

Annual Disclosure Checklist

2009

ANNUAL DISCLOSURE CHECKLIST

The following is a summary only of requirements for disclosures made on or after January 1, 2009. Please refer to the statutes for more complete information.

| 30-90 Days <u>Before</u> the Start of the Fiscal Year | |
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| Operating budget | Civil Code S1365(a), (c); S 1365.2.5 |
| <p>The budget must contain:</p> <ul style="list-style-type: none"> • Estimated revenue and expenses on an accrual basis. • A summary of the reserves, with specific information required by this Civil Code section. • A statement whether the Board expects to levy any special assessments, and how it will fund reserves. • A description of the procedures used to calculate and establish reserves. <p>Note: Instead of distributing the budget, associations can distribute a summary with a notice that the complete budget is available for review, and that copies will be provided on request at no charge.</p> | |
| Assessment collection policy | Civil Code S1365(d) |
| <p>A statement of the association's policies in enforcing lien rights or other legal remedies for default in payment of assessments.</p> <p>Note: Send to address of record and any secondary addresses in writing provided by owner.</p> | |
| Statement of insurance coverages | Civil Code S1365(e) |
| <p>A summary of the association's property, general liability, and earthquake, flood, and fidelity insurance policies. Must include the insurer's name, type of insurance, policy limits, and deductibles. Also give the disclosure statement contained in Civil Code Section 1365(e). Note: You can distribute the policy declarations page instead of the summary, if it contains the required information.</p> | |
| Notification of right to second address | Civil Code S1367.1 (k) |
| <p>Notification that owners can submit a request to have collection notices mailed to a secondary mailing address. The request must be in writing and mailed to the association in a manner that indicates the association has received it. The association must then send additional copies of any notices required under Civil Code Section 1367.1 to the second address provided.</p> | |

| 30-60 Days <u>Before</u> the Start of the Fiscal Year | |
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| Regular assessment increase | Civil Code S1366(d) |
| <p>If the regular assessments are to be increased, notice must be mailed to the owners 30-60 days before the increase takes effect.</p> | |

| 1-60 Days <u>Before</u> the Start of the Fiscal Year | |
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| Collection policy disclosure | Civil Code S1365.1 |
| <p>Distribute a "Notice Assessments and Foreclosure" using the exact language set out in the Civil Code.</p> <p>Note: New! The language of this "Notice" was revised effective January 1, 2009. Make sure you have the latest version.</p> <p>Note: Send to address of record and any secondary addresses provided in writing by owner.</p> | |

| 1-120 Days <u>After</u> the Start of the Fiscal Year | |
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| Review of financial statement | Civil Code S1365(b) |
| <p>In any year where the association's gross income exceeds \$75,000, it must conduct an annual review by a licensed California accountant and distribute a copy of the review.</p> | |
| Right to receive annual report | Corporations Code S8321 |
| <p>If the association's annual income exceeds \$10,000, it must prepare an annual report and distribute a notice stating the report is available on receipt of a written request at the association's cost</p> <p>Note: If the association's annual income exceeds \$75,000, it must include this notice with the review of its financial statement. Otherwise this notice may be distributed at any time.</p> | |

| Annually | |
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| Rules and fine schedule | Corporations Code S7341(c) |
| The association's procedure for imposing monetary penalties and/or suspension of privileges for violations of the association's rules or CC&Rs (unless the procedure is contained in the Bylaws). | |
| Right to receive minutes | Civil Code S1363.05(d),(e) |
| Notice of members' right to receive minutes of open Board meetings, and how and where they can be obtained. (Final or draft minutes must be made available 30 days after the meeting on request, at the owner's cost.) | |
| Architectural requirements | Civil Code S1378(c) |
| Notice of any requirements for association approval of physical changes to property, including types of changes that require association approval and a copy of the procedure used to review and approve or disapprove a proposed change. | |
| Summary of alternative dispute resolution ("ADR") procedures | Civil Code S1369.590 |
| A detailed summary of Civil Code Section 1369.510 to 1369.590, which encourage the use of arbitration or mediation before certain lawsuits are filed to enforce the governing documents. | |
| Summary of "meet and confer" procedures | Civil Code S1363.850 |
| Distribute, along with the ADR summary, a summary of the internal dispute resolution ("meet and confer") procedure to be used to informally resolve any dispute between the association and its members. | |
| Disclosure of asbestos within project | Health & Safety Code S25915 <i>et seq</i> |
| If the association learns that any building in the project contains asbestos-containing construction materials, it must annually disclose to the owners and all employees the existence and location of these materials, information on how to obtain a contact of any survey identifying these materials, safety procedures (if known), results of lab tests on samples (if any), and (if known) health risks or impacts from exposure to the asbestos. Check statute for details. Note: If the association has adopted an asbestos management plan, other information must be disclosed. | |

| Permanent Association Records and Policies | |
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| Election rules | Civ. Code S 1363.03(a) |
| Associations must adopt election rules containing specific information on campaigning, candidates, and election procedures. | |
| Architectural policy | Civ. Code S 1378 |
| Associations must have established architectural review procedures. If not in the governing documents, the statutory requirements should be put into a set of architectural guidelines. | |
| Membership list and opt-out list | Civ. Code S 1365.2(a)(1) |
| Keep a membership list with the owners' names and addresses, plus a list of owners who have "opted out" of making their information available to other owners. | |
| Statement of non-discrimination | Gov. Code S 12956.1 |
| Any copy of the CC&Rs or any other governing document recorded with the County Recorder and provided to any person must have a cover sheet containing the paragraph set out in statute, unless that language is given on the document's first page. | |