,292	457,586
Reserve Contributions	1,094,131	1,156,497	1,222,417	1,292,095	1,365,744	1,443,592	1,525,877	1,612,852	1,704,784	1,747,404
Units/month @ 118	772.69	816.74	863.29	912.50	964.51	1,019.49	1,077.60	1,139.02	1,203.94	1,234.04
Percentage Increase	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	2.5%
Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	96,154	118,085	144,852	170,771	198,573	227,000	258,001	297,328	270,508	241,924
Ending Balance	4,273,436	5,291,431	6,441,589	7,390,897	8,693,507	9,693,533	11,204,508	12,879,054	9,032,054	10,563,796

CARNELIAN WOODS OUTSTANDING LOANS

Purpose: Building Siding
Payee: Mutual of Omaha
Interest Rate: 5.31%
Current Outstanding Balance: $475,814.07
Annual Payment: $206,680.32
Scheduled Retirement Date: February 27, 2029

Carnelian Woods

INSURANCE DISCLOSURE — CIVIL CODE §5300(b)(9)

This summary of the association's policies of insurance provides only certain information as required by subdivision (f) of Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and 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 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

COMPANY & POLICY NUMBER [PROPERTY INSURANCE]	**California Fair Plan # CHV 0402513973 00**
COVERAGE DATES :	01/10/2026 to 01/10/2027
BUILDING LIMIT NOT BLANKETED :	$58,319,053 - Replacement Cost
DEDUCTIBLE :	$5,831,905
COINSURANCE :	90%
COMPANY & POLICY NUMBER [GENERAL LIABILITY]	**Atain Specialty Insurance Company # APF200010256**
COVERAGE DATES :	06/30/2026 to 06/30/2027
LIABILITY LIMIT PER OCCURANCE/AGGREGATE :	$1,000,000/$2,000,000
DEDUCTIBLE :	$500 per Claim
COMPANY & POLICY NUMBER [D&O, CRIME, CYBER PACK	**Travelers Casualty and Surety Company of America # 108022080**
COVERAGE DATES :	03/31/2026 to 03/31/2027
COMMUNITY ASSOCIATION MANAGEMENT LIABILITY :	$1,000,000.00
CRIME :	$1,500,000.00
CYBER :	$100,000.00
DEDUCTIBLE :	$2,500 / $15,000 / $2,500 Retention
COMPANY & POLICY NUMBER [EXCESS LIABILITY]	**Homesite Insurance Company # PRP-253288001-02-4167279**
COVERAGE DATES :	06/30/2026 to 06/30/2027
UMBRELLA	$5,000,000.00
COMPANY & POLICY NUMBER [PROPERTY INSURANCE]	**Bridgeway Insurance Company # 7EA7PP1004527-00**
COVERAGE DATES :	01/10/2026 to 01/10/2027
BUILDING LIMIT NOT BLANKETED :	$59,805,853 - Replacement Cost
DEDUCTIBLE :	$75,000
COMPANY & POLICY NUMBER [COMMERCIAL AUTO]	**Travelers Casualty Insurance Company of America # BA-A8553272-25-42-G**
COVERAGE DATES :	11/22/2025 to 11/22/2026
COMBINED SINGLE LIABILITY LIMIT:	$1,000,000.00
COMPREHENSIVE & COLLISION DEDUCTIBLES:	$500 & $1,000
COMPANY & POLICY NUMBER [WORKERS COMPENSATIO	**Security National Insurance Company # SNS1592502**
COVERAGE DATES :	11/22/2025 to 11/22/2026
LIMITES :	$1,000,000/$1,000,000/$1,000,000

Higher limits are available and can be quoted. Please contact us if you want to discuss higher limits.

This summary of insurance provides only certain information as required by subdivision (f) 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.

Federal Housing Administration (FHA)

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest. This common interest development is not a condominium project. The association is not certified by the Federal Housing Administration.

Veterans Affairs (VA)

Certification by the federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest. This common interest development is not a condominium project. The association of this common interest development is not certified by the federal Department of Veterans Affairs.

CARNELIAN WOODS

Notice of Increase in Quarterly Assessment August 31, 2026

Civil Code 5615 requires the Association to provide individual notice of an increase in the regular or special assessment not less than 30 days nor more than 60 days before the increased assessment becomes due.

The Board of Directors approved the 2026/27 Budget (October 1, 2026, through September 30, 2027) as presented by the Treasurer. **Please note, the regular quarterly assessment for the 2026-2027 fiscal year will increase to $4282.00 per quarter. The first increased quarterly assessment is due October 1, 2026.**

October 1, 2026, January 1, 2027, April 1, 2027, and July 1, 2027, payments will be:

$4282	2026/27 Dues
$438	Special Assessment for Siding through 01/2029
TOTAL: $ 4720.00	**Due 10/1, 1/1, 4/1, and 7/1**

Assessments become delinquent thirty (30) days after the due date pursuant to Section 4.12 of the Carnelian Woods CC&Rs and Civil Code 5650(b), and may thereafter be subject to applicable late charges, interest, and reasonable collection costs as permitted by law and the governing documents.

