



Brea Village Homeowners Association

DATE: NOVEMBER 15, 2020

TO: ALL HOMEOWNERS
BREA VILLAGE HOMEOWNERS ASSOCIATION

FROM: THE BOARD OF DIRECTORS
BREA VILLAGE HOMEOWNERS ASSOCIATION

SUBJECT: **2021 FISCAL YEAR ANNUAL BUDGET REPORT
AND REQUIRED DISCLOSURES**

In compliance with California Civil Code attached please find the following disclosures:

	Disclosure Item	Refer To:
1.	Pro Forma Operating Budget for the 2021 Fiscal Year	2021 Approved Budget attached
2.	A Summary of the Association's Reserves	Executive Summary attached
3.	A Reserve Funding Plan	Assessment and Reserve Funding Disclosure Summary attached
4.	A statement regarding any deferred maintenance for 0 Life Reserve Components as noted in the Executive Summary	<input type="checkbox"/> There are none <input checked="" type="checkbox"/> Noted in letter below <input type="checkbox"/> See attached Deferred Maintenance Statement
5.	A statement as to whether the Board anticipates special assessments to pay obligations regarding major components or to fund reserves.	Executive Summary attached and noted in letter below
6.	Reserve Funding Mechanism Statement	Assessment and Reserve Funding Disclosure Summary and Approved Budget attached
7.	Procedures used to calculate Reserves	Noted in letter below and/or Executive Summary attached
8.	Disclosure of Outstanding Loans	Not Applicable
9.	A summary of the Association's Insurance	Insurance Documents attached as provided by the Association's Insurance Agent

The Budget reflects the efforts of the Association Board of Directors to preserve, protect and enhance the facilities and common area of the Association while at the same time keeping expenditures in line.

After reviewing the Association's fiscal responsibilities, it has become necessary to increase the assessment due to labor costs, water costs, Reserve Funding and age of the Community. **Therefore, effective January 1, 2021, the monthly assessment rate will be \$307.00 for the Village and \$263.00 for the Gallery.**

The reasons for the increase are:

- 1) The rising cost of utilities
- 2) The overall age of the community resulting in more infrastructure repair and replacement and major irrigation leaks and repairs
- 3) Tree trimming for the over 600 trees community wide
- 4) The need to rebuild the reserves for future projects

Villageway Management, Inc.

8 Whatney, Ste 100, Irvine, CA 92618

Phone (949) 450-1515 ■ Fax (949) 585-0146 ■ E-mail: yumi@villageway.com

In 2020, the Association retained the services of Association Reserves, an independent professional reserve analyst to review the funding program for the Association and provide recommendations for future funding. Reserve requirements were calculated based on beginning cash on hand, estimated replacement costs, estimated investment yield and estimated remaining life. To receive a copy of the Reserve Study, contact the Brea Village Homeowners Association 8 Whatney, Ste 100, Irvine, CA 92618.

Components with a zero remaining useful life range on the Executive Summary will continue to be funded per the 2021 budget and may be considered for refurbishing and/or replacement during the 2021 fiscal year.

At this time, the Association Board of Directors has not determined nor anticipates levying any Special Assessments for the purpose of funding the repair, replacement or restoration of any major component for which the Association is obligated. However, in the event of an emergency or should any unforeseen circumstance arise which should require funds in excess of those currently available, a Special Assessment may be required to fulfill the Association's obligations.

Please contact Villageway Management, Inc. at 949-450-1515 should you have any questions regarding the material enclosed.

