



THE
**JOHN STEWART
COMPANY**

MEMORANDUM

TO: Providence Condominium Association Owners

FROM: Board of Directors

DATE: November 27, 2007

SUBJECT: Pro Forma Financial Statements
Assessment & Reserve Fund Disclosure Summary
Assessment Schedule
Association Delinquent Policy
Enforcement Procedure/Fine Schedule
Board Minutes
Alternative Dispute Resolution
Insurance Notice
Schedule of Board Meetings
Architectural Guidelines & Procedures

Pro Forma Financial Statements

California Civil Code 1365 as well as the Association's governing documents require that the Association's Pro Forma Budget statements be issued annually along with other required disclosure information

When it becomes time to prepare the budget for the Homeowners Association, the Board has attempted to balance two often contradictory goals. The first is to minimize the assessments we pay each year. The second is to keep our complex in good repair and property values high.

The 2008 Operating Budget reflects a 10% increase in assessments for the next fiscal period. The total (monthly) Assessments for 2008 are expected to average \$171.27 per unit, per month.

Assessment & Reserve Fund Disclosure Summary

Also as required by California Civil Code 1365.2.5, you will find the Assessment and Reserve Fund Disclosure Summary as compiled by the Association's Reserve Study contractor, The Helsing Group.

Assessment Coupon Books

Your year 2008 coupon books reflecting your monthly assessment will be sent to all owners in mid-December.

Delinquent Policy Statement

California Civil Code requires that the membership receive, on an annual basis, the Association's Delinquent Policy Statement. Attached, you will find copy of the Association's policies and procedures relative to delinquent assessments.

Enforcement Procedures/Fine Schedule

California Civil Code sections also require the Association Enforcement Procedure and Fine Schedule be issued to the membership on an annual basis. Attached, you will find copy of adopted Enforcement Procedure and Fine Schedule.

Board Meeting Minutes

To comply with California Civil Code Section 1363 in which any member may request copy of Board of Directors meeting Minutes, the Board has adopted the following policy.

Any member who wishes a copy of Minutes of any regular Board of Directors meeting, may write or call and request to be placed on the mailing list. Request should be sent to:

Providence Condominium Association
c/o The John Stewart Company
1388 Sutter Street, 11th Floor
San Francisco, CA 94109-5427

Alternative Dispute Resolution (ADR)

As of January 1, 1994, significant amendments to California Civil Code Section 1354 took effect. This code section law requires certain types of disputes between homeowners associations and their members, or between members themselves, to be submitted to arbitration or mediation (collectively called "Alternative Dispute Resolution"). To comply with California Civil Code 1354, attached, you will find summary of the Alternative Dispute Resolution statute.

Architectural Guidelines and Procedures

California Civil Code 1376 now requires that the membership be informed annually of the Association's Architectural Guidelines and Procedures. Attached, you will find the Architectural Guidelines.

Insurance Code

California Civil Code Section 1365.9 requires that your Association provide, on an annual basis, a notice as to the amount and type of insurance carried by the Association. Attached, you will find statement of insurance as issued by the Association's insurance agent, Greg Norris Insurance Agency, Inc.

ACH Transfer of Funds

Owners may request to pay their monthly homeowners dues automatically each month directly from their personal bank account to the Association's bank account. The process called ACH (Automatic Clearing Hours) eliminates the need to write and mail a check for Association dues

every month. If you wish to use the ACH transfer system, please review the enclosed information sheet, and return completed form as instructed.

Note: If you are already in the ACH transfer system, we will notify your bank of the change in your monthly assessment for the year 2008.

Board Meeting Schedule

The next scheduled Board of Directors meeting will be Monday, March 3, 2008 at 6:30 P.M. at the Sunrise Assisted Living complex, 1601 19th Ave.

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PROVIDENCE CONDOMINIUM ASSOCIATION

**FORECASTED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND BALANCES
AND ACCOUNTANTS' COMPILATION REPORT**

YEAR ENDING DECEMBER 31, 2008

**[California Civil Code Section 1365
2008 Pro Forma Operating Budget]**

PROVIDENCE CONDOMINIUM ASSOCIATION

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YEAR ENDING DECEMBER 31, 2008**

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

222 Front Street, Suite 700
San Francisco, California 94111

Board Of Directors
Providence Condominium Association
San Francisco, California

We have compiled the accompanying forecasted statement of revenues, expenses and changes in fund balances, and the supplemental information, (the 2008 Pro Forma Operating Budget) of Providence Condominium Association (the Association) as of December 31, 2008 and for the year then ending, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of the Board of Directors and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Accordingly, the current funding program may or may not be sufficient to meet all future replacement costs. The ability of the Association to fund its liability for replacement of major components is dependent upon increases in that portion of the regular assessment which is allocated to the replacement fund, as well as special assessments.

This forecast is presented in accordance with the requirements of California Civil Code Section 1365.

Levy, Erlanger & Company

November 16, 2007

PROVIDENCE CONDOMINIUM ASSOCIATION

**FORECASTED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2008**

	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
REVENUES			
Assessments	\$ 117,073	\$ 51,449	\$ 168,522
Interest income		10,900	10,900
	<u>117,073</u>	<u>62,349</u>	<u>179,422</u>
EXPENSES			
<u>Maintenance and operations</u>			
Major component replacement provision (Notes 3 and 5)	-	54,000	54,000
Contingency	22,898		22,898
Landscape maintenance	16,340		16,340
Other facilities maintenance	3,300		3,300
Pest control	2,500		2,500
Irrigation repairs	1,500		1,500
	<u>46,538</u>	<u>54,000</u>	<u>100,538</u>
<u>Administration</u>			
Insurance	32,000	-	32,000
Management	23,435		23,435
Office expense	4,000		4,000
Legal, accounting and professional	4,000		4,000
Income tax provision		2,400	2,400
	<u>63,435</u>	<u>2,400</u>	<u>65,835</u>
<u>Utilities</u>			
Water	6,000	-	6,000
Electricity	1,100		1,100
	<u>7,100</u>	<u>-</u>	<u>7,100</u>
Total expenses	<u>117,073</u>	<u>56,400</u>	<u>173,473</u>

See accountants' compilation report and accompanying notes and significant assumptions.

PROVIDENCE CONDOMINIUM ASSOCIATION

**FORECASTED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2008
(CONTINUED)**

	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ -	\$ 5,949	\$ 5,949
FUND BALANCE (DEFICIT), BEGINNING OF YEAR (NOTE 5)	<u>40,000</u>	<u>38,000</u>	<u>78,000</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 40,000</u>	<u>\$ 43,949</u>	<u>\$ 83,949</u>

See accountants' compilation report and accompanying notes and significant assumptions.

PROVIDENCE CONDOMINIUM ASSOCIATION

NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDING DECEMBER 31, 2008

NOTE 1 - THE ASSOCIATION

Providence Condominium Association (the Association) is a common interest subdivision located in San Francisco, California which consists of 82 residential units and certain common area property. The Association was organized in December 2000 as a nonprofit, mutual-benefit Association to provide for the management and maintenance of the common area property.

NOTE 2 - THE FORECAST

This forecasted statement is the Board of Directors' estimate of revenues, expenses and changes in fund balances based on the assumptions set forth below. The assumptions disclosed herein are those that the Board believes are significant to the forecast. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to November 16, 2007 the date of this forecast. Therefore, the actual results achieved during the forecast period may vary from the forecast, and the variations may be material.

NOTE 3 - BASIS OF PRESENTATION

The accompanying forecasted financial statement is presented on the accrual basis of accounting, in accordance with the provisions of California Civil Code Section 1365.

The yearly replacement provision represents an estimate of the "wearing out" of the major components, stated in dollars. The provision for repair and replacement of major components has been estimated, for each component, by dividing the estimated current replacement cost by the estimated useful life. Hence, for 2008, the estimated annual wearing out of the major components, shown as "major component replacement provision" totals \$54,000.

See accountants' compilation report.