If you have any questions regarding this notice, please contact Shannon Hansen at Shannon@hmmco.com or Joost at Treasurer@carnelianwoods.org

Financial Discussion

Despite some sizable changes in our year-over-year operations, the Board managed to execute its duties within the allotted budget for the year. As of the writing of this report the outlook is that we will end the fiscal year with a slight operational surplus that will help us cover the contingency buffer for the 2026/27 year budget.

Main drivers for this outcome.

- After locking in our insurance coverage for the 2025/26 coverage period, we learned that we became eligible again for replacement value California FAIR plan coverage and at a premium that was lower than the insurance that was locked in earlier. We managed to get the new coverage issued before the end of the original coverage year, and this resulted in a $72,000 refund from the insurer.
- We contracted with Hansen management for our facilities operations management and one corollary was the reduction of one employee position during the year (resulting in a savings from budget).
- We contracted to evaluate the legal and physical condition of various aspects of the property, and what the marketability and value are of unused common area assets to help fund updating our aging infrastructure. It was determined that our undeveloped lots have an estimated development right (or "RUU") value of between $20k-30k each. With 144 RUU's available to market, the Board has put to an owner vote the decision to start selling RUU's and generate additional dollars for our Reserve funded balance.

All of these are discussed more below. The three areas that have seen the largest cost changes from the prior year budget are insurance, payroll, and reserves.

Insurance

The 2025/2026 budget year saw an improvement in our insurance premiums and coverages in comparison to the previous budget year, from $191,261 to $271,752. This makes insurance account for about $6xx of each quarterly payment. The $271,752 is a considerable improvement over the originally anticipated cost for the 2025/26 budget year of $380,325. This reflects a 29% better performance than originally anticipated, thanks to the new rating from the California Fair Plan to increase the insurance coverage from $20M total coverage to an estimated $30M total coverage, as described in the insurance ballot earlier this year, and will then know if the budgeted amounts for this coverage are sufficient.

During this budget year we received notice from our insurance provider that our insurance premiums for the upcoming year could go up substantially unless a specifically identified list of trees that sit too close to our buildings get removed before the new insurance year starts (February 2027). The total number of trees is 60 and the removal work is estimated to cost between $2k per tree. This new spend of $120k will be incurred partially during the 2025/26 budget year and partially funded in the 2026/27 budget year.

Payroll

Coinciding with the start of our 2025/26 budget year start was the departure of our manager Scott. This led to a search for a new management solution that carried past the start of this budget year. By November we settled on Hansen Management taking over management through a contract services agreement and this results in savings against the originally anticipated Payroll cost for 2025/26, and a commensurate increase of the Management Fees line.
During the budget year we parted ways with David, and to compensate for this at least partially we made part-time Dave full-time. The net balance was a savings to budget of 34%.

Reserves

The reserves continue to strain under our aging infrastructure despite a 22% increase in reserve related dues contributions this year. Reserves are still well underfunded and will be for many years, while driving a portion of dues increases going forward. Some of the near-term significant expenditures are:

- Federal Pacific Electric (FPE) electrical panels (service entrance panel at the meters) used in all the upper units are known to have a high failure rate and cause fires. The high fire risk these panels cause contributes to limiting our ability to obtain property insurance. Prior boards have been aware of these issues for a long time and had not budgeted for the replacement to avoid the cost. We have contracted for the replacement and expect to have these panels replaced next calendar year. The total cost is expected to be about $330K.
- Beginning in 2030, California will no longer allow replacement furnaces to be gas fuel burning to cut NOx and CO_2 emissions. Existing fuel-burning furnaces can be repaired indefinitely, but replacements must be zero-emission, typically heat pumps. The electrical service of the units will not support the additional electrical load, so as with the FPE panels, the electrical service panels on all the remaining units, costing about $600K total, will also need to be replaced by 2030. These will require reserve funding of about $125K per year.
- The total $1M needed for both of these two panel replacement issues, was not previously included in the Reserve Study.
- The roofing in the entire development was inspected by both the manufacturer and an outside consultant and the results were not pretty. We need to plan on replacing the roofing in about five years rather than 10. Obtaining a bid for the project, we found that the area of the roof in the reserve study was about 40% too high (good), but the cost did not consider the need for roof insulation (there currently is none, despite it being on the original plans) nor the difficulty of installing the roof on building that are on a slope. The reserve study has been adjusted. This

accelerates the start of an approximate $3M roof replacement cost from 2037 to the 2031/32 budget year.

