

Please keep this Annual Newsletter with other documents related to your ECA Membership. This Newsletter contains important disclosures and other information, including financial reports, rules and policies.

EVERGREEN COMMONS ASSOCIATION, INC.

2011

ANNUAL NEWSLETTER and MEMBERSHIP MEETING NOTICE

The annual meeting of Evergreen Commons Association will be held:

Thursday, February 17, 2011, 7:00 p.m.

Multipurpose Room

Pasadena Avenue Elementary School
4330 Pasadena Avenue, Sacramento, CA

Business to be conducted at the meeting includes reports on Association activities and accomplishments and action on budget related items. A membership vote is part of the meeting. For members intending to vote in person, a voting opportunity will be available at the meeting from 6:45 until 7:15 p.m. Ballots will be provided to Lot representatives who did not previously send in their ballot. Whether voting in person or by mail, each lot may cast only one ballot. The onsite ballot will include all items listed on the annual meeting Ballot. Counting of the Ballots at the annual meeting will be under the supervision of Member Jeff Batozech.

Every year Directors are elected by the membership to fill 3 expiring Board director terms. This year one Director position will be filled by election at the annual meeting because only one member stepped forward to volunteer to have their name placed on the ballot. Nominating chairperson, Samira Al-Qazzaz and her committee, Audrey Blake and John Altieri, report only one qualified member submitted their candidacy for election to fill the Board positions.

Enclosed for your information and review is the 2011 pro forma budget. The Board of Directors formally adopted the budget on October 9, 2010, which reflects the annual regular assessment of \$480 per lot approved on December 2, 2004. The Board approved a \$20 early payment discount for 2011 assessments provided (a) the homeowner has paid in-full all assessments and fees through 2010 and (b) the homeowner pays \$460 per lot for 2011 dues no later than January 15, 2010. The budget includes a proposed stipend of \$120 quarterly (\$480 annually) to be paid to the treasurer. The budget also provides for the park maintenance assessment of \$40 per lot to be assessed in July 2011, with credit for this amount given to those lots where homeowners invest at least four (4) hours at the annual park work day.

Other information in this mailing provides details on the following:

- Reserve funding statement.
- Capital projects reserve analysis.
- Ten-year capital and reserve spending plan.
- Year-end report : income/expense statement for 2010.
- Statement of changes in financial position for the 2010 fiscal year.
- Notice of Association insurance coverage.
- 2010 Board of Directors.

- Notice of the right to minutes of Board meetings.
- Statement of where names and addresses of current members are located.
- Statement describing the Association's policies and practices on enforcing liens.
- Rights or legal remedies in payment of assessments.
- Alternative dispute resolution.
- Park and Pool rules.

Please note that your ballot (which is included with this newsletter) can be mailed in and will count as your vote without you having to attend the annual meeting. Once your vote by mail has been received, it is irrevocable. Your mailed ballot must be received by the annual meeting date: February 17, 2011.

Please plan to attend the annual meeting on February 17. Doors will open at 6:30 pm and the meeting will start at 7:00 pm. There will be a drawing for door prizes near the end of the meeting; you must be there in person to win.

Sincerely,
Dick Pryor, President.

**EVERGREEN COMMONS ASSOCIATION
2011 PRO FORMA BUDGET**

INCOME		
Assessments		
	Regular Assessments	55,700.00
	Less Discounts	(1,100.00)
	Late Fees	500.00
	Special Assessments	2,500.00
<i>Total Assessments</i>		<i>57,600.00</i>
Interest Earned		900.00
<i>Total Int. Earned</i>		<i>900.00</i>
<i>Total Other Income</i>		<i>200.00</i>
TOTAL INCOME		58,700.00
EXPENSE		
Administration		
	Business Expenses	2,500.00
	Professional Services	1,500.00
	Taxes and Licenses	1,000.00
	Misc. Admin. Expenses	200.00
<i>Total Admin.</i>		<i>5,200.00</i>
Operations		
	Insurance	6,100.00
	Park	16,000.00
	Pool	11,500.00
	Social	3,600.00
	Utilities	7,500.00
	Neighborhood Watch	300.00
<i>Total Operations</i>		<i>45,000.00</i>
TOTAL EXPENSE		50,200.00
NET OPERATING INCOME		8,500.00
REPLACEMENTS		8,400.00

The 2011 Pro Forma Budget was approved by the Board of Directors at the October 2010 meeting. As noted in the October Newsletter, the adjustments relative to the 2010 budget are minor; for example, the budgeted amount for Park expenses has been reduced from \$16,500 (2010) to \$16,000 (2011), because for two years running this item has come in well under budget.