PROVIDENCE CONDOMINIUM ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2008
(CONTINUED)**

NOTE 3 - BASIS OF PRESENTATION (CONTINUED)

While the Association is required by California statute to present its budget on an accrual basis, it is also important to understand the projected cash-basis expenditures for next year based upon the Association's most recent reserve study or Board-directed update thereof. During the year ending December 31, 2008, the major component repair and replacement expenditures that are presently forecasted are as follows:

Paint, stucco	\$ 69,700
Paint, wrought iron	7,300
Paint, refurbish door	6,200
Asphalt, seal coating	4,800
Other major repairs and replacements	3,200

Total	\$ 91,200
	=====

Whether or not the foregoing forecasted expenditures are made during the year ending December 31, 2008 will depend upon the respective components' state of repair and the approval of the Board of Directors. In addition, major component repairs and replacements not listed above may be made if the component should fail and require immediate repair and replacement.

NOTE 4 - REVENUES

Total regular (monthly) assessments for 2008 are expected to average \$171.27 per unit per month. The amount allocated to the operations fund is estimated to average \$118.98 per unit per month. The amount allocated to the replacement fund is estimated to average \$52.29 per unit per month.

Interest income (after income taxes) of \$8,500 is forecasted to be earned on replacement fund cash balances. Interest income is computed utilizing an estimated 4-1/2% before-tax interest rate and an estimated 3-1/4% after-tax interest rate. Hence, an estimated combined federal and California income tax rate of approximately 25% is assumed.

See accountants' compilation report.

PROVIDENCE CONDOMINIUM ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2008
(CONTINUED)**

NOTE 5 - REPLACEMENT FUND BALANCE (DEFICIT) AND PERCENT FUNDED

The beginning of the year excess in the replacement fund results from an excess of replacement fund cash reserves over estimated major component replacement liability, as follows:

Estimated cash reserves	\$ 243,000
Estimated liability	205,000

Replacement fund excess aka over-funded reserves	\$ 38,000
	=====
Over-funded reserves per unit	\$ 500
	=====
Estimated percent funded	100%
	=====

The estimated liability for repair and replacement of major components represents an estimate of how much money should have been accumulated for that portion of each component which has "worn out" or been "used up" as of December 31, 2007. The estimated liability is computed, for each component, by multiplying the estimated current replacement cost by the fraction (estimated useful life-estimated remaining life)/estimated useful life. The component by component computation of liability is shown in the accompanying forecasted schedule of major component replacement provision and estimated liability.

The estimated reserves percent funded is computed by dividing the estimated cash reserves by the estimated reserve liability.

NOTE 6 - RESERVE FUNDING PLAN

The Association plans to fund the future repair and/or replacement of the major components by proposing increases in that portion of the regular assessment which goes into the replacement fund, and/or special assessments.

See accountants' compilation report.

PROVIDENCE CONDOMINIUM ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2008
(CONTINUED)**

NOTE 6 - RESERVE FUNDING PLAN (CONTINUED)

Under this program, per the November 2007 Helsing Group reserve study, beginning in 2008 at a base replacement fund contribution of \$52.29 per unit per month, that portion of the regular assessment which goes into the replacement fund must increase by 3-1/3% per annum thereafter through the year 2037 (the end of the forecast period).

The presently-projected reserve funding plan is further summarized as follows:

	<u>Estimated Cash Balance</u>	<u>Estimated Liability</u>	<u>Est. Income</u>	<u>Est. Expend</u>
<u>Present 12-2007</u>	243,000	205,000	= 100% Funded	
2008			57,521	91,184
2009			58,987	42,684
2010			61,743	3,304
2011			65,191	1,580
2012			68,773	4,808
 <u>10 Years 12-2017</u>	 703,000	 687,000	 = 100% Funded	
 <u>20 Years 12-2027</u>	 1,020,000	 1,006,000	 = 100% Funded	
 <u>30 Years 12-2037</u>	 990,000	 990,000	 = 100% Funded	

See accountants' compilation report.

PROVIDENCE CONDOMINIUM ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2008
(CONTINUED)**

NOTE 7 - SIGNIFICANT ASSUMPTIONS

In arriving at the foregoing reserve funding plan, the following significant assumptions have been made:

Components

The components listed here are those the Board of Directors has determined to be the major components which the Association is obligated to reserve for after reviewing its governing documents and/or consulting with legal counsel and other knowledgeable persons. The Board of Directors has determined that the maintenance and repair of major components not included in the reserve fund, if any, shall be funded through the operations fund budget.

Components not included in the component and funding studies by the Board of Directors have either (1) been considered to have an estimated remaining life in excess of 36 years and will remain unfunded until the estimated remaining life is 36 years or less, or (2) are expected to be maintained, repaired and replaced through the operations fund budget.

Replacement Cost Inflation Rate

The estimated average long-term rate of increase expected in major repair and replacement costs will approximate 3-1/4% per annum.

Replacement Fund Interest Rate

The estimated average long-term before-tax interest rate earned on replacement fund cash balances will approximate 4-1/2% per annum. Interest earned on replacement fund cash balances will remain in the replacement fund and not be used to defray day-to-day operating expenses.

Estimated Useful Life

The estimated useful life of each identified major component was determined by The Helsing Group, the Association's component study expert, in their report dated November 2007.

See accountants' compilation report.

PROVIDENCE CONDOMINIUM ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2008
(CONTINUED)**

NOTE 7 - SIGNIFICANT ASSUMPTIONS (CONTINUED)

Estimated Remaining Life

The estimated remaining life of each identified major component was determined by The Helsing Group, the Association's component study expert, in their report dated November 2007.

Estimated Current Replacement Cost

The estimated current replacement cost of each identified major component was determined by The Helsing Group, the Association's component study expert, in their report dated November 2007.

See accountants' compilation report.

PROVIDENCE CONDOMINIUM ASSOCIATION

**DETAILED COMPONENT LIST
DECEMBER 31, 2007**

Reserve Component:	Quantity	Unit Cost	Current Useful Life	Expected Useful Life	Remaining Useful Life	Current Cost
Asphalt, Repair Fund Streets & Drives	18,446 S.F.	\$ 1.40	20	20	16	\$ 25,824
						Subtotal for Asphalt, Repair Fund : \$ 25,824
Asphalt, Seal-Coating Streets & Drives	18,446 S.F.	\$ 0.25	5	5	1	\$ 4,612
						Subtotal for Asphalt, Seal-Coating : \$ 4,612
Concrete, Repair Fund Sidewalks & Slabs	8,578 S.F.	\$ 0.10	1	1	1	\$ 858
						Subtotal for Concrete, Repair Fund : \$ 858
Fence, Wood South Property	130 L.F.	\$ 24.00	14	14	10	\$ 3,120
						Subtotal for Fence, Wood : \$ 3,120
Garage Door, Replace Residence Doors	82 Each	\$ 725.00	40	40	36	\$ 59,450
						Subtotal for Garage Door, Replace : \$ 59,450
Gate, Replace Wrought Iron, 19th Ave.	44 Each	\$ 350.00	20	20	16	\$ 15,400
						Subtotal for Gate, Replace : \$ 15,400
Gutters & Downspouts Downspouts	4,278 L.F.	\$ 7.50	25	25	21	\$ 32,085
Gutters	3,254 L.F.	\$ 7.50	25	25	21	\$ 24,405
						Subtotal for Gutters & Downspouts : \$ 56,490
Irrigation System 12-Station Controller, "Rainmaster"	1 Each	\$ 1,800.00	15	15	11	\$ 1,800
24-Station Controller, "Rainmaster"	1 Each	\$ 2,000.00	15	15	11	\$ 2,000
Backflow Preventer	2 Each	\$ 450.00	25	25	21	\$ 900
Landscape Valves	23 Each	\$ 200.00	12	12	8	\$ 4,600
						Subtotal for Irrigation System : \$ 9,300
Lights Address Sign/Light	82 Each	\$ 125.00	25	25	21	\$ 10,250
Ceiling Mount	98 Each	\$ 135.00	20	20	16	\$ 13,230
Streetlights	4 Each	\$ 1,850.00	25	25	21	\$ 7,400
Wall Mount	202 Each	\$ 135.00	20	20	16	\$ 27,270
Wall Mount, Small	83 Each	\$ 115.00	20	20	16	\$ 9,545
						Subtotal for Lights : \$ 67,695
Mailboxes Residences	82 Each	\$ 85.00	20	20	16	\$ 6,970
						Subtotal for Mailboxes : \$ 6,970
Masonry Wall, Repair Fund South Property	120 L.F.	\$ 0.25	1	1	1	\$ 30
						Subtotal for Masonry Wall, Repair Fund : \$ 30
Paint Red Curb Markings	1,344 L.F.	\$ 1.65	5	5	1	\$ 2,218
						Subtotal for Paint : \$ 2,218
Paint, Stucco Masonry Wall	1,920 S.F.	\$ 0.85	10	10	6	\$ 1,632
Residence, Phase 1	22,481 S.F.	\$ 1.50	10	10	10	\$ 33,722
Residence, Phase 2	22,481 S.F.	\$ 1.50	5	10	1	\$ 33,722
Residence, Phase 3	22,481 S.F.	\$ 1.50	5	10	1	\$ 33,722
Residence, Phase 4	22,481 S.F.	\$ 1.50	6	10	2	\$ 33,722
						Subtotal for Paint, Stucco : \$ 136,518