- Funding the roof replacement requires reserve funding of about $550K per year until that time. We are performing a roof tuneup and detailed inspection to extend and verify the expected remaining life and likely time and points of failure.
- All Lake Tahoe properties were expected to be compliant in 2008 with best management practices (BMP) to address water run-off from hard surfaces like roadways and roofs to prevent silt from running into the lake. Only one of our many buildings is compliant. The board has been aware of these issues for a long time and had not adequately budgeted for the work. The task is an expensive, multistep process of first evaluating the entire property for water runoff, engineering the required run-off remediation, then implementing the plans. We have contracted for the first phase of mapping and surveying the property, costing $49.9K, to determine the land's characteristics. This information will also feed into other items, below
- In conjunction with the BMP work, $35K has been spent on a land capability study and $41k on lot entitlement assessment work, to determine what the association can legally do with its land, what are the title rights, development rights, coverage rights, requirements for building/developing/selling, lot status, and pavilion legal status. This information has allowed us to put for an owner vote a proposal to sell undeveloped lot entitlements.
- The security and access systems were replaced to reduce maintenance and employee cost, and increase capability, at a reserve cost of $41K. Badges that separately identify owners or guests were distributed over the summer, and the new security system is now fully operational.

As we gain information about actual costs for replacements and maintenance, and actual lifetimes of the components, the reserve study will be updated to reflect the latest knowledge. Rather than just a reserve update every three years, the reserve study is now updated annually, with a more detailed on-site study every three years.

CARNELIAN WOODS

CHARGES FOR DOCUMENTS PROVIDED
Civil Code §§ 4528 and 5300(b)(12)

A seller may provide a prospective purchaser, at no cost, current copies of documents required by Civil Code § 4525 that are already in the seller's possession. A seller may request some or all of the documents listed below and is not required to purchase all of them.

Property Address	______________________________
Owner of Property	______________________________
Owner's Mailing Address (if different)	______________________________
Provider of § 4525 Items	Carnelian Woods / Hansen Management and Maintenance
Provider Contact / Title	______________________________
Date Form Completed	______________________________

Instructions: Complete the applicable status column and enter the fee for each document. For the Annual Budget Report, Civil Code § 5300(b)(12) requires the Fee for Document column to individually identify the cost associated with each listed document.

Document	**Civil Code Section**	**Fee for Document**	**Status N/A / N/App / DP**
Articles of Incorporation or statement that Association is not incorporated	§ 4525(a)(1)	$ 10	____________
CC&Rs	§ 4525(a)(1)	$ 20___	____________
Bylaws	§ 4525(a)(1)	$ 20________	____________
Operating Rules	§ 4525(a)(1)	$ 10_____	____________
Age restrictions, if any	§ 4525(a)(2)	$0__________	____________
Rental restrictions, if any	§ 4525(a)(9)	$0__________	____________
Annual budget report or summary, including reserve study	§§ 5300, 4525(a)(3)	$ 70________	____________
Assessment and Reserve Funding Disclosure Summary	§§ 5300, 4525(a)(4)	$ 20_________	____________
Financial statement review	§§ 5305, 4525(a)(3)	$ 70_________	____________
Assessment enforcement policy	§§ 5310, 4525(a)(4)	$0__________	____________
Insurance summary	§§ 5300, 4525(a)(3)	$ 0__________	____________
Regular assessment	§ 4525(a)(4)	$ 0__________	____________
Special assessment	§ 4525(a)(4)	$ 0__________	____________
Emergency assessment	§ 4525(a)(4)	$ 0_______	____________
Other unpaid obligations of seller	§§ 5675, 4525(a)(4)	$ 0__________	____________
Approved changes to assessments	§§ 5300, 4525(a)(4), (8)	$ 0__________	____________
Settlement notice regarding common area defects	§§ 4525(a)(6), (7), 6100	$ 0__________	____________
Preliminary list of defects	§§ 4525(a)(6), 6000, 6100	$ 0__________	____________

Notice(s) of violation	§§ 5855, 4525(a)(5)	$0___________	____________
Required statement of fees	§ 4525	$ 30_________	____________
Minutes of regular board meetings conducted during previous 12 months, if requested	§ 4525(a)(10)	$ 0______	____________
Most recent exterior elevated element inspection report	§§ 4525(a)(11), 5551	$ 50_________	____________

TOTAL FEES FOR THESE DOCUMENTS	**$300.00 payable to Hansen Management**

Status codes: N/A = Not Available; N/App = Not Applicable; DP = Directly Provided by Seller and confirmed in writing by Seller as a current document.
Note: This form may not include every fee that could be imposed before close of escrow. Fees unrelated to the documents required by Civil Code § 4525 must be stated and charged separately.

For Annual Budget Report use: Before distribution, complete the Fee for Document column for every listed item. Civil Code § 5300(b)(12) requires a completed copy of this disclosure to be included with the annual budget report.