Budget Summary Report

Brea Village Homeowners Assoc. 2021 Approved Budget - 121 units

	<u>2020 Budget</u>	<u>2021 Budget</u>	<u>2021 Monthly Budget</u>
Income			
1010 - Village Assessments	261,048.00	268,879.44	22,406.62
1011 - Gallery Assessments	146,880.00	151,286.40	12,607.20
1030 - Late Charges	0.00	0.00	0.00
1050 - Lien/Legal Income	0.00	0.00	0.00
1060 - Returned Bank Item Income	0.00	0.00	0.00
1171 - Interest Reserve	0.00	0.00	0.00
1172 - Interest Operating	0.00	0.00	0.00
Total Income	407,928.00	420,165.84	35,013.82
Total Brea Village Income	407,928.00	420,165.84	35,013.82
Utilities			
2010 - Electricity	3,176.00	2,000.00	166.67
2030 - Water	95,000.00	70,000.00	5,833.33
Total Utilities	98,176.00	72,000.00	6,000.00
Maintenance			
3010 - Landscape Maintenance	94,200.00	97,032.00	8,086.00
3016 - Landscape Irrigation Repairs	5,000.00	5,000.00	416.67
3017 - Backflow Test	500.00	500.00	41.67
3018 - Landscape Improvements	6,000.00	6,000.00	500.00
3019 - Landscape Extras	0.00	39,780.00	3,315.00
3080 - Dog Bag/Dispensers	1,000.00	1,000.00	83.33
3110 - Common Area Repairs	1,000.00	1,000.00	83.33
3170 - Pest Control	0.00	0.00	0.00
3312 - Patrol/ Security Service	0.00	0.00	0.00
Total Maintenance	107,700.00	150,312.00	12,526.00
Administrative			
4010 - Property Taxes	96.00	64.00	5.33
4021 - California Franchise Tax	48.00	48.00	4.00
4022 - Federal Income Tax	96.00	64.00	5.33
4025 - License - Permits & Fees	35.00	23.00	1.92
4030 - Insurance	4,000.00	4,004.00	333.67
4050 - Late/Lien/Legal Expense	500.00	500.00	41.67
4078 - Reserve Payment Plan	79,934.46	79,934.46	6,661.21
4100 - Bank Charges	350.00	350.00	29.17
4130 - Bookkeeping	600.00	600.00	50.00
4140 - Audit & Tax Preparation	1,100.00	1,100.00	91.67
4142 - Reserve Study	500.00	500.00	41.67
4150 - Legal Fees	1,000.00	1,000.00	83.33
4220 - Management Contract	30,792.00	30,792.00	2,566.00
4283 - Office Supplies-Printing & Postage	2,000.00	2,000.00	166.67
4990 - Miscellaneous Expense	1,000.00	1,000.00	83.33
5010 - Bad Debt Expense	0.00	0.00	0.00
Total Administrative	122,051.46	121,979.46	10,164.97

Budget Summary Report
Brea Village Homeowners Assoc.
2021 Approved Budget - 121 units

	2020 Budget	2021 Budget	2021 Monthly Budget
Reserve Allocations			
8010 - Operating Contingency Reserve Allocation	17,043.00	17,043.00	1,420.25
8011 - General Reserve Allocation	0.00	0.00	0.00
8140 - Landscape Reserve Allocation	25,524.00	25,524.00	2,127.00
8150 - Irrigation Reserve Allocation	5,040.00	5,040.00	420.00
8177 - Wrought Iron Repair Reserve Allocation	3,624.00	0.00	0.00
8180 - Fence & Wall Reserve Allocation	2,388.00	1,886.00	157.17
8200 - Street Reserve Allocation	0.00	0.00	0.00
8341 - Mailbox Reserve Allocation	4,044.00	4,044.00	337.00
8342 - Monument Reserve Allocation	1,769.54	1,769.38	147.45
8381 - Tree Trimming Reserve Allocation	20,568.00	20,568.00	1,714.00
8993 - Reserve Interest Reserve Allocation	0.00	0.00	0.00
Total Reserve Allocations	80,000.54	75,874.38	6,322.87
Total Brea Village Expense	407,928.00	420,165.84	35,013.84
Total Association Net Income / (Loss)	(0.00)	(0.00)	(0.02)

Assessment and Reserve Funding Disclosure Summary

Brea Village Homeowners Association, Brea

For Fiscal Year Beginning: 1/1/2021

of units: 121

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Contributions:	\$6,322.87	\$52.26
Total Assessment Income:	\$35,013.82	\$289.37

per: Month

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

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

- 3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **No**
- 4) If the answer to #3 is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*
2026	\$300.00

Total: \$300.00

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

6) All computations/disclosures are based on the fiscal year start date of:	1/1/2021
Fully Funded Balance (based on formula defined in 5570(b)4):	\$478,817
Projected Reserve Fund Balance:	\$208,219
Percent Funded:	43.5 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$2,236

From the 8/13/2020 Reserve Study by Association Reserves and any minor changes since that date.