See accountants' compilation report.

PROVIDENCE CONDOMINIUM ASSOCIATION

**DETAILED COMPONENT LIST
DECEMBER 31, 2007
(CONTINUED)**

Reserve Component:	Quantity	Unit Cost	Current Useful Life	Expected Useful Life	Remaining Useful Life	Current Cost
Paint, Wrought Iron Fence, 6 ft.	1,176 S.F.	\$ 0.85	5	5	1	\$ 1,000 \$
Fence, 6 ft., 19th, Phase 1	792 S.F.	\$ 0.85	5	5	5	\$ 673 \$
Fence, 6 ft., 19th, Phase 3	792 S.F.	\$ 0.85	5	5	1	\$ 673 \$
Gates, 19 th, Phase 1	924 S.F.	\$ 0.85	5	5	5	\$ 785 \$
Gates, 19 th, Phase 3	924 S.F.	\$ 0.85	5	5	1	\$ 785 \$
Handrails, Phase 1	136 S.F.	\$ 0.85	5	5	5	\$ 115 \$
Handrails, Phase 2	136 S.F.	\$ 0.85	5	5	1	\$ 115 \$
Handrails, Phase 3	136 S.F.	\$ 0.85	5	5	1	\$ 115 \$
Handrails, Phase 4	136 S.F.	\$ 0.85	6	5	2	\$ 115 \$
Metal Roofing	583 S.F.	\$ 1.15	5	5	1	\$ 670 \$
Railings, 2 ft., Phase 1	542 S.F.	\$ 0.85	5	5	5	\$ 461 \$
Railings, 2 ft., Phase 2	542 S.F.	\$ 0.85	5	5	1	\$ 461 \$
Railings, 2 ft., Phase 3	542 S.F.	\$ 0.85	5	5	1	\$ 461 \$
Railings, 2 ft., Phase 4	542 S.F.	\$ 0.85	6	5	2	\$ 461 \$
Railings, 3 ft., Phase 1	1,371 S.F.	\$ 0.85	5	5	5	\$ 1,165 \$
Railings, 3 ft., Phase 2	1,371 S.F.	\$ 0.85	5	5	1	\$ 1,165 \$
Railings, 3 ft., Phase 3	1,371 S.F.	\$ 0.85	5	5	1	\$ 1,165 \$
Railings, 3 ft., Phase 4	1,371 S.F.	\$ 0.85	6	6	2	\$ 1,165 \$
Streetlights	4 Each	\$ 125.00	5	5	1	\$ 500 \$
Subtotal for Paint, Wrought Iron :						\$ 12,052 \$
Paint/Refinish Door Garage Doors, Phase 1	21 Each	\$ 150.00	10	10	10	\$ 3,150 \$
Garage Doors, Phase 2	20 Each	\$ 150.00	5	10	1	\$ 3,000 \$
Garage Doors, Phase 3	20 Each	\$ 150.00	5	10	1	\$ 3,000 \$
Garage Doors, Phase 4	21 Each	\$ 150.00	6	10	2	\$ 3,150 \$
Unit Entry	82 Each	\$ 75.00	10	10	6	\$ 6,150 \$
Subtotal for Paint/Refinish Door :						\$ 18,450 \$
Pigeon Abatement Pigeon Proofing, Residence	1 Lot	\$ 500.00	2	2	2	\$ 500 \$
Subtotal for Pigeon Abatement :						\$ 500 \$
Reserve Study Preperation, Reserve Study	1 Lot	\$ 2,110.00	3	3	3	\$ 2,110 \$
Subtotal for Reserve Study :						\$ 2,110 \$
Roof, Built-Up Residence Buildings	35,453 S.F.	\$ 3.75	15	15	11	\$ 132,949 \$
Subtotal for Roof, Built-Up :						\$ 132,949 \$
Roof, Composition Shingle Residence Buildings	40,932 S.F.	\$ 3.50	25	25	21	\$ 143,262 \$
Subtotal for Roof, Composition Shingle :						\$ 143,262 \$
Roof, Metal Residence Buildings	583 S.F.	\$ 7.00	40	40	36	\$ 4,081 \$
Subtotal for Roof, Metal :						\$ 4,081 \$
Wrought Iron, Replace Fence, 6 ft.	98 L.F.	\$ 45.00	30	30	26	\$ 4,410 \$
Fence, 6 ft., 19th Ave.	132 L.F.	\$ 45.00	30	30	26	\$ 5,940 \$
Handrails	352 L.F.	\$ 22.00	30	30	26	\$ 7,744 \$
Railings, 2 ft.	542 L.F.	\$ 30.00	30	30	26	\$ 16,260 \$
Railings, 3 ft.	914 L.F.	\$ 35.00	30	30	26	\$ 31,990 \$
Subtotal for Wrought Iron, Replace :						\$ 66,344 \$

See accountants' compilation report.

Providence Condominium Association

California Disclosure Notes

The following notes are required by Sections 1365 and 1365.2.5 of the California Civil Code to be included in the annual budget distributed to all homeowners.

Assessment and Reserve Funding Disclosure Summary

For Fiscal Year Beginning: 1/1/2008

The Association's Reserve Contribution for 2008 is: \$51,449

This is an average per unit per month of: \$52.29

- 1) The current regular assesment per ownership interest is: _____ per Month. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found attached to this document

- 2) 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:

Table with 3 columns: Year Due, Total Amount Per Ownership Interest, Purpose

Note: If assessments vary by the size or type of unit, the assessment applicable to this unit may be found.

- 3) Based on the most recent Reserve Study and other information available to the Board of Directors, will currently projected Reserve account balances 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?

Answer: Yes

The answer to this question is dependent upon predictions of future events that are estimates that cannot be forecast with precision. These predictions include assumptions concerning component lives, replacement costs, inflation, and interest over the next 30 years that by their very nature cannot be accurately determined over that time period. In addition, it assumes that future Boards will both adequately maintain the property and make future increases in assessments as predicted in the Reserve Study upon which these disclosures are made.

- 4) If the answer to #3 is "No", what additional assessments or other contributions to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Table with 3 columns: Year Due, Total Amount Per Unit, Purpose

Providence Condominium Association

California Disclosure Notes

- 5) All major components are included in the Reserve Study and are included in its calculations
- 6) For our Fiscal Yr starting 1/1/2008 our Reserve Study shows a current fund balance of \$243,279 on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the required amount in the Reserve Fund (Fully Funded Balance) is \$207,427.44. This results in a percentage funding of 117.28%.