TRANSFER FEE

Upon the sale or transfer of a separate interest, the Association may charge an administrative transfer fee of up to $350.00 for changing the Association's records. Pursuant to Civil Code 4575, the amount charged shall not exceed the Association's actual cost to change its records.

CARNELIAN WOODS ANNUAL POLICY STATEMENT

Pursuant to Civil Code Section 5310, Carnelian Woods provides the following Annual Policy Statement to its members.

Commencing after January 1, 2014, Civil Code Section 5310 requires that within 30 to 90 days before the end of its fiscal year, the board shall distribute an annual policy statement that provides the members with information about association policies. All references to “Section” are to the Civil Code unless otherwise noted.

The Annual Policy Statement shall include all of the following information:

The name and address of the person designated to receive official communications to the Association, pursuant to Civil Code Section 4035:

Mailing	**Physical**
Shannon Hansen, Manager	Shannon Hansen, Manager
Carnelian Woods	Carnelian Woods
645 W Lake Blvd #8	645 W Lake Blvd #8
PO 7705	PO 7705
Tahoe City, CA 96145	Tahoe City, CA 96145

(1) A member may submit a request to have notices sent to up to two different specified addresses pursuant to Civil Code 4040.

(2) The location, if any, designated for posting of a general notice, pursuant to paragraph (3) of subdivision (a) of Civil Code Section 4045:

https://www.carnelianwoods.org/

(3) A member may request to receive general notices by individual delivery pursuant to Civil Code 4045(b). Individual delivery shall be made in accordance with Civil Code 4040 using the members’ preferred delivery method designated pursuant to Civil Code 4041.

(4) A member may request to receive copies of Board meeting minutes (other than executive session) under Civil Code Section 4950(b) within 30 days of the meeting by sending a written request to the person identified in paragraph (1) above. The minutes may be in DRAFT form until

approved by the Board. Minutes are also typically available on the eUnify portal and the Carnelian Woods website.

(5) The statement of assessment collection policies required by Civil Code Section 5730

(6) The board will use the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments

(7) The board will use the association's discipline policy, if any, including any schedule of penalties for violations of the governing documents pursuant to Civil Code Section 5850.

(8) The board will use the Association's dispute resolution procedures pursuant to Civil Code §§5920 and 5965.

(9) The board has requirements for association approval of a physical change to property, pursuant to Civil Code Section 4765. (See Attached)

(10) The mailing address for overnight payment of assessments, pursuant to Civil Code 5310(a)(11) and 5655, is:

Hansen Management
Attn: Carnelian Woods
645 W. Lake Blvd #8
PO 7705
Tahoe City, CA 96145

To the board's knowledge, there is not any other information that is required by law or the governing documents or that the board determines to be appropriate for inclusion

CARNELIAN WOODS ANNUAL NOTICE REGARDING COLLECTION POLICIES DELINQUENT ASSESSMENTS

These notices concern procedures in effect for collection of delinquent assessments and procedures to enforce the Association's rights to such assessments. A complete copy of Civil Code Section 5730 is attached to this notice.

As you know, you are required to pay homeowners' dues and special assessments, as applicable, on your unit in a timely fashion on a quarterly basis. Overdue amounts are assessed interest under the articles and bylaws of the association. Delinquent assessments are subject to interest at the rate provided by the Carnelian Woods CC&Rs and applicable California law.

Under the Association articles, bylaws and policies, the Association may collect overdue assessments by first giving you an opportunity to cure the default or participate in other resolution procedures. If the default is not cured, it can record a lien on your property to secure payment of these amounts. If the Association is forced to record a lien, it will add to the amount due all reasonable costs for legal and administrative processing expenses incurred in initiating this matter for collection and sending notices. Additional reasonable legal fees may be assessed if a lien is recorded, and/or foreclosure or other enforcement proceedings are required. In addition, it will add the cost of recording fees charged by the County, and if foreclosure is required, those costs charged by the foreclosure trustee as well. 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 Sections 5705, 5710 and 5720 of the Civil Code.

The foreclosure Trustee authorized to commence and prosecute the foreclosure proceedings is Allied Trustee Services, 990 Reserve Dr Ste 208, Roseville, CA 95678. In addition, where a unit is delinquent, the Association may suspend that unit's access to and use of recreational and other facilities at Carnelian Woods. This suspension applies to the Owners and any renters, guests or other users of that unit.

You have the right to request a meeting with the board as provided by paragraph (3) of subdivision (c) of Civil Code Section 5665. An owner may submit a written request to meet with the board to

discuss a payment plan for the debt. The association shall provide the owners the standards for payment plans, if any exist. 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 notice, 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. 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 the delinquent assessments from the time prior to entering into the payment plan.

You have 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 under Civil Code or alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925.

You have the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925 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 a judicial foreclosure.

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 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 a 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.

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. The board shall approve the decision by a majority vote of the board members in an open meeting. The board shall record the vote in the minutes of that meeting.

Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the association shall send additional copies of any notices required by this section to the secondary address provided. **The association shall notify owners of their right to submit secondary addresses to the association, at the time the association issues the pro forma operating budget pursuant to Section 5300.** The owner's request shall be in writing and shall be mailed to the association in a manner that shall indicate the association has received it. The owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the association shall only be required to send notices to the indicated secondary address from the point the association receives the request.

You are also notified of the following matters:

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

The owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association.

Any payments made by the owner of a separate interest toward the debt set forth, shall first be applied to the assessments owed, and, only after the assessments owed are paid in full shall the payments be applied to the fees and costs of collection, attorney's fees, late charges, or interest. When an owner makes a payment, the owner may request a receipt, and the association shall provide it. The receipt shall indicate the date of payment and the person who received it. The association shall provide a mailing address for overnight payment of assessments.

That address is:

Mailing Address:
Hansen Management
Attn: Carnelian Woods
645 W Lake Blvd #8
PO 7705
Tahoe City, CA 96145

CARNELIAN WOODS

Physical Address:
Hansen Management
Attn: Carnelian Woods
645 W Lake Blvd #8
PO 7705
Tahoe City, CA 96145

Statement of collection procedure CIVIL CODE § 5730

(a) The annual policy statement, prepared pursuant to Section 5310, shall include the following notice, in at least 12-point type:

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

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

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common 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 certain documents in this regard. (Section 5685 of the Civil Code)

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment.

These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

(b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plan.

CARNELIAN WOODS ANNUAL NOTICE TO HOMEOWNERS SUMMARY OF ALTERNATIVE DISPUTE RESOLUTION UNDER CIVIL CODE SECTION 5925 AND INTERNAL DISPUTE RESOLUTION ("MEET AND CONFER") RULES

Under Civil Code §5965, the Association is required annually to provide its members a summary of Article 3 of Chapter 10 of Part 5 of Division 4 of the Civil Code, commencing with Civil Code §5925, which governs alternative dispute resolution. The summary must include the following notice:

> "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."

Pursuant to Civil Code 5965, the Association shall annually provide its members a summary of the provisions of Civil Code 5925 through 5965 that specifically references this paragraph. The summary shall be included in the Annual Policy Statement prepared pursuant to Civil Code 5310. The summary shall include a description of the association's internal dispute resolution process, as required by Civil Code Section 5920. A complete copy of Article 3 should be consulted for all details and provisions.

The following definitions apply to this law as provided in Civil Code Section 5925.

"Alternative dispute resolution" means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process and may be binding or nonbinding, with the voluntary consent of the parties.

"Enforcement action" means a civil action or proceeding in court for any of the following purposes:

(1) Enforcement of the Davis Stirling Common Interest Development Act. (Civil Code Section 4000 et seq.)
(2) Enforcement of the Nonprofit Mutual Benefit Corporation Law.
(3) Enforcement of the governing documents.

Under Civil Code Section 5930, an association or a member of a common interest development may not file an enforcement action in the superior court unless the parties have tried to submit their dispute to alternative dispute resolution. This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure. This section does not apply to a small claims action, and except as otherwise provided by law, to an assessment dispute.

Under Civil Code Section 5935, any party to a dispute may initiate the process by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution must include:

(1) A brief description of the dispute between the parties.
(2) A request for alternative dispute resolution.
(3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
(4) If the party on whom the request is served is the owner, a copy of Article 3.

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.

Under Civil Code Section 5940, if alternative dispute resolution is accepted, the parties must complete the process within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties. Provisions of the Evidence Code apply to this process, making evidence of the process inadmissible in a court proceeding, if any follows. The costs of the alternative dispute resolution shall be borne by the parties.

Under Civil Code Section 5945, a Request for Resolution stops the running of any statute of limitation on the subject claim, (if it is served before the time runs out), during any time for response to the request, and if accepted, any time spent in the alternative dispute resolution process.

Under Civil Code Section 5950, if a party later sues in court, he, she or it must file a certificate stating that there was compliance with Article 3 or that certain exceptions to compliance apply to the case, such as a request for an injunction or temporary restraining order. If this certificate is not filed, the court can dismiss the case unless the court finds that dismissal of the action for failure to comply would result in substantial prejudice to one of the parties.

If after an action is filed in court, Civil Code Section 5955, the parties agree to alternative dispute resolution, the action can be stayed during the process.

Under Civil Code Section 5960, in an enforcement action in which fees and costs may be awarded pursuant to Civil Code Section 5975, 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.

CARNELIAN WOODS MEET AND CONFER RULES Civil Code Sections 5900; 5915; 5920

These Meet and Confer Rules apply to resolve disputes between the Association and any member, including disputes regarding assessments.

A. The Association or the member 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 the Association may refuse a request to meet and confer. The Association shall not refuse a request to meet and confer.

(3) The Association's board of directors shall designate a member of the board to meet and confer.