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

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

Prepared by: Sabrina Willison

Date: 11/17/2020

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

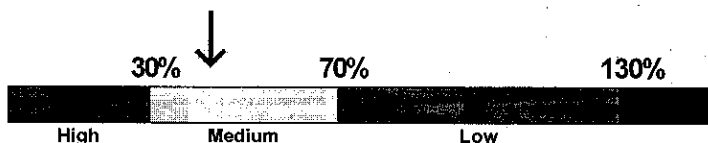
Executive Summary

Association: Brea Village Homeowners Association **Assoc. #: 1525-3**
Location: Brea, CA **# of Units: 121**
Report Period: January 1, 2021 through December 31, 2021

Findings/Recommendations as-of: January 1, 2021

Projected Starting Reserve Balance	\$208,219
Current Full Funding Reserve Balance	\$478,817
Average Reserve Deficit (Surplus) Per Unit	\$2,236
Percent Funded	43.5 %
Recommended 2021 "Monthly Full Funding Contributions"	\$7,000
Alternate minimum contributions to keep Reserve above \$0	\$6,700
Most Recent Reserve Contribution Rate	\$6,667

Reserves % Funded: 43.5%



Special Assessment Risk:

Economic Assumptions:

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

This is an Update "No-Site-Visit" Reserve Study, and is based on a prior Report prepared by Association Reserves. No site inspection was performed as part of this Reserve Study.

This Reserve Study was prepared by a credentialed Reserve Specialist, Sabrina C. Willison RS #334.

The Reserve Fund is between the 30% funded level and the 70% funded level at 43.5 % Funded, which is a fair position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to Fully Fund Reserves and ultimately achieve a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$7,000.

*The Alternative Contribution rate, also called Baseline Funding will keep the Reserve Funds above \$0. This figure for your association is \$6,700.

To receive a copy of the full Reserve Study, contact the Association.

Executive Summary

1525-3

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Paved Surfaces				
201	Asphalt - Resurface	24	2	\$30,200
202	Asphalt - Repair/Seal	4	0	\$3,000
Painting				
1109	Mailbox Posts - Repaint	5	2	\$2,100
1113	Metal Surfaces - Repaint	4	3	\$5,600
Fencing & Gates				
501	Block Wall - Repair	35	6	\$9,200
505	Iron Fence - Replace	24	6	\$36,500
560	Metal Vehicle Gates - Replace	24	6	\$21,000
Landscape & Irrigation				
1001	Backflow Devices - Replace	25	8	\$15,500
1003	Irrigation Controllers - Replace	12	4	\$22,000
1005	Controller Enclosures - Replace	30	16	\$26,000
1020	Trees - Trim	1	0	\$15,500
1022	Landscape - Renovations	20	5	\$380,000
Grounds				
450	Mailboxes - Replace	10	2	\$13,000
452	Mailbox Posts - Refurbish	15	2	\$19,500
1402	Monument Fish Sculpture - Maintain	1	0	\$1,300
1403	Monument Fish Sculpture - Replace	35	2	\$30,000
16 Total Funded Components				