An alternate, but generally accepted, method of calculation was also used. The alternate calculation gives credit to the interest earning power of the portfolio, as well as inflation. As depicted in the formula below, the results from this calculation reveal a required amount of \$195,275.10 and a Percent Funded Calculation of 124.58%. This formula is recognized by both The Association of Professional Reserve Analysts and Community Associations Institute.

$$\text{Desired Balance} = \left(\frac{\text{Current Cost}}{\text{Useful Life}} \times \text{Current Life} \right) + \left(\frac{\text{Current Cost}}{\text{Useful Life}} \times \text{Current Life} \right) \frac{1}{(1+\text{Interest Rate})^{\text{Remaining Life}}} - \left(\frac{\text{Current Cost}}{\text{Useful Life}} \times \text{Current Life} \right) \frac{1}{(1+\text{Inflation Rate})^{\text{Remaining Life}}}$$

- 7) Reserve Fund Projections (Summary) over the next 30 Years

Fiscal Year	Ending Reserve Balance	Fully Funded Balance	Project Percent Funded	Annual Reserve Contribs.	Special Assesments	Interest Income	Reserve Expenses
2008	\$209,617	\$183,029	114.5%	\$51,449	\$0	\$6,072	\$-91,184
2009	\$225,919	\$200,465	112.7%	\$53,147	\$0	\$5,840	\$-42,684
2010	\$284,357	\$256,953	110.7%	\$54,901	\$0	\$6,842	\$-3,304
2011	\$347,967	\$318,785	109.2%	\$56,713	\$0	\$8,478	\$-1,580
2012	\$411,932	\$381,241	108.1%	\$58,584	\$0	\$10,189	\$-4,808
2013	\$453,407	\$421,795	107.5%	\$60,517	\$0	\$11,602	\$-30,644
2014	\$527,233	\$494,429	106.6%	\$62,514	\$0	\$13,148	\$-1,837
2015	\$597,617	\$564,021	106.0%	\$64,577	\$0	\$15,082	\$-9,275
2016	\$677,406	\$643,232	105.3%	\$66,708	\$0	\$17,095	\$-4,015
2017	\$703,147	\$669,527	105.0%	\$68,910	\$0	\$18,510	\$-61,679
2018	\$468,433	\$438,964	106.7%	\$71,184	\$0	\$15,708	\$-321,606
2019	\$494,424	\$464,223	106.5%	\$73,533	\$0	\$12,910	\$-60,451
2020	\$583,482	\$551,763	105.7%	\$75,959	\$0	\$14,452	\$-1,354
2021	\$674,796	\$641,951	105.1%	\$78,466	\$0	\$16,871	\$-4,022
2022	\$765,071	\$731,560	104.6%	\$81,055	\$0	\$19,305	\$-10,086
2023	\$663,956	\$632,797	104.9%	\$83,730	\$0	\$19,160	\$-204,006
2024	\$767,094	\$734,916	104.4%	\$86,493	\$0	\$19,187	\$-2,542
2025	\$872,146	\$839,436	103.9%	\$89,348	\$0	\$21,979	\$-6,275
2026	\$987,734	\$954,891	103.4%	\$92,296	\$0	\$24,937	\$-1,645
2027	\$1,019,588	\$988,350	103.2%	\$95,342	\$0	\$26,914	\$-90,401
2028	\$528,425	\$505,955	104.4%	\$98,488	\$0	\$20,755	\$-610,407
2029	\$565,501	\$541,866	104.4%	\$101,738	\$0	\$14,667	\$-79,329
2030	\$685,497	\$659,671	103.9%	\$105,096	\$0	\$16,773	\$-1,873
2031	\$799,547	\$772,170	103.5%	\$108,564	\$0	\$19,911	\$-14,425
2032	\$925,620	\$897,073	103.2%	\$112,146	\$0	\$23,131	\$-9,204
2033	\$532,156	\$510,031	104.3%	\$115,847	\$0	\$19,546	\$-528,857
2034	\$659,213	\$634,188	103.9%	\$119,670	\$0	\$15,974	\$-8,587
2035	\$798,939	\$771,410	103.6%	\$123,619	\$0	\$19,551	\$-3,445
2036	\$947,781	\$918,280	103.2%	\$127,699	\$0	\$23,420	\$-2,276
2037	\$990,284	\$960,960	103.1%	\$131,913	\$0	\$25,985	\$-115,395

Providence Condominium Association

California Disclosure Notes

The Board of Directors does not anticipate the levy of any special assessments to defray the future repair, replacement or restoration of any major component or to provide adequate reserves therefor.

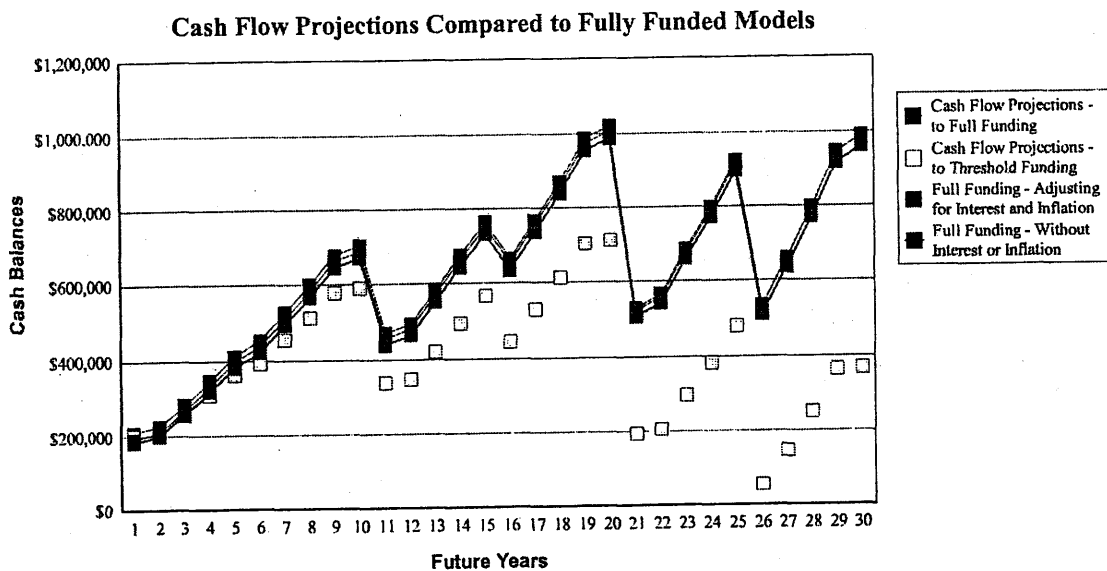
This Association's funding plan provides adequate funds to meet expected expenditures and is based on the assumption that the Association will fund the reserves in accordance with the plan we have presented, which includes changes in annual funding as depicted in the statement of cash flows and expenditures established through an independent reserve study and funding updates as appropriate. The amount of reserves necessary was determined by calculating the annualized wearing out of the components, adjusting for the expected interest earnings of the reserve portfolio as well as expected inflationary impact on the future costs of the components. The most recent reserve study with detailed backup has been provided to your Board of Directors and is on file with the Association's official records. This study must be reviewed and adjusted as necessary annually (California Civil Code Section 1365.5(d)).

The accompanying table titled "Consolidated Component List" showing the estimated replacement costs, estimated current life, and estimated remaining life for the components is an integral part of this required disclosure.

Inflation Assumption: 3.30% Pre-tax Interest Assumption: 4.50% Tax Assumption: 1120H

The graph below depicts a forecast of the level of fund balances necessary over the next thirty years in order to remain 100% funded, as well as two commonly recognized funding alternatives. One method results in funding to this full funding level. The other method funds to some threshold set by the association which may be higher or lower than full funding depending on the needs and desires of the association.

The association has chosen to fund to full funding as depicted on the following table.



The disclosures on the following pages are a required part of this disclosure.