(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

(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.

B. An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the common interest development or Association.

(2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

(3) A member of the Association may not be charged a fee to participate in the process.

CARNELIAN WOODS ARCHITECTURAL CONTROL DISCLOSURE

Pursuant to Civil Code Section 4765(c), the following disclosures are made regarding architectural control at Carnelian Woods.

Basically stated, nothing shall be done to the exterior of the buildings or in the common area without permission from the board of directors through its Architectural Control Committee. Any request for a change, addition, modification, etc., shall include a written description and a diagram of the proposed changes, and must be signed and submitted to the Committee by the unit owner. No work shall commence until the owner secures all the necessary approvals, engineering, permits and proof of insurance. Any infraction noticed by staff shall be cause to notify the ACC Chair and board of directors for corrective action. Forms and additional information are available from the Association office at (530) 546-5077. A typical form of General Conditions is attached.

Any decision of the Architectural Control Committee can be reviewed and/or reconsidered, and affirmed, modified, or reversed by the Board in an open meeting. The applicant is entitled to attend the meeting and address the Board regarding the decision.

*Listed below are some typical items which will require board approval. Also listed are typical owner improvements which will not:

Required approval: (Placer County Building Permit required)

- All exterior penetrations or modifications including decks, doors and windows.
- Interior structural changes are not limited to reconstructions or elimination of walls or partitions.
- Electrical wiring changes and alterations.
- Extensive unit remodeling.
- Fireplace modifications, including wall surround coverings.
- Changes of appliances requiring new wiring, gas or exterior surface penetration.

- Vehicle Charging and Solar Energy Systems

Electric Vehicle Charging:

- Electric Vehicle Charging Stations: Requests for the installation or use of an electric vehicle charging station shall be reviewed in accordance with Civil Code §4745 and other applicable provisions of the Davis-Stirling Common Interest Development Act.

Solar:

- Solar Energy Systems: Requests involving solar energy systems shall be reviewed in accordance with applicable California law, including Civil Code §§714 and 714.1 and, where applicable, Civil Code §4746.

Do not require approval:

- Floor covering changes.
- Window coverings.
- Painting or staining of interior walls or partitions.
- Repair or replacement of appliances.
- Repair or replacement of plumbing fixtures.
- Repair or replacement of electrical fixtures.
- Decorating items.

The CC&R's sections applicable to architectural control are set out below. No modification or addition to the exterior of any building or common area is permitted without approval of the board. This shall include, but not be limited to, plants and planter boxes from decks and windows, planting of flowers and other plants in the common area, rearrangement of rocks or any landscaping in the common area, installation of any type of carpeting on the decks and entries, painting or staining of decks and entries, hanging of bird feeders, wind socks, wind chimes, and the like. No storage of anything is permitted under or around the townhouses.

Section 5.9. Architectural Control Committee. The Board of Directors shall establish an Architectural Control Committee which shall be composed of at least three Members. No work, addition, modification, expansion, or change of any kind to the exterior of a Unit, (including windows, doors, doorways, vents, chases, chimneys, entrances, balconies, subfloor, or under

structure) or to Exclusive Use Common Areas, or any work which is situated on Common Area, may be performed until reviewed and approved by the Architectural Control Committee in accordance with such rules, regulations and policies as the Board or the Members establish from time to time. The Board may grant variances from specific rules or policies subject to terms and conditions it deems reasonable. The Association may charge to an Owner and collect as a condition of approval, a reasonable fee for review of architectural approval applications, which may include costs of retention of outside consultants, such as engineers, architects, soils experts, contractors and additional insurance.
Section 7.7 Construction or Alteration. No alteration or improvement may be built on or appurtenant to any Unit that will be encroached upon or affect the Common Area, or its appearance, without the approval and consent of the Board or any committee thereof devoted to architectural control. No such improvement shall be constructed, erected, painted or maintained upon the Development nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by the Architectural Control Committee and the Board. The Architectural Control Committee or the Board may condition its approval upon the Owner recording a “Notice of Non-Responsibility'' or similar document protecting the Association or other Owners from any mechanics lien that may be recorded because of such alteration or improvement. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements, alterations, etc., shall be submitted to the Architectural Control Committee and the Board for approval as to the quality of workmanship, design, harmony of external design with existing structures and location in relation to surrounding structures, topography and finish grade elevation. To the extent required, no construction or repair may commence until it conforms to all applicable ordinances and building at the time such work commences and all necessary permits have been received.

The obligations regarding decisions on Architectural Control under California State Law Civil Code Section 4765 are set out below:

4765. Architectural review and decision making
(a) This section applies if the governing documents require association approval before a member may make a physical change to the member’s separate interest or to the common area. In reviewing and approving or disapproving a proposed change, the association shall satisfy the following requirements:

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

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

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

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

(5) If a proposed change is disapproved, the applicant is entitled to reconsideration by the board, at an open meeting of the board. This paragraph does not require reconsideration of a decision that is made by the board or a body that has the same membership as the board, at a meeting that satisfies the requirements of Article 2 (commencing with Section 4900) of Chapter 6. Reconsideration by the board does not constitute dispute resolution within the meaning of Section 5905.

