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2008 ANNUAL DISCLOSURE CHECKLIST

Various statutes require California homeowners associations to annually disclose a wide variety of information to all of their members. Time frames for the disclosures cover the period from 90 days before the start of your fiscal year, to 120 days after the fiscal year starts. Certain other annual disclosures may be made at any time during the year.

The following checklist is designed to provide you guidance to ensure all of your disclosures are made accurately and timely. It is a summary only of requirements for disclosures made on or after January 1, 2008. Please refer to the statutes for more complete information.

30-90 Days <u>Before</u> the Start of the Fiscal Year	
Y Operating budget	Civil Code 1365(a), (c); § 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> <p>Note: New! Requirements have been added for disclosure of reserve fund deficiencies, deferred maintenance, and loans.</p> <p>Note: New! The statutory assessment and reserve study disclosure form has been revised.</p>	

Y Assessment collection policy	Civil Code '1365(d)
A statement of the association's policies in enforcing lien rights or other legal remedies for default in payment of assessments. Note: Send to address of record and any secondary addresses in writing provided by owner.	
Y Statement of insurance coverages	Civil Code '1365(e)
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.	
Y Notification of right to second address	Civil Code '1367.1 (k)
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.	

30-60 Days <u>Before</u> the Start of the Fiscal Year	
Y Regular assessment increase	Civil Code '1366(d)
If the regular assessments are to be increased, notice must be mailed to the owners 30-60 days before the increase takes effect.	

1-60 Days <u>Before</u> the Start of the Fiscal Year	
Y Collection policy disclosure	Civil Code '1365.1
Distribute a "Notice Assessments and Foreclosure" using the exact language set out in the Civil Code. Note: The language of this "Notice" was revised effective January 1, 2006. Make sure you have the latest version. Note: Send to address of record and any secondary addresses provided in writing by owner.	

1-120 Days <u>After</u> the Start of the Fiscal Year	
Y Review of financial statement	Civil Code '1365(b)
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.	

Y Right to receive annual report	Corporations Code '8321
<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	
Y Rules and fine schedule	Corporations Code §7341(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).	
Y Right to receive minutes	Civil Code '1363.05(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.)	
Y Architectural requirements	Civil Code '1378(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.	
Y Summary of alternative dispute resolution ("ADR") procedures	Civil Code '1369.590
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.	
Y Summary of "meet and confer" procedures	Civil Code '1363.850
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.	
Y Disclosure of asbestos within project	Health & Safety Code §25915 <i>et seq.</i>
<p>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.</p> <p>Note: If the association has adopted an asbestos management plan, other information must be disclosed.</p>	

Permanent Association Records and Policies		
Y	Election rules	Civ. Code § 1363.03(a)
	Associations must adopt election rules containing specific information on campaigning, candidates, and election procedures.	
Y	Architectural policy	Civ. Code § 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.	
Y	Membership list and opt-out list	Civ. Code § 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.	
Y	Statement of non-discrimination	Gov. Code § 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.	