Providence Condominium Association

California Disclosure Notes

The percent funded figure disclosed on the previous page is required by the California Civil Code. However, such disclosures are problematic as they do not show the impact on current or future homeowners. It is possible for associations with very low funding percentages to recover to adequate funding levels in some cases with very little impact on homeowners. In other cases, the impact may be significant. Conversely, it is possible to have relatively high "percent funded" figures and still require significant increases in assessments, and in some cases special assessments, in order to recover any shortfall before expected expenditures are due. In order to help measure the impact of any underfunding status in the reserve fund the following table is provided:

Impact of Fund Status on Current and Future Owners					
Measured in average impact per unit per month (PUPM)					
<u>End of Fiscal Year</u>	<u>Notional Ideal Assessment</u>	<u>Assessment Needed to Achieve/Maintain Full Funding</u>	<u>Special Assessments</u>	<u>Impact of any Underfunding</u>	<u>Projected Percent Funded</u>
2008	\$ 63.55	\$ 52.29	\$ 0.00	Fully Funded	109.68%
2009	\$ 57.63	\$ 54.01	\$ 0.00	Fully Funded	107.40%
2010	\$ 56.78	\$ 55.79	\$ 0.00	Fully Funded	105.77%
2011	\$ 58.66	\$ 57.63	\$ 0.00	Fully Funded	104.67%
2012	\$ 60.59	\$ 59.54	\$ 0.00	Fully Funded	103.93%
2013	\$ 62.59	\$ 61.50	\$ 0.00	Fully Funded	103.50%
2014	\$ 64.66	\$ 63.53	\$ 0.00	Fully Funded	103.04%
2015	\$ 66.79	\$ 65.63	\$ 0.00	Fully Funded	102.72%
2016	\$ 68.99	\$ 67.79	\$ 0.00	Fully Funded	102.49%
2017	\$ 71.27	\$ 70.03	\$ 0.00	Fully Funded	102.42%
2018	\$ 73.62	\$ 72.34	\$ 0.00	Fully Funded	102.95%
2019	\$ 76.05	\$ 74.73	\$ 0.00	Fully Funded	102.64%
2020	\$ 78.56	\$ 77.19	\$ 0.00	Fully Funded	102.22%
2021	\$ 81.15	\$ 79.74	\$ 0.00	Fully Funded	101.94%
2022	\$ 83.83	\$ 82.37	\$ 0.00	Fully Funded	101.75%
2023	\$ 86.60	\$ 85.09	\$ 0.00	Fully Funded	101.71%
2024	\$ 89.46	\$ 87.90	\$ 0.00	Fully Funded	101.52%
2025	\$ 92.41	\$ 90.80	\$ 0.00	Fully Funded	101.41%
2026	\$ 95.46	\$ 93.80	\$ 0.00	Fully Funded	101.36%
2027	\$ 98.61	\$ 96.89	\$ 0.00	Fully Funded	101.37%
2028	\$ 101.86	\$ 100.09	\$ 0.00	Fully Funded	101.44%
2029	\$ 105.22	\$ 103.39	\$ 0.00	Fully Funded	101.22%
2030	\$ 108.70	\$ 106.80	\$ 0.00	Fully Funded	101.03%
2031	\$ 112.28	\$ 110.33	\$ 0.00	Fully Funded	100.92%
2032	\$ 115.99	\$ 113.97	\$ 0.00	Fully Funded	100.86%
2033	\$ 119.82	\$ 117.73	\$ 0.00	Fully Funded	100.37%
2034	\$ 123.77	\$ 121.62	\$ 0.00	Fully Funded	100.23%
2035	\$ 127.86	\$ 125.63	\$ 0.00	Fully Funded	100.15%
2036	\$ 132.07	\$ 129.78	\$ 0.00	Fully Funded	100.12%
2037	\$ 136.43	\$ 134.06	\$ 0.00	Fully Funded	100.00%

The above table presumes full funding in thirty years and is intended to provide a measure of the impact of any under or over funding on homeowners.

The association intends to follow the above funding plan.

Providence Condominium Association

California Disclosure Notes
Consolidated Component List

NOTE: This listing is required to be provided to homeowners by the California Civil Code. In order to reduce print costs, it is a consolidated list provided for informational purposes only. Any mathematical projections or calculations made in the reserve funding analysis were made from an expanded list. Readers are cautioned not to attempt to make mathematical projections of their own from this list, but rather to refer to the "Detailed component List" provided in the complete reserve study on file with the association.

Reserve Component	Quantity	Average Unit Cost	Current Useful Lives	Adjusted Useful Lives	Remaining Useful Lives	Current Cost	Future Cost
Asphalt, Repair Fund	18,446 S.F.	\$ 1.40	20 to 20	20 to 20	16 to 16	\$ 25,824	\$ 43,415
Asphalt, Seal-Coating	18,446 S.F.	\$ 0.25	5 to 5	5 to 5	1 to 1	\$ 4,612	\$ 4,764
Concrete, Repair Fund	8,578 S.F.	\$ 0.10	1 to 1	1 to 1	1 to 1	\$ 858	\$ 886
Fence, Wood	130 L.F.	\$ 24.00	14 to 14	14 to 14	10 to 10	\$ 3,120	\$ 4,317
Garage Door, Replace	82 Each	\$ 725.00	40 to 40	40 to 40	36 to 36	\$ 59,450	\$ 191,321
Gate, Replace	44 Each	\$ 350.00	20 to 20	20 to 20	16 to 16	\$ 15,400	\$ 25,890
Gutters & Downspouts	7,532 L.F.	\$ 7.50	25 to 25	25 to 25	21 to 21	\$ 56,490	\$ 111,706
Irrigation System	27 Each	\$ 344.44	12 to 25	12 to 25	8 to 21	\$ 9,300	\$ 13,175
Lights	469 Each	\$ 144.34	20 to 25	20 to 25	16 to 21	\$ 67,695	\$ 119,035
Mailboxes	82 Each	\$ 85.00	20 to 20	20 to 20	16 to 16	\$ 6,970	\$ 11,718
Masonry Wall, Repair Fund	120 L.F.	\$ 0.25	1 to 1	1 to 1	1 to 1	\$ 30	\$ 31
Paint	1,344 L.F.	\$ 1.65	5 to 5	5 to 5	1 to 1	\$ 2,218	\$ 2,291
Paint, Stucco	91,844 S.F.	\$ 1.49	5 to 10	10 to 10	1 to 10	\$ 136,518	\$ 154,292
Paint, Wrought Iron	4 Each	\$ 125.00	5 to 5	5 to 5	1 to 1	\$ 500	\$ 517
Paint, Wrought Iron	13,385 S.F.	\$ 0.86	5 to 6	5 to 6	1 to 5	\$ 11,552	\$ 12,451
Paint/Refinish Door	164 Each	\$ 112.50	5 to 10	10 to 10	1 to 10	\$ 18,450	\$ 21,390
Pigeon Abatement	1 Lot	\$ 500.00	2 to 2	2 to 2	2 to 2	\$ 500	\$ 534
Reserve Study	1 Lot	\$ 2,110.00	3 to 3	3 to 3	3 to 3	\$ 2,110	\$ 2,326
Roof, Built-Up	35,453 S.F.	\$ 3.75	15 to 15	15 to 15	11 to 11	\$ 132,949	\$ 190,015
Roof, Composition Shingle	40,932 S.F.	\$ 3.50	25 to 25	25 to 25	21 to 21	\$ 143,262	\$ 283,294
Roof, Metal	583 S.F.	\$ 7.00	40 to 40	40 to 40	36 to 36	\$ 4,081	\$ 13,133
Wrought Iron, Replace	2,038 L.F.	\$ 32.55	30 to 30	30 to 30	26 to 26	\$ 66,344	\$ 154,316
Grand Total:						\$ 768,232	\$ 1,360,815

PROVIDENCE CONDOMINIUM ASSOCIATION
ASSESSMENT COLLECTION POLICY ©

Effective January 1, 2006

Prompt payment of assessments by every member is critical to the Association's ability to provide necessary services. Among your Board's most important responsibilities, therefore, is the collection of assessments which are not paid on time. The Association's CC&R's and the California Davis-Stirling Act provide the Board with strong procedural tools to collect delinquent assessments. It is our hope that by reminding all Owners of the collection procedures, we will all make the prompt payment of assessments a priority.