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

The current regular assessment per ownership interest is \$120.00 per Quarter_(\$480.00 annually) due the first day of each January, April, July and October.

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 is due	Amount per ownership interest (Lot)	Purpose of the assessment
July 1	\$40.00* once per year	Park Maintenance
	<i>* may be credited with four (4) hours of work at Annual Park Work Day</i>	
	Total: \$40.00	

Based upon the most recent reserve study and other information available to the Board of Directors, currently projected reserve account balances are 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.

All major components are included in the reserve study and are included in its calculations.

The estimated amount required in the reserve fund at the end of the current fiscal year is \$55,600, based in whole or in part on the last reserve study or update prepared by the Budget Committee as of January 2011. The projected reserve fund cash balance at the end of the current fiscal year is \$66,387, resulting in reserves being 119 percent funded at this date. The amount of reserves on balance per lot is \$577.28. There is no deficit of reserves and, at this time, the Board does not anticipate any special assessments being necessary.

The long-term nature of reserve funding requires certain assumptions and predictions to be made about future events. For example, each item, such as a building or swimming pool, has to be evaluated as to its present age, projected replacement cost, and estimated remaining life. Estimated replacement costs have to be adjusted for inflation, especially if replacement will occur many years in the future.

In accordance with state law and sound management practices, it is the policy of the Association to maintain reserve-funding levels sufficient to pay for capital replacement, repairs and enhancements, as they are required.

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. See attached reports for greater detail.

CAPITAL PROJECTS RESERVE ANALYSIS

PROPERTIES	ESTIMATED REPLACEMENT/ REPAIR COST	ESTIMATED LIFE	ESTIMATED REMAINING LIFE (in years)	RESERVE REQUIREMENT
Pools	\$65,000	10	7	\$19,500
Pool Equipment	\$10,000	10	9	\$1,000
Pool Deck	\$30,000	20	10	\$15,000
Pool Solar System	\$8,000	15	12	\$1,600
Pool House	\$60,000	20	20	\$0
Landscaping	\$60,000	20	20	\$0
Fencing and Gates	\$50,000	20	19	\$2,500
Playground, Court, and Equipment	\$40,000	20	12	\$16,000
TOTAL	\$323,000			\$55,600

The reserve analysis is updated annually to provide assurance that adequate reserve funds are available to maintain our common area facilities and equipment. As projects are completed the estimated remaining life is adjusted.

PROJECTED 2011 CAPITAL AND RESERVES TEN-YEAR FUNDING AND SPENDING PLAN

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Pools	20,000									
Pool Equipment				1,000		1,000		1,000		
Pool Deck										30,000
Pool Solar										
Pool House		1,000		1,000		1,000		1,000		
Pool Area Furniture		1,000		1,000		1,000		1,000		
Landscaping & Park		1,000		1,000		1,000		1,000		
Fencing & Gates		1,500			1,500		1,500		1,500	
Parking Lot & Sidewalks		1,000	1,000		4,000		1,000		1,000	
Playground Equipment		2,000			2,000				2,000	
Annual Expenditure	20,000	7,500	1,000	4,000	7,500	4,000	2,500	4,000	4,500	30,000
Cost Increase Factor 4%	800	300	40	160	300	160	100	160	180	1,200
Total Projected Cost	20,800	7,800	1,040	4,160	7,800	4,160	2,600	4,160	4,680	31,200
Reserve, Beginning	78,787	66,387	66,987	74,347	78,587	79,187	83,427	89,227	93,467	97,187
Estimated Increase	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Estimated Decrease	(20,800)	(7,800)	(1,040)	(4,160)	(7,800)	(4,160)	(2,600)	(4,160)	(4,680)	(31,200)
Estimated Reserve, End	66,387	66,987	74,347	78,587	79,187	83,427	89,227	93,467	97,187	74,387

The Ten-Year Funding and Spending Plan is updated each year as necessary. This plan was updated by the Budget Committee, which is currently undertaking a thorough review of the Association's status with regard to capital assets and reserves. The plan for 2011 continues the process of major repairs and upgrading of Association facilities which will take place throughout the next ten years. This year's plan proposes the expenditure of \$20,800 to finance capital project replacement and repairs.

