

Law Offices of Jeanne McDonald

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2014

ANNUAL DISCLOSURE CHECKLIST

The **following is a summary only** of requirements for disclosures made on or after January 1, 2014. Please refer to the statutes for more complete information. Several of these requirements have been modified, even if only slightly, since 2013.

30-60 Days <u>Before</u> the Start of the Fiscal Year	
<p>✓ Regular assessment increase If the regular assessments are to be increased, notice must be mailed to the owners 30-60 days before the increase takes effect.</p>	Civ. Code § 1366(d)
30-90 Days <u>Before</u> the Start of the Fiscal Year	
<p>✓ Annual Budget Report <i>Note: Distribute either the full budget or a summary with instructions on the first page how owners can request a full copy at no charge.</i> The annual budget report must contain:</p>	Civil Code §§5300, 5320
(1) A pro forma operating budget showing the estimated revenue and expenses on an accrual basis.	
(2) A summary of the association's reserves.	Civil Code § 5565
(3) A summary of the reserve funding plan adopted by the board, including a notice that the full reserve study plan is available upon request.	Civil Code § 5550(b)(5)
(4) A statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, and the reason for that decision.	
(5) A statement as to whether the Board anticipates the levy of one or more special assessments to fund reserves or to repair, replace, or restore any major component, with details of any such assessment.	Civil Code § 5560
(6) A statement as to how the Board will fund the reserve account.	
(7) A general statement of the procedures used for calculating and establishing a reserve account.	Civil Code § 5570(b)(4)

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(8) A statement as to whether the Association has any outstanding loans with an original term of more than one year, and a description of the loan terms.	
(9) A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies with the insurer's name, type of insurance, policy limit, and deductible for each policy. The summary must include the disclosure statement required by Section 5300. Note: You can distribute the policy declarations page instead of the summary, if it contains the required information.	Civil Code § 5300(b)(9)
<p>✓ Annual Policy Statement Note: Distribute either the full policy statement or a summary with instructions on the first page how owners can request a full copy at no charge. The annual policy statement must contain:</p>	Civil Code §§5310, 5320
(1) The name and address of the person designated to receive official communications to the Association.	Civil Code § 4035
(2) A statement explaining that a member may submit a request to have notices sent to up to two different specified addresses.	Civil Code § 4040(b)
(3) The location, if any, designated for posting of a general notice.	Civil Code § 4045(a)(3)
(4) Notice of a member's option to receive general notices by individual delivery.	Civil Code § 4045(b)
(5) Notice of a member's right to receive copies of meeting minutes.	Civil Code § 4950(b)
(6) The statement of assessment collection policies ("Notice Assessments and Foreclosures").	Civil Code § 5730
(7) Association's collection policy	
(8) Association's discipline/fine policy, if any.	Civil Code § 5850
(9) Summaries of the Association's "meet and confer" (IDR) and ADR policies	Civil Code §§ 5920, 5965
(10) Requirements for architectural approval.	Civil Code § 4765
(11) The mailing address for overnight payment of assessments.	Civil Code § 5655

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1-120 Days After the Start of the Fiscal Year	
<p>✓ Review of Financial Statement If the gross income for the fiscal year exceeded \$75,000, a review of the financial statement of the Association</p>	Civil Code §5305
<p>✓ Right to receive annual report 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. Note: <i>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.</i></p>	Corporations Code § 8321
Annually	
<p>✓ Disclosure of asbestos within project 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: <i>If the association has adopted an asbestos management plan, other information must be disclosed.</i></p>	Health & Safety Code § 25915 et seq.