The assessment collection policy for Providence Condominium Association is as follows:

I. TYPES OF ASSESSMENTS

A. REGULAR ASSESSMENTS: Regular assessments are due and payable on the first day of Each Month and delinquent if not received by the 15th.

B. SPECIAL ASSESSMENTS: Special Assessments are due on the date specified in the Notice of Special Assessment, which shall be at least 30 days after the Notice is mailed, and are delinquent if not received within 15 days of the due date.

C. REIMBURSEMENT ASSESSMENTS: The Association can levy a Reimbursement Assessment against an Owner to (a) reimburse the Association for the costs of repairing damage caused by that Owner or that Owner's Invitee including but not limited to family, tenants, guests, pets or (b) if a failure to comply with the Governing Documents has necessitated an expenditure of monies, including attorneys' fees, by the Association to bring the Owner or the Owner's Unit into compliance. Reimbursement Assessments shall not be levied by the Association until Notice and Hearing has been given in accordance with the Association's Governing Documents and a determination of responsibility has been made by the Board. Reimbursement Assessments are due and payable when levied or at such later time as may be set.

II. DELINQUENCY

A. REMINDER NOTICE: When the Association has not received an assessment payment within 15 days after the due date, it is Past Due, and the Owner may be sent a Reminder Notice.

B. LATE CHARGE: A Late Charge on any past due amount shall be levied 15 days after the due date. The Late Charge shall be the greater of \$10.00 or 10% of the Past Due assessment.

C. INTEREST: The Association has the right to collect Interest at an annual interest rate not to exceed 12% on all sums imposed, including the delinquent assessment, reasonable fees and costs of collection, and reasonable attorney's fees, commencing 30 days after the Due Date. In addition to any other costs, the Association may also charge for each past due assessment a flat Collection Fee to cover the manager's administrative costs of collection which shall be established by the Board of Directors.

D. ACCELERATION OF ASSESSMENTS: If monthly installments of the regular assessment are delinquent for a period of more than 60 days or three (3) or more times for any duration within the fiscal year for which the annual assessment is levied, the Board of Directors, at its sole option, may declare the entire balance of the annual assessment immediately due and payable in full, together with the other delinquent amounts. Upon acceleration, interest and a late charge on the full accelerated balance will accrue.

E. COLLECTION AGENT: At any time after the assessment or charges are not received within 30 days of the Due Date, the delinquent account may be turned over to a Collection Agent, which may be the Association's attorney or a collection agency. Notice will be provided to the owner(s) by First Class Mail, and once the account is turned over to a Collection Agent, the Owner must make payments directly to the Collection Agent. Delays and additional charges may be incurred if payments are directed elsewhere. This requirement will continue until all assessments, costs, fees, and interest have been paid by the Owner and the Owner is current.

F. PERSONAL DEBT AND LAWSUIT OPTION: The Association may opt to proceed with collection of the delinquency by civil action against the Owner(s) and not the property. If the Association decides to file an action which does not seek foreclosure, it may do so without further notice at any time after the assessment or charges are not received within 30 days of the due date.

III. PRE-LIEN NOTICE

When an assessment (or any portion) remains unpaid 30 days or more after the Due Date, the Association may send the owner a written Pre-Lien Notice, by certified and first class mail, and enclose an itemization of charges and a copy of this Policy. The Pre-Lien Notice shall also include notice of an Owner's right to dispute the debt under Civil Code Sections 1363.810 et seq. and the right to alternative dispute resolution with a neutral third party under Civil Code Sections 1369.510 et seq. The Pre-Lien Notice shall be sent no less than 30 days prior to the filing of a Notice of Delinquent Assessment.

IV. PROBLEM RESOLUTION

A. ASSOCIATION SENDS NOTICE OF RIGHT TO "MEET AND CONFER" (IDR):

There are two window periods during which an Owner will be offered and/or an Owner may request an opportunity to participate in the Association's "meet and confer" process as set forth beginning with Civil Code Section 1363.810. This process is also known as Internal Dispute Resolution or "IDR". Those opportunities are as follows:

1. As described in the pre-lien notice;
2. As described in the notice sent before the Association can initiate foreclosure (i.e. record a Notice of Sale)

B. OWNER REQUEST TO MEET ABOUT A PAYMENT PLAN:

1. Within 15 days of the postmark on the Pre-Lien Notice, an Owner may submit a written request to the Board to meet with the Board to discuss a payment plan. When a payment plan meeting is requested, an Owner will be provided with payment plan standards if those standards exist. The Board shall meet with the Owner in executive session within 45 days of the postmark on that request.
2. If an Owner enters into a Payment Plan and stays in compliance with that plan, late fees will not accrue during the plan period. Interest may continue to accrue at the discretion of the Association. The existence of a payment plan does not impede the Association's right to record a lien to secure the indebtedness.

C. ALTERNATIVE DISPUTE RESOLUTION (ADR):

There are also two times when an Owner will be advised of the window period to request alternative dispute resolution with a neutral third party pursuant to California Civil Code Sections 1368.10 et seq. (ADR) before the Association may initiate foreclosure. Those opportunities are:

1. Set forth in the Pre-Lien Notice;
2. Before the Association initiates foreclosure (records a Notice of Sale) the Owner will be offered the opportunity to participate in ADR and if requested by the Owner, the Association shall participate. The decision to pursue dispute resolution and which type (ADR or IDR) is the choice of the Owner. If the Association intends to pursue judicial foreclosure, binding arbitration is not an option.

D. BOARD AUTHORITY. Neither the Management Company nor individual Board Members have the authority to waive any of the late penalties or fees listed above, nor to negotiate a payment schedule different from that stated above. Any deviation to the stated policy must be approved at a duly called Board of Directors meeting with a quorum present.

V. THE LIEN & FORECLOSURE

A. BOARD AUTHORIZATION REQUIRED: If full payment is not received within 30 days after the Pre-Lien Notice, the Association may authorize the recording of a Notice of Delinquent Assessment. The decision to record a Notice of Delinquent Assessment must be made by a majority vote of the Board members in an open meeting. The vote shall be recorded in the minutes of that meeting.

B. NOTICE OF DELINQUENT ASSESSMENT: If the Board authorizes the recording of a Notice of Delinquent Assessment, the Association or its Collection Agent may cause a Notice of Delinquent Assessment to be recorded. Upon recordation, a lien is created. Within 10 calendar days following recordation of the Notice of Delinquent Assessment, a copy shall be mailed by certified and first class mail to all record Owners of the residence, including to any secondary addresses if so provided by the Owner.

C. COLLECTION PROCEEDINGS: If full payment is not received within 30 days of the recordation of the Notice of Delinquent Assessment and the amount of delinquent assessments totals \$1,800 or more or the assessments are more than 12 months delinquent, the Association may initiate Foreclosure proceedings or a Lawsuit for damages or undertake any other action allowed by law or equity. (Accelerated amounts, late charges, interest and other costs do not apply toward the \$1,800.) Unless otherwise decided by the Board, the collection will be handled as a non-judicial foreclosure, which means that your home could be sold at a foreclosure sale without court action.

While the amount of delinquent assessments totals less than \$1,800 or the assessments are less than 12 months delinquent, the Association may attempt to secure or collect the debt by filing a small claims action or by any other manner provided by law, except for judicial or nonjudicial foreclosure.

D. DECISION TO FORECLOSE: The decision to initiate foreclosure will be made only by the Board of Directors. The decision shall be approved by a majority vote taken in executive session and the vote shall be recorded in the minutes of the next meeting of the Board open to all

members. The confidentiality of the Owner shall be maintained by identifying the property by the parcel number rather than by the name of the Owner. The vote to approve foreclosure shall take place at least 30 days prior to any public sale. Notice of the Board's decision to foreclose will be provided by personal service to a resident Owner or to the Owner's legal representative. Notice of the decision to foreclose will be mailed by first class mail to a non-resident Owner at the last address provided in writing to the Association.