2010 YEAR END INCOME AND EXPENSE SUMMARY

January 1 - December 31, 2010

	<i>Income and Expense</i>	<i>Budget-to-Actual</i>			
		<u>Cash Method</u>	<u>Accrual Method</u>	<u>2010 Budget</u>	<u>\$ Over Budget</u>
Income					
Assessments					
Discounts	-960.00	-960.00	-1,100.00	140.00	
Late Fees	320.00	520.00	500.00	20.00	
Regular	50,910.63	55,800.00	55,700.00	100.00	
Special	2,300.00	2,440.00	2,000.00	440.00	
Total Assessments	52,570.63	57,800.00	57,100.00	700.00	
Interest Earned	1,754.62	1,734.77	1,700.00	34.77	
Other Income	365.00	365.00	200.00	165.00	
Total Income	54,690.25	59,899.77	59,000.00	899.77	
Expense					
Business Expenses	1,669.11	1,669.11	2,500.00	-830.89	
Insurance	5,501.00	5,501.00	5,900.00	-399.00	
Misc. Administrative	0.00	0.00	200.00	-200.00	
Neighborhood Watch	160.00	160.00	300.00	-140.00	
Park	15,048.54	15,098.54	16,500.00	-1,401.46	
Pool	10,711.78	10,711.78	11,500.00	-788.22	
Professional Services	2,125.00	2,125.00	1,500.00	625.00	
Social	2,496.15	2,496.15	3,600.00	-1,103.85	
Taxes and Licenses	918.40	918.40	1,000.00	-81.60	
Utilities	6,875.78	6,875.78	7,500.00	-624.22	
Total Expense	45,505.76	45,555.76	50,500.00	-4,944.24	
Net Operating Income	9,184.49	14,344.01	8,500.00	5,844.01	
Replacements					
Wading Pool	1,038.46	1,038.46	N/A	N/A	
Total Replacements	1,038.46	1,038.46	8,400.00	-7,361.54	

The “Cash Method” (column to the left of center) is used for the Income and Expense statement; this represents the actual cash flow of the Association. The “Accrual Method” is used for budget planning; this includes income amounts charged in 2010 even if not received in 2010.

**STATEMENT OF CHANGES IN FINANCIAL POSITION FOR FISCAL
YEAR 2010**

Statement of changes in financial position for the 2010 fiscal year		
Account	Balance	Balance
	12/31/09	12/31/10
Checking	\$1,225.26	\$1,331.16
Savings	\$20,878.31	\$30,116.19
Reserves for Replacements	\$58,738.69	\$60,572.66
TOTAL	\$80,842.26	\$92,020.01

The change in total funds available over the course of 2010 is an increase of \$11,187.75. The change over the past two years, from year-end 2009, is an increase of \$21,562.16.

I hereby certify that the above financial statements were prepared, without an audit, from the books and records of Evergreen Commons Association.

January 16, 2011

Jeffrey Brodd, Treasurer

SUMMARY OF INSURANCE COVERAGE FOR TERM 4.30.2010/2011

Evergreen Commons Association purchases a comprehensive package of insurance policies to protect Association members from the financial risks of operating a non-profit organization and ownership of common areas generally referred to as our park. While limited coverage is extended to the Association's individual Members, this extension is generally only for third-party liability due to a Member's acts or participation in Association sponsored events or activities. **THERE IS NO COVERAGE FOR A MEMBER'S PERSONAL PROPERTY OR LIABILITY UNDER THESE POLICIES.**

Evergreen Commons Association's **General Liability Policy** is provided by the Philadelphia Insurance Company, rated by insurance industry analyst A. M. Best as A+ (Superior), a rating given to the upper 10% of insurance companies.