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

Fiscal Year Start: 1/1/2021

Interest: 1.00 %

Inflation: 3.00 %

Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	In Annual Reserve % Increase Contribs.	Reserve Contribs.	Loan or Special Assmts	Interest Income	Reserve Expenses
2021	\$208,219	\$478,817	43.5 %	Medium	-5.16 %	\$75,874	\$0	\$2,373	\$19,800
2022	\$266,667	\$523,324	51.0 %	Medium	0.00 %	\$75,874	\$0	\$2,973	\$17,304
2023	\$328,210	\$573,252	57.3 %	Medium	0.00 %	\$75,874	\$0	\$3,084	\$118,396
2024	\$288,772	\$522,115	55.3 %	Medium	0.00 %	\$75,874	\$0	\$3,159	\$24,477
2025	\$343,329	\$567,789	60.5 %	Medium	0.00 %	\$75,874	\$0	\$3,594	\$47,046
2026	\$375,751	\$593,244	63.3 %	Medium	0.00 %	\$75,874	\$36,300	\$2,028	\$460,000
2027	\$29,953	\$195,827	15.3 %	High	0.00 %	\$75,874	\$0	\$181	\$99,703
2028	\$6,305	\$159,350	4.0 %	High	0.00 %	\$75,874	\$0	\$293	\$30,132
2029	\$52,341	\$195,248	26.8 %	High	0.00 %	\$75,874	\$0	\$682	\$44,717
2030	\$84,180	\$219,064	38.4 %	Medium	2.00 %	\$77,392	\$0	\$1,124	\$21,920
2031	\$140,776	\$268,996	52.3 %	Medium	2.00 %	\$78,940	\$0	\$1,697	\$22,578
2032	\$198,836	\$321,727	61.8 %	Medium	2.00 %	\$80,519	\$0	\$2,246	\$31,007
2033	\$250,594	\$369,396	67.8 %	Medium	2.00 %	\$82,129	\$0	\$2,680	\$49,759
2034	\$285,644	\$401,278	71.2 %	Low	2.00 %	\$83,772	\$0	\$3,166	\$24,671
2035	\$347,910	\$462,119	75.3 %	Low	2.00 %	\$85,447	\$0	\$3,797	\$25,412
2036	\$411,742	\$526,249	78.2 %	Low	2.00 %	\$87,156	\$0	\$4,399	\$34,898
2037	\$468,399	\$584,825	80.1 %	Low	2.00 %	\$88,899	\$0	\$4,606	\$108,799
2038	\$453,104	\$571,402	79.3 %	Low	2.00 %	\$90,677	\$0	\$4,689	\$63,469
2039	\$485,000	\$606,699	79.9 %	Low	2.00 %	\$92,491	\$0	\$5,193	\$28,601
2040	\$554,083	\$681,476	81.3 %	Low	2.00 %	\$94,340	\$0	\$5,843	\$39,279
2041	\$614,988	\$750,078	82.0 %	Low	2.00 %	\$96,227	\$0	\$6,482	\$35,761
2042	\$681,936	\$827,021	82.5 %	Low	2.00 %	\$98,152	\$0	\$7,187	\$31,253
2043	\$756,021	\$913,653	82.7 %	Low	2.00 %	\$100,115	\$0	\$7,791	\$61,124
2044	\$802,803	\$974,937	82.3 %	Low	2.00 %	\$102,117	\$0	\$8,356	\$44,208
2045	\$869,067	\$1,058,388	82.1 %	Low	2.00 %	\$104,159	\$0	\$9,052	\$40,249
2046	\$942,029	\$1,151,413	81.8 %	Low	2.00 %	\$106,243	\$0	\$5,824	\$830,811
2047	\$223,285	\$436,031	51.2 %	Medium	2.00 %	\$108,367	\$0	\$2,278	\$101,360
2048	\$232,571	\$453,697	51.3 %	Medium	2.00 %	\$110,535	\$0	\$2,618	\$54,422
2049	\$291,302	\$523,509	55.6 %	Medium	2.00 %	\$112,745	\$0	\$3,012	\$95,635
2050	\$311,424	\$556,333	56.0 %	Medium	2.00 %	\$115,000	\$0	\$3,507	\$39,590



EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
10/08/2020

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY HENRY CONG 2501 E. CHAPMAN AVE SUITE 227 FULLERTON, CA 92831		PHONE (A/C, No, Ext): 714-974-1402		COMPANY STATE FARM FIRE & CASUALTY COMPANY 900 OLD RIVER ROAD BAKERSFIELD, CA 93311-9501		NAIC # 25143	
FAX (A/C, No): 714-974-2310		E-MAIL ADDRESS: Henry.Cong.t2kd@statefarm.com		LOAN NUMBER		POLICY NUMBER 92-KV-6751-1-G	
CODE: 75-0789		SUB CODE:		EFFECTIVE DATE 12/20/2019		EXPIRATION DATE 12/20/2021	
AGENCY CUSTOMER ID #: INSURED THE BREA VILLAGE HOA ATTN: VILLAGEWAY MGMT INC PO BOX 4708 IRVINE CA 92616		THIS REPLACES PRIOR EVIDENCE DATED:		<input checked="" type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED			

PROPERTY INFORMATION

LOCATION/DESCRIPTION 852 E. Davidson Ct Brea, CA 92821
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THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
A. DWELLING	\$198,400	\$1,000.00
L. BUSINESS LIABILITY	\$3,000,000	
GEN AGGREGT	\$6,000,000	
PCO AGGREGT	\$6,000,000	
M-MED/PERSN	\$5,000	
PREMIUM	\$4,010	

REMARKS (Including Special Conditions)

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CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
	LOAN #	
	AUTHORIZED REPRESENTATIVE 	

**BREA VILLAGE HOMEOWNERS ASSOCIATION
INSURANCE DISCLOSURE
NOVEMBER 2020**

CAUTIONARY NOTE:

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

Pursuant to Section 5810 of the California Civil Code, if the association receives any notice of nonrenewal of a policy described in the annual budget report, the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.