VI. PAYMENTS

A. **OVERNIGHT PAYMENTS:** The address for the mailing of *overnight* payment of assessments is: Providence Condominium Association c/o The John Stewart Company, 1388 Sutter Street, 11th Floor, San Francisco, CA 94109-5427.

B. **APPLICATION OF PAYMENTS:** Payments received by the Association shall first be applied to the principal owed, and after the principal owed is paid in full, such payments shall be applied to interest and collection expenses.

C. **RETURNED CHECK:** An Owner who issues a check to the Association which is returned for any reason, shall pay a \$25 charge for processing such check. If the check cannot be negotiated, payment shall be demanded in accordance with California Civil Code Section 1719, which entitles the Association to **treble damages for failure to pay amount of dishonored check**. An Owner shall reimburse the Association for any insufficient funds or other costs incurred in Automated Clearing House (ACH) transactions.

VII. OWNER'S ADDRESS AND MAILING OF NOTICES:

A. **OWNER'S SECONDARY ADDRESS:** An Owner may notify the Association of a secondary address where collection notices should be sent (in addition to the Owner's primary address). The notification must be in writing and must be mailed to the Association in a manner that will indicate that the Association has received it (i.e., return receipt requested).

B. **MAILING OF NOTICES:** All notices will be mailed to the Owner(s) of record at the last mailing address provided in writing to the Association by such Owner(s) and any secondary address the Owner has submitted.

It is the intent of the Association to send courtesy late notices as mentioned above. The Association accepts no responsibility for courtesy notices not received by the homeowner. Required notices will be sent as provided by law.

In many ways the failure to pay an assessment is similar to skipping a mortgage payment. The result can be a tedious and expensive exercise. Please make timely payment a priority!

Date: December 2005

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NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. 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 FORECLOSURE

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 nonjudicial 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)

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)

01/06

PROVIDENCE CONDOMINIUM ASSOCIATION

Enforcement Procedures

WHEREAS, Article II, Section 2.9.8 of the Bylaws grants the Board of Directors the power to adopt rules and Section 2.9.3 of the CC&Rs regulations governing the use of Common Areas as well as the personal conduct of the members and their guests and the power to enforce such rules through fines and other sanctions.

WHEREAS, there is a need to establish an orderly procedure to levy reasonable fines for the Association, after notice and an opportunity to be heard.

NOW, THEREFORE, BE IT RESOLVED that the violations procedure be as follows:

1. A Bylaws Enforcement Committee composed of the Board officers is hereby established and convened by the Board to hear all complaints of violations of the Bylaws, Rules and Regulations.
2. All complaints must be in writing, signed by the complainant and referred to the said Committee.
3. If the Committee determines that it has jurisdiction, it shall inform the respondent in writing: (a) the substance of the complaint filed against him/her; (b) that the respondent has the right to respond to the complaint; (c) that any response must be in writing within 10 days following receipt of the Committee's notice; (d) that unless a response is made demonstrating clearly that the Committee lacks jurisdiction or that there is no substantial complaint, a hearing may be set on the matter.
4. The Committee may call a hearing with respect to any complaint and fix the date and place of hearing. The Committee shall at least 15 days prior to the hearing date, notify each party, in writing, of the time and place of the hearing and any Bylaw or Rule involved.
5. The hearing shall be informal and the parties shall appear before the Committee. Opportunity shall be afforded to the complainant and respondent to present evidence and argument on all issues involved and to cross-examine all witnesses who have testified. Any Committee member may question any party or witness.

The Committee may, on its own motion, call witnesses or secure tangible evidence. A party may within a reasonable time, before the hearing date, request the Committee to call witnesses or secure tangible evidence. Such request shall be granted when the Committee deems it appropriate.

Any relevant evidence which is not privileged is admissible without regard to whether such evidence is hearsay or otherwise inadmissible in a court of law. The Committee may exclude irrelevant, immaterial or unduly repetitious evidence.

The Committee may make a finding, based on substantial evidence, that a violation of the governing documents or Rules and Regulations under the Committee's jurisdiction has occurred. Other findings shall be reflected in a written order. The respondent and complainant shall be notified in writing of such finding order.

The Committee may expel any party from any hearing for improper, disorderly or contemptuous conduct.

6. Failure of one party to appear at a scheduled hearing does not preclude the Committee from receiving evidence from, and hearing arguments by, the other party. The Committee may make a finding notwithstanding the absence of one of the parties.

Upon failure of the complainant to appear, the Committee may, in its discretion, terminate the matter.

7. Any party may challenge the impartiality of any Committee member by presenting an objection in writing to the hearing. The full Board of Directors shall consider and determine such objection.

8. A continuance may be granted in the discretion of the Committee for good cause. A request for continuance must be made not later than 48 hours prior to the hearing whenever possible. Those made within 48 hours will be granted only in cases of unexpected emergency.

9. Upon findings by the Committee that a violation has occurred, the respondent shall have 15 days to comply with the order unless a later date is specified in the order.

10. The Committee may provide in its order for imposition of a fine not to exceed \$100.00 and in addition a per diem fine not to exceed \$50.00 in the event the respondent does not comply with said order within the allotted time, and the Board shall have a lien for the amount of the fine so assessed upon the unit ownership of such respondent found in violation and upon all of his additions and improvements thereto and upon all of his personal property in his unit or located elsewhere on the property.

11. At least 3 members of the Committee must be present to conduct the hearing and the finding, order and imposition of penalties must be approved by the majority of Directors.

12. The Committee in its discretion, in lieu of or in addition to calling the hearing, may accept an Assurance of Voluntary Compliance from any respondent. Giving said Assurance does not constitute an admission that a violation of any Bylaw has taken place. It may include a stipulation for payment by respondent to the complainant and to the Association. From time to time, a person who has made an Assurance of Voluntary Compliance must provide such information as the Committee reasonably requests to determine whether such person is in compliance with his Assurance.

The Committee is not precluded from further action by its acceptance of an Assurance of Voluntary Compliance. This resolution applies to the enforcement of all provisions of the Declarations, and Bylaws, Rules and Regulations.

PROVIDENCE CONDOMINIUM ASSOCIATION

As of January 1, 1994, significant amendments to Civil Code Section 1354 took effect. The new provisions require that certain association related disputes be resolved through alternative dispute resolution procedures (basically arbitration or mediation) rather than via the civil court system. PLEASE NOTE THAT failure by any members of the association to comply with the prefiling requirements of Section 1354 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.

SUMMARY OF NEW ALTERNATIVE DISPUTE RESOLUTION STATUTE

1. **When ADR IS Required:** Alternative Dispute Resolution is required if two owners or an owner and the Association have a dispute solely for (1) declaratory relief, or (2) injunctive relief, or (3) for declaratory relief or injunctive relief in conjunction with a claim for monetary damages, other than association assessments, not in excess of five thousand dollars (\$5,000) related to enforcement of the governing documents.

2. **What Is ADR:** The parties decide what form of ADR to use. Options include mediation, arbitration (binding or nonbinding) or any other process to which the parties may agree.

3. **Initiation of Process:** Any party to such a dispute may initiate this process by serving on another party to the dispute a **Request for Resolution**. The Request for Resolution must include (1) a copy of Civil Code section 1354, (2) a brief description of the dispute between the parties, (3) a request for alternative dispute resolution, and (4) 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.

4. **Serving Request for Resolution:** Service of the Request for Resolution shall be made by the initiating party by either (1) personally delivering a copy of the Request for Resolution to the other party, or (2) serving a copy of the Request for Resolution at a person's office or home by substituted service.

5. **Response to Request for Resolution:** Parties receiving a Request for Resolution shall have 30 days following service of the Request for Resolution to accept or reject Alternative Dispute Resolution. If not accepted within 30-day period by a party, it shall be deemed rejected by that party.