Coverage limits are \$1,000,000 per occurrence/\$2,000,000 in annual aggregate for covered losses. Our policy includes coverage for Personal and/or Advertising Injury, Hired & Non-Owned Automobile Liability, Premises/Operations, Products/Completed Operations, Host Liquor Liability, Extended Bodily Injury Liability, among other coverages. Medical Payments are covered to \$5,000 per occurrence. Homeowners and San Juan Unified School District (but only for our annual meeting) are named as additional insured; this insurance, however, does not extend to the separate interests of the individual homeowners.

Evergreen Commons Association also has **Property Insurance** provided by Philadelphia Insurance Company. Insured property includes our pool cabana, pool equipment, signage, basketball and playground equipment. Coverage provides for replacement cost valuation as long

as the buildings are fully insured. Currently, our limit is \$240,000. This policy excludes damage from floods and earthquake.

Evergreen Commons Association has purchased **Employee Theft Coverage** insurance, which protects Association funds from, for example, misappropriation or embezzlement, among other circumstances. While we don't have employees *per se*, we do have volunteers who have access to Association money accounts. Currently our limit is \$70,000 and is provided by Philadelphia Insurance Company.

Evergreen Commons Association has purchased **Directors & Officers Liability** coverage, provided by Travelers Insurance Company, with a limit of \$1,000,000 per occurrence/\$1,000,000 in the annual aggregate. This insurance protects the Association's Board of Directors' decisions and actions when acting in their elected capacities. Travelers Insurance Company also carries a Best rating of A++ (Superior).

Evergreen Commons Association has purchased **Umbrella Liability** coverage from Philadelphia Insurance Company with \$1,000,000 limits. Umbrella coverage is an additional limit of insurance that 'sits on top' of the other insurance coverage listed above and affords greater protection to the Association assets and membership.

Evergreen Commons Association has purchased **Workers Compensation** insurance, provided by Republic Indemnity Company of America, carried by Employers Compensation Insurance Co. The policy has \$1,000,000 limits. The Board's decision to purchase a Workers Compensation policy to protect the Association from the possibility of work-related injuries from our volunteers who participate in our annual park work day, other Association sponsored work on our common property and uninsured contractors was made after consultation with our insurance agents.

Each of these policies has deductibles and/or insurance covenants that are the responsibility of the Association.

This summary of the Association's policies of insurance provides only certain information, as required by sub-division (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. 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 do not cover members' individual property, including personal property, or real property improvements to or around the individual's dwelling, or personal injuries or other losses that occur within or around the individual's dwelling. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

The Sacramento insurance agency InterWest Insurance Services, Inc. manages the Association's insurance coverage. ECA member Jeff Batozech, CIC, assisted the Association in the development of this insurance program.

2010 OFFICERS AND DIRECTORS

Directorship	Term Expires	Holder	Office/Assignment
1	2/2013	Marvin Potts	Park Pool
2	2/2013	Alexis Davidson	Architectural
3	2/2013	Samira Al-Qazzaz	Nominating
4	2/2011	Jeffrey Brodd	Treasurer
5	2/2011	Vacant	
6	2/2011	Dick Pryor	President
7	2/2012	Fred Links	Neighborhood Watch
8	2/2012	Curtis Wheeler	Secretary, Communications
9	2/2012	John Altieri	Social

Directors # 1, 2, 3. Election is scheduled for 2013, 2016, 2019, 2022, 2025

Directors # 4, 5, 6. Election is scheduled for 2011, 2014, 2017, 2020, 2023

Directors # 7, 8, 9. Election is scheduled for 2012, 2015, 2018, 2021, 2024

Member Volunteers

Assistant Secretary - Member Linda Hax

Pool Manager - Member Joel Dodge

Web Manager - Director Curtis Wheeler

Newsletter - Member Audrey Blake

Liaison /Pasadena School - Director Alexis Davidson

Nominating Committee – Samira Al-Qazzaz (Chair), Director John Altieri and Member Audrey Blake