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

Architectural Control Committee Approval-General Conditions

ALL HOMEOWNERS must sign and return these General Conditions to the Architectural Committee along with any application for approval of work on or alteration of a unit. No Committee or other Association approval shall be effective unless and until these Conditions are completed by the Homeowner and the Association, and fully complied with. These General Conditions shall be made a part of any Notice of approval by the Architectural Committee and/or any other Association approval in connection with Homeowner's project.

1. Definitions:

a. "Association" shall mean the Carnelian Woods Townhouse Association.

b. "Committee" unless otherwise indicated, shall mean the Architectural Committee of the Board of Directors of the Association.

c. "Homeowner" shall mean the owner of any unit seeking approval of improvements, alterations, and upgrades requiring approval under the Bylaws, CC&Rs, rules, and policies of Carnelian Woods or the Association.

d. "Project" shall mean any improvements, alterations, and upgrades requiring approval under the Bylaws, CC&Rs, rules, and policies of Carnelian Woods or the Association.

e. "Association Project Manager" shall mean the Project Manager at Carnelian Woods, as designated by the Association, or any Assistant Project Manager if the Project Manager is absent or unavailable.

f. "Common Area" shall mean any real property defined as such under the governing documents of Carnelian Woods, including any amendments thereto.

2. Violations. Permission to proceed with a Project is revocable at any time for failure to comply with any of these General Conditions or any conditions of approval by the Committee. The Association shall be empowered to stop, suspend, remove, remediate or repair any portion of the Project in case of such violation or any conditions which pose a nuisance, or risk to the safety, well-being, and cleanliness, or environmental hygiene of Carnelian Woods, its members, visitors, or the public.

3. Licensed Contractors. All work on the Project shall be done by a California-licensed

contractor and/or design professional, (architects, engineers, etc.), if one is engaged for the Project, who is licensed, where necessary, in any specialty required by the Project. The complete name, business name, and license number of the proposed contractor or design professional shall be given to the Association Project Manager before commencement of work on the Project.

4. Contact Information. Any contractor shall be given all contact information for the Association Project Manager, including any emergency contact information; and the Homeowner shall provide to any Contractor(s) the same information for the Association Project Manager.

5. Proof of Insurance. Before the commencement of work, any contractor for the Project shall carry and provide proof of insurance in the following types and amounts: General Liability combined single limit of at least $1,000,000, including premises liability, and products, completed operations, vehicle coverage, and contractual liability. Workers Compensation: Statutory coverages as required in California, Employer's liability of at least $1,000,000, including a waiver of subrogation in favor of Carnelian Woods and/or the Association. The Association reserves the right to require naming of itself and its officers and directors as additional insureds. The certificates shall 1) provide that the type of work in the Project is covered by the insurance and 2) show that all coverages are currently in effect at the commencement and through the duration of the Project; and 3) be accompanied by a signed letter of the insurance broker providing the certificate that he/she is aware of the type of Project, and that the coverage(s) applies.

6. Homeowner Insurance. Before the commencement of work, any Homeowner shall carry and provide proof of insurance in the following types and amounts: General Liability and umbrella if necessary, for combined limits of at least $1,000,000.

7. Lien Protection. If the Project includes any work, repair, alterations of any kind on the common area of Carnelian Woods, the Homeowner shall ensure that all claims by contractors, design processionals, laborers or materialmen are paid before delinquency. Homeowner shall save, defend, hold harmless and indemnify the Association from any lien claims threatened or recorded against the Common Area, including any legal fees, costs or other expenses.

8. Site Safety, Security and Clean up. Homeowner shall be solely responsible for the security and cleanliness of the Project, Project materials, equipment, contractor property. Homeowner and its Contractor shall maintain the site and Project in a safe condition, and shall not allow the use or storage of equipment, materials or rubbish in unapproved areas. The directives of the Association Project Manager as to such matters shall be complied with promptly and followed at all times. At no time may any fire or other safety equipment be removed or disabled. All rubbish, waste and debris shall be placed in approved containers and removed regularly so that it does not impair the cleanliness, safety of Carnelian Woods or unduly interfere with the use and

enjoyment of Carnelian Woods by other homeowners and guests. Leakage or discharge of oil, fuels, lubricants, or other chemicals or substances is prohibited. All personal property, fuel containers, tanks, and equipment shall be locked or secured.