6. **Acceptance of Request for Resolution:** If Alternative Dispute Resolution is accepted by the party upon whom the Request for Resolution is served, the Alternative Dispute Resolution shall be completed within 90 days of receipt of the acceptance by the party initiating the Request for Resolution, unless extended by written stipulation signed by both parties. The costs of Alternative Dispute Resolution shall be borne by the parties.

7. **Filing a Lawsuit:** At the time of filing a civil action relating to one of the above described disputes, the party filing the action shall file with the complaint a certificate stating that Alternative Dispute Resolution has been completed in compliance with Civil Code section 1354(b). Failure to file a certificate shall be grounds for challenging the validity of the complaint unless (1) the filing party certifies in writing that one of the other parties to the dispute refused Alternative Dispute Resolution prior to the filing of the complaint, or (2) that preliminary or injunctive relief is necessary, or (3) the court finds that dismissal of the action for failure to comply with the Alternative Dispute Resolution requirement would result in substantial prejudice to one of the parties.

8. **Attorney's Fees and Costs:** In any civil action to enforce governing documents, the prevailing party shall be awarded reasonable attorney's fees and costs. In determining the amount to be awarded, the court may consider a party's refusal to participate in Alternative Dispute Resolution prior to filing of the action.

Important Note! This Summary is provided for your information only. In the event that a dispute arises, please consult the full text of Civil Code Section 1354.

GREG NORRIS INSURANCE AGENCY, INC.

INSURANCE DISCLOSURE FORM
PROVIDENCE CONDOMINIUM ASSOCIATION
EFFECTIVE DATE: 01/21/2008 TO 01/21/2009.

- A. GENERAL LIABILITY POLICY
1. Name of Insurer: Mid Century Insurance Company
NOTE: THIS LIABILITY DOES NOT EXTEND TO THE INTERIORS OF THE UNITS WHETHER OWNER OR TENANT OCCUPIED
2. Limits of Liability: \$2,000,000 per occurrence / \$4,000,000 aggregate
- B. COMMERCIAL EXCESS/UMBRELLA LIABILITY POLICY
1. Name of Insurer: None in force
2. Limits of Liability: _____ per occurrence/ _____ aggregate
- C. FIDELITY BOND
1. Name of Insurer: Mid Century Insurance Company
2. Bond Limit: \$125,000
- D. DID AN INSURANCE AGENT, as defined in Section 1621 of the Insurance Code, an insurance broker, as defined in Section 1623 of the Insurance Code or an agent of an insurance agent or insurance broker assist the Association in the development of the General and/or Commercial Excess/Umbrella Liability policy limits?
Yes No
Were the recommendations of the insurance agent or insurance broker followed?
Yes No
- E. PROPERTY INSURANCE POLICY
1. Name Insurer: Mid Century Insurance Company
2. Property Insurance Limits:
Blanket Building Limit: \$18,101,400
Personal Property Limit: \$13,100
3. Property Insurance Deductible: \$10,000
NOTE: THIS PROPERTY DOES NOT EXTEND TO ANY OF THE PERSONAL PROPERTY OWNED BY THE UNIT OWNERS.
4. Person or entity that is responsible for paying the property insurance deductible in the event of a loss: The Homeowners Association
5. Does the property insurance coverage extend to the real property improvements to the separate interests? No, but if the CC&R's require the association to insure the unit owners' fixtures, our policy would automatically cover them.
- F. EARTHQUAKE AND FLOOD INSURANCE POLICY
1. Name of Earthquake and Flood Insurer: None in Force
2. Earthquake Policy Limit:
3. Earthquake Insurance Deductible
4. Person or entity that is responsible for paying the earthquake insurance deductible in the event of a loss: The Homeowners Association
5. Name of Flood Insurer: None in force
6. Flood Policy Limit:
7. Flood Insurance Deductible:
8. Person or entity that is responsible for paying the flood insurance deductible in the event of a loss:
- G. DIRECTORS AND OFFICERS LIABILITY POLICY
1. Name of Insurer: Great American Insurance Company
2. Limit of Liability: \$1,000,000
3. Deductible: \$1,000 Percentage of Insured's loss participation %
4. Person or entity that is responsible for paying the Directors and Officers Liability deductible and/or loss participation: The Homeowners Association

Full-Service Insurance Agency

GREG NORRIS INSURANCE AGENCY, INC.

THIS SUMMARY OF THE ASSOCIATION'S POLICIES OF INSURANCE PROVIDES ONLY CERTAIN INFORMATION, AS REQUIRED BY SUBDIVISION (e) 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 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.

Full-Service Insurance Agency

21 Locust Avenue • Mill Valley, CA 94941 • ☎ 415 389 8200 • Fax 415 381 4000
Stephanie@gregnorrisins.com California Insurance License 0701533

PROVIDENCE CONDOMINIUM ASSOCIATION

ARCHITECTURAL GUIDELINES

For preservation of property values and for legal purposes the Architectural Committee is to oversee and regulate improvements and modifications made to units and common areas by individual owners. In addition to ensuring reasonable compliance with Association rules and regulations, the Committee is charged with subjectively determining that proposed improvements will aesthetically complement and enhance the character of the development and will not include adverse or deleterious effects. The Architectural Committee have adopted the following Architectural guidelines and procedures which reflect the intent of, but do not supersede, Article 5.3 of the Association Covenants, Conditions and Restrictions.

1. No additions, alterations, modifications or improvements of or to any portion of the common area including landscape and no structural alterations to the exterior of any unit, shall be made without prior written consent of the Architectural Committee.
2. No installation of any outdoor patio or lounge furniture, container plants, shade structures, umbrellas, barbecue equipment or other outdoor patio, courtyard or deck appurtenances may be installed without prior written consent of the Architectural Committee.
3. All requests for architectural approval must be submitted in writing to the management company for referral to the Architectural Committee and should include all information necessary for review and approval. Necessary data would include the height, width, length, size, shape, material, color and location of proposed improvements. Photographs or sketches of similar completed improvements would aid the Architectural Committee's review. If the alterations affect the existing water drainage pattern, the proposed drainage pattern must be included.
4. All requests for Architectural Approval shall be sent to the property management company as follows: Providence Architectural Committee, c/o The John Stewart Company, 1388 Sutter Street, 11th Floor, San Francisco, CA 94109-5427.
5. The Architectural Committee will review the request and submit the Committee's recommendations to management within 45 days of receipt of the approval request. Management will send owner status of approval request.
6. All architectural approvals shall be given in writing by the Architectural Committee or Board of Directors. Approval of the Committee/Board can contain conditions or request for modification of particular aspects of the owner's plans or specifications.
7. All approvals issued by the Committee must be in writing. Verbal approvals issued by the Committee or any individual members are not valid.
8. If the proposed approval request is rejected, the applicant is free to request that the Committee reconsider its position and is encouraged to present new or additional information which might clarify the request or demonstrate its acceptability.

9. The Architectural Committee will not knowingly approve a project which is in violation of building or zoning codes. Approval by the Architectural Committee does not waive the necessity of obtaining any required City permits, nor does obtaining a City permit waive the need for Architectural Committee approval.
10. The alteration/improvement must be completed in accordance with the approved application and must be started within 90 days after date of final approval and must be completed within one (1) year from date of approval, unless a written extension is approved by the Board of Directors in writing.
11. Items which will not be allowed under any circumstances, include, but not limited to, the following:
 - Planters, pots or any objects on any railing.
 - Window mounted air conditioners.
 - Exterior clotheslines or visible exterior drying.
 - Interior structural changes which would adversely affect the structural integrity of the building.
 - Patio covers, arbors, sunscreens, window awnings, exterior blinds or shutters.
 - Conversion of garages to any use other than parking of vehicle.
 - Placement of outdoor carpet on decks, patio or front entry.
 - Reflective material on windows and sliding glass doors.
 - House numbers other than the house numbers installed in the original construction.
 - No name signs will be permitted unless sign complies with architectural standards..
12. Visible exterior Christmas decorations and lights between December 1st and January 15th are permitted as long as the lights or decorations are not nailed to the exterior walls. Other holiday decorations are limited to one week before and one week after the holiday.

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