Budget Committee – Jeff Brodd (Chair), Director Dick Pryor, Members Bruce Blake and Bill Ostrander

Neighborhood Watch

Director Fred Links (Chair), Cool Court

Director Curtis Wheeler, Park Green Court

Member Robert Kerr, Park Green Court

Members Melissa & Tim Beard, Pasadena Avenue

Member Gloria Konovaloff, Pasadena Avenue

Member Lori Bishop, Sesame Street

Member Julie Jenson, Terra Vista Way

Member Linda Hax, The Court

Member April Keck, Zephyr Way

Member Larry Vrieling, Baron Avenue

NOTICE OF RIGHT TO COPIES OF MINUTES

Members of Evergreen Commons Association have the right to obtain copies of the minutes of meetings of the Board of Directors. Copies may be obtained by contacting the Secretary or Treasurer.

LOCATION OF NAMES AND ADDRESSES OF CURRENT MEMBERS

The record of the names and addresses of current Members of Evergreen Commons Association is maintained by the Secretary who is located at 4412 Park Green Court, Sacramento CA, 95821.

NOTICE REGARDING ASSESSMENTS AND FORECLOSURES

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them (*such as Evergreen Commons*). 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 Foreclosures

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 non-judicial foreclosure subject to the conditions set forth in Section 1367.4 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 1366, 1367.1, and 1367.4 of the Civil Code)

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. (Sections 1366 and 1367.1 of the Civil Code)

The association must comply with the requirements of Section 1367.1 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 1367.1 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 1367.1 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 1367.1 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, he or she 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 1367.1 of the Civil Code)

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 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 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 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 1367.1 of the Civil Code)

A late charge in the amount of Ten Dollars (\$10.00) shall be due and payable on any assessment that is not paid within Fifteen (15) Days of the date it was originally due. In other words, if a payment is not postmarked by the 15th of the month, a late fee is charged.

All costs incurred in connection with the collection of assessments, including any and all attorneys' fees, notary fees, title search, recording, mailing, or other costs shall be added to the amounts due to this Association. These costs must be paid in full as a condition to releasing such Lien or to refrain from further enforcement. Interest shall begin accruing on all monies due to the Association at the rate of Ten (10%) Percent per annum.

As a general rule, partial payments will not be accepted and all amounts due must be paid to avoid further enforcement action. Notwithstanding the foregoing, acceptance of partial payments, whether inadvertently or intentionally, shall not constitute a waiver by this Association of its enforcement remedies and such remedies may proceed as to any remaining balance due to this Association.

Meetings and Payment Plans

An owner of a separate interest that is not a timeshare 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 exist. (Section 1367.1 of the Civil Code)

The board of directors 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 1367.1 of the Civil Code)

At its February 2009 meeting, the Board of Directors approved a payment plan, which was modified at its March 2010 meeting in order to be in accordance with the newly adopted Second Restated Bylaws, as noted in the March 2010 Newsletter. The current plan states:

Members in arrears to pay \$40 per month plus 10 percent of balanced owed, plus 1 percent interest per month. Charging of late fees shall be suspended while payment plan is in place. A payment plan does not prevent the association from recording a lien on the owner's property. Payment plans must be established on the ECA Payment Plan Form. Failure to meet requirements of payment plan would result in reinstatement of suspended late fees.

EVERGREEN COMMONS ASSOCIATION POLICIES AND OPERATING RULES

The following policies and operating rules are published annually.

1. ALTERNATIVE DISPUTE RESOLUTION POLICY
2. ELECTION AND VOTING RULES
3. PARK AND POOL RULES
4. PARK AND POOL RESERVATION POLICY

New policies and rules, or changes to existing policies and rules that are adopted between annual publications will be announced in the Association's periodic newsletters.

ALTERNATIVE DISPUTE RESOLUTION POLICY

California Civil Code 1369.520 requires the Association or an individual Member of the Association to offer to resolve any dispute they may have with regard to enforcement of the Governing Documents through a non-judicial procedure (such as mediation or arbitration) before filing a lawsuit in superior court.