9. Code Compliance and Permits. No work on the Project shall be commenced without the issuance of any and all permits by any local public agency that may be required. The Association Project Manager or the Committee shall be entitled to copies of all such permits. By issuance of these Conditions and any approval, neither the Association nor any member thereof waives the right to appear before any such agency to be heard about the issuance of any such permit, or to advocate against such permit. All permits shall be brought to completion and final inspection. No work shall be done on the Project that violates any local building, planning environmental or other codes and regulations. All work on the Project shall conform to currently applicable building, housing, environmental, safety, or other codes and regulations.

10. Indemnity. Homeowner agrees to save, defend, indemnify and hold harmless CWTA and all officers, employees, directors and members thereof, from any and all claims arising out of any damage or injury to persons or property from any cause or causes related to the Project.

11. Limitation of Liability. Unless otherwise prohibited by law, the liability of the Association, Carnelian Woods, or its officers and directors, arising from or in connection with any dispute with Homeowner concerning the Project, its approval, the application of these Conditions, or enforcement thereof, in which the Association or anyone acting on behalf thereof shall be found liable for any act in the granting, denial, revocation, withdrawal of enforcement of the approval of the Project or these Conditions, shall be limited to the interest cost of any funds reserved by Homeowner for the Project, and any fees for permits, or extensions or renewals thereof.

12. Dispute Resolution. Any dispute arising from or relating to the approval, denial, conditions, or enforcement of an architectural application shall be subject to all applicable dispute resolution rights and requirements under the Association's governing documents and California law, including the Internal Dispute Resolution and Alternative Dispute Resolution provisions of the Davis-Stirling Common Interest Development Act. Nothing in these Conditions is intended to waive any right or procedure that cannot lawfully be waived.

All owners initial here ____________________

13. Severability. The determination of invalidity of any provision of these Conditions shall not affect any remaining provisions or these Conditions as a whole.

14. Time of Essence. Time is of the essence.

15. Waivers. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Homeowner of the same or any other provision. The Association or the Committee's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of the Association or Committee's consent to or approval of any subsequent act by Homeowner.

16. Modification. None of the requirements of any approval by the Committee or the Association, of these Conditions, including any waiver, shall be effective unless signed in writing by an officer of the Association.

ALL OWNERS MUST SIGN BELOW:

- Dated: _______________

Print Name ____

Signature____

UNIT #: __________________

- Dated: _______________

Print Name ____

Signature____

UNIT #: __________________

- Dated: _______________

Print Name ____

Signature____

UNIT #: __________________

CARNELIAN WOODS

Annual Preferred Delivery Information
Representative • Rental Status • Membership List Opt Out

Civil Code §4041 requires each owner of a separate interest to provide written notice to the Association of all the following information annually. **Please provide the information in the form below and return the completed form to the Association within 30 days.** If you do not provide a valid delivery method pursuant to Civil Code §4041, the last mailing address provided in writing by the member or, if none, the property address shall be deemed to be the address to which notices are to be delivered. (Civil Code §4041(c).) To change your preferred delivery method at any time, submit a written request to the Association's designated contact identified in the Annual Policy Statement. Emails are not required.

1. Member's Preferred Delivery Method

CW Unit #________________________(required)

Check one or both and provide the information.

☐ A valid mailing address.

☐ A valid email address.

2. An alternate or secondary delivery method for receiving notices from the Association.

Optional. Choose one or both, if desired, and provide the information.

☐ A valid mailing address.

☐ A valid email address.

3. Legal Representative / Emergency Contact

The name, mailing address and, if available, valid email address of your legal representative, if any, including any person with power of attorney, or other person who can be contacted in the event of your extended absence from the separate interest.

Name

Mailing Address:

Email Address:

4. Is the separate interest

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

5. **Member Name(s):**

6. **Separate Interest Address:**

7. **Return form to:** shannon@hmmco.com PO 7705, Tahoe City, CA 96145

☐ By checking this box, I/we agree the above information will remain effective from year to year unless changed by a Member in writing.

CARNELIAN WOODS

CARNELIAN WOODS
Membership List Opt Out

A member of the association may opt out of the sharing of that member's name, property address, email address, and mailing address by notifying the association in writing that the member prefers to be contacted via the alternative process described in subdivision (c) of Section 8330 of the Corporations Code. This opt-out shall remain in effect until changed by the member.

FORM FOR "OPTING-OUT" OF SHARING CONTACT INFORMATION

☐ Please do **not** share my personal information with any person, whether a Carnelian Woods Homeowner member or otherwise. Specifically, I/we opt - out of the sharing of my/ our name, property address, email address, and mailing address or other information that the Carnelian Woods Association maintains as part of its membership list pursuant to Civil Code 5220. Private information may be used by staff for Carnelian Woods business purposes only or for contacting the undersigned member of Carnelian

☐ You are authorized to share my personal contact information, as maintained as part of the Carnelian Woods, membership list. I/we do not opt-out of the sharing of my/our name, property address, mailing address information which is included in the membership list.

☐ However, by checking this box you are not authorized to provide my email address information.