Per requirement of Civil Code 1369.590, the quote below must appear in this publication.

"Failure by a member of the association to comply with the pre-filing requirements of Section 1369.520 of the Civil Code may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents or applicable law."

Request for Resolution

Prior to the filing of litigation for the purpose of obtaining a court order to enforce or interpret the Governing Documents, whether initiated by an individual owner or the Association, it is required that the parties endeavor to submit their dispute to a form of Alternative Dispute Resolution such as mediation or arbitration.

Any party wishing to initiate this process must do so by serving on the other party to the dispute a Request for Resolution, which includes the following information:

1. A complete description of the dispute between the parties;
2. A request for alternative dispute resolution; and
3. A notice that the party receiving the Request for Resolution is required to respond thereto within 30 days of receipt or it will be deemed rejected.

The request for Resolution can be delivered via certified mail or personally served by any individual over 18 years of age who is not a party to the dispute.

If Alternative Dispute Resolution is accepted by the party upon whom the request is served, the process is required to be completed within 90 days of receipt, unless both parties agree in writing to extend the time. The costs of the process are to be borne by the parties.

Filing Litigation

In the event the other party to the dispute responds that they are not willing to participate in Alternative Dispute Resolution or fails to respond within the 30-day period, litigation may be initiated. Besides filing the complaint, which initiates the lawsuit, the plaintiff must also file a certificate stating that they have complied with the requirements outlined above. The failure to file a certificate is a basis for immediate dismissal of the lawsuit.

Exceptions

The law does provide certain exceptions to this procedure. In other words, there are circumstances where the Request for Resolution does not have to be made prior to filing a lawsuit. The following is a numbered summary of those situations:

1. At the time of filing the lawsuit there is 120 days or less left to the expiration of the statute of limitations.
2. The action is for collection of homeowner association assessments.
3. The lawsuit, in addition to seeking enforcement of the governing documents, is also seeking damages in excess of \$5,000.
4. The circumstances require an emergency court order such as a temporary restraining order.
5. A determination by the court that dismissal of the action for failure to comply with the Request for Resolution procedure would result in substantial prejudice to one of the parties.

Consult Your Own Attorney

This is only a summary of law, as the Association is required by law to provide.

Changes in law may have occurred since the formation of this summary. If you have specific concerns regarding your rights and responsibilities under the law, you should review applicable law and seek legal counsel of your own choice.

EVERGREEN COMMONS ASSOCIATION ELECTION AND VOTING RULES

Pursuant to California Civil Code Sections 1363.03, 1363.04 and 1363.09, effective July 1, 2006, the Evergreen Commons Association (“Association”) hereby adopts the following Association Rules Regarding Elections and Voting:

Voting

There is one (1) class of voting Membership. All Members in good standing as of the record date for the election shall be entitled to vote, however in no case shall any lot be permitted to cast more than one (1) vote per issue or open Director seat. Elections with respect to matters specified in California Civil Code Section 1363.03(b) shall be conducted via secret ballot. Voting by proxy is not allowed and cumulative voting is prohibited.

Equal Access

In order to ensure fair campaigning procedures, all candidates and points of view are entitled to equal access to Membership. Members shall have equal access to meeting places, newsletters, websites, and all other Association media, for purposes reasonably related to the election and at no cost to candidates. Newsletter and website publications shall notify all candidates and Members of upcoming election periods and deadlines for submitting articles, which periods and deadlines shall be determined by the Board of Directors.

Submissions for distribution to the membership shall not be edited for content; however, formatting modifications may be consistently applied to all submissions based on space restrictions. Formatting restrictions shall be determined by the Board at the time of notification, but may include, for example, that newsletter and website submissions may be restricted to no more than 200 words and bulletin board submissions may be restricted to one 8-1/2” x 11” flyer.

The Association, its directors, officers, and agents shall be immune from liability for the content of such communications.

Qualifications to Serve on the Board of Directors

Candidates for the Board of Directors must be Members of the Association, and only one (1) Member per Lot shall be eligible to serve on the Board at any one time. A Member seeking to serve on the Board of Directors must not be subject to any disciplinary action by the Association at the time of his or her nomination and must be current in the payment of all assessments.

Owners in litigation with the Association and convicted felons are not eligible. The number of Directors to be elected is determined by Article VII, Section 2 of the Association Bylaws.

Nominations to the Board

At least sixty (60) days prior to the date set for commencement of voting, the Nominating Committee shall prepare a list of candidate names for placement on the secret ballot. Additionally, Members who meet the qualification requirements listed above may nominate

themselves to run for Board of Directors' seats (without the requirement of nomination by the Association's Nominating Committee or petitioning of other Members) so long as the Member informs the Nominating Committee or the Board of Directors in writing of this intent to run at least forty-five (45) days in advance of the election date. The names of all qualified nominees who have timely informed the Board of their intention to be a candidate shall be placed on the ballot.

Limitations on Electioneering

No candidate for Director or representative of a candidate, and no proponent, opponent, or representative of a proponent or opponent, of an initiative, referendum, or recall measure, or of a proposed governing document amendment, shall solicit the vote of any Member, or do any electioneering, while in the residence or in the immediate presence of the Member, and during the time he or she knows the Member is voting.

Voting by Secret Ballot

For those matters requiring that a vote of Membership be conducted using secret ballots, such secret ballots shall be distributed to Membership by first-class mail or personal delivery at least thirty (30) days prior to the deadline for voting or meeting of Membership to decide the matter to be voted upon. All solicitations of secret ballots shall set forth the proposed action(s) and provide opportunity to specify approval or disapproval of any proposal and shall indicate the following: (i) the quorum requirement for valid action; (ii) the time by which the written ballot must be received by the Election Inspectors by mail or personal delivery; and (iii) the percentage of affirmative votes required by the relevant provision(s) of the Declaration of Covenants, Conditions, and Restrictions or the Bylaws to approve the measure. Secret ballots shall use the double envelope method to assure the secrecy of the vote, *i.e.*, the ballot itself is not signed but is placed in a plain envelope which is sealed and placed in a second envelope which is addressed to the Election Inspector(s) and which, in the upper left corner, identifies the Member by name and address or separate interest identifier that entitles him or her to vote, and is signed and dated by the Member.

In order to cast a vote, a Member must either (i) deliver (by mail or hand delivery) the completed secret ballot to the election inspector(s) or (ii) attend the meeting (if any) and complete and submit the secret ballot at that time (but in no instance may a Member submit a secret ballot at a meeting after the election inspector(s) has commenced tabulation of the ballots). Ballots must remain under the control of the election inspector(s), in a secure place, and unopened until the meeting at which the votes are officially counted. The election inspectors shall determine the authenticity and validity of all ballots. Once a ballot is received by the Election Inspectors, it shall be irrevocable.

At no time shall any person solicit a Member's completed secret ballot for the purpose of mailing or hand delivering that ballot to the election inspector on the Member's behalf.

Election Inspector(s)

The Board of Directors shall appoint either one (1) or three (3) independent and impartial third party election inspectors to conduct elections. Election inspectors may be Members of the Association, but they may not be Board Members, candidates for the Board, or related to

Board Members or candidates for the Board. Nor may a business entity currently employed by or under contract with the Association for any compensable services be an independent third party unless expressly authorized by rules of the Association adopted pursuant to Section 1363.03(a)(5).

The election inspector(s) shall: (a) determine the number of Members entitled to vote; (b) receive ballots; (c) hear and determine all challenges and questions arising out of or in connection with the right to vote; (d) determine existence of valid quorum for election purposes; (e) count and tabulate the ballots; (f) determine when the voting shall begin and end; (g) determine the results of the election; (h) report results to the Board; and (i) perform any acts as may be proper to conduct the election with fairness to all Members in accordance with all applicable laws and rules. The sealed ballots shall remain in the custody of the inspector(s) until counted. If there are three (3) inspectors, the decision or act of a majority shall be effective in all respects as the decision or act of all. The election inspector(s) may appoint and oversee additional persons to assist in counting and tabulating votes.

All votes shall be counted and tabulated by the election inspector(s) in public at a properly noticed open meeting of the Board of Directors or Members. Any Member may witness the counting and tabulation of the votes.

Within fifteen (15) days of the election, the Board of Directors shall report the results of the election in a communication directed to all Members. Ballots shall be retained by the election inspector(s) for nine (9) months following the election at which time the ballots shall be retained by the Association for at least twelve (12) months following the date of the election. In the event of a recount or other challenge, the election inspector(s) or the Association shall, upon written request, make the ballots available for inspection and review.

EVERGREEN COMMONS ASSOCIATION PARK AND POOL RULES

1. Park and pool hours.

7:00 AM to 10:00 PM, Sunday through Thursday.

7:00 AM to 11:00 PM, Friday and Saturday.

2. Residents' children under 12 years of age must be accompanied by their parents or another family member or responsible person who is age 15 years or older. The behavior of all children in the pool and park areas is the responsibility of their parents.

3. Guests

a. Guests **MUST** be accompanied by sponsoring resident at all times.

b. Guests under 15 years **MUST** be accompanied by an adult resident.

c. Baby sitters may not bring guests.

d. Members are responsible for damage and rules violations by guests.

e. Each resident is allowed two guests at the pool. Exceptions must be approved by the Board of Directors.

f. Residents may not have pool or park parties without consent of the Board of Directors. Proof of insurance is required.

4. Activities PROHIBITED in the pool area include: running, pushing, dunking, diving into the shallow pool, or other hazardous or unsafe activity.
5. NO GLASS containers in the pool or park area.
6. No bicycles, skateboards, roller skates/rollerblades in the pool area.
7. All pool and park gates MUST be SHUT AND LOCKED.
8. Only clean swimming attire may be worn in the pool. NO street clothes permitted. Shower before entering the pool.
9. No plug-in audio or video equipment may be used in the pool area, nor shall audio equipment be amplified and directed toward the pool from a remote area. Equipment operated by battery or power cell may be used; however the volume shall be maintained at a level which is not disturbing to others in the area.
10. Any identification required by the Association must be worn in the pool area at all times or produced upon request by any Owner. Duplication of keys and other Association identification, or furnishing either to non-members is strictly prohibited.
11. NO PETS are permitted in the pool area. Pets in the park must be leashed and accompanied by the Owner. Owners are required to clean up any mess left by pets.
12. Any Member may insist that anyone violating the rules leave the pool and/or park area. Any person so notified must comply.

PARK AND POOL RESERVATION POLICY

1. Pool and Park are reserved on a first-come first-served basis.
2. Large parties (30 or over) require a flyer to go out to all owners whose yards back up to the park. This is done as a courtesy by request of said homeowners.
3. Written proof of liability insurance must be submitted prior to approval of any party in the park/pool. Tenants and lessees must obtain a copy of the liability insurance of the property.
4. Only one party is allowed per day in the park or pool area.
5. The board or its representative must approve all parties. Approval is at the sole discretion of the board. Any event that would result in damage to park facilities will be prohibited.
6. All pool and park rules must be followed during sponsored events.
7. A liability release form must be signed by the sponsoring member prior to

the event.

- 8.** Pool activities may only be reserved Monday through Friday.
- 9.** Pool//Park may not be exclusively reserved. All homeowners will be able to use the park and pool during activities.
- 10.** Both restrooms should be left clean and locked when leaving the area.
- 11.** Repairing or replacing equipment damaged or broken during activity is the sole responsibility of the sponsoring member.
- 12.** Areas used must be left clean. Failure to do so may result in imposing deposit fee prior to future events.
- 13.** All gates must remain locked during activities. Someone should be at the gate to admit guests.
- 14.** Requests for reservations made less than one week prior to the event are not guaranteed. At least one week is required to ensure board approval.
- 15.** All parties must bring bags to remove their own trash from the park. Park trash receptacles are not to be filled with trash from parties.
- 16.** Failure to comply with any of these rules can result in a loss of rights to hold future parties in the park.
- 17.** To ensure that all homeowners have the same chance to enjoy the park and pool, there will be a limit of six (6) reservations per property each calendar year.
- 18.** Parties over thirty (30) people require full board approval with a thirty-day notice.