

PASEO DE MORAGA HOMEOWNERS ASSOCIATION

Notice To Members of Proposed Special Assessment

April 21, 2025

Dear Members:

Enclosed is your ballot to vote on the board passing a resolution to approve a special assessment in the amount of \$822,122.88, or \$9,342.31 per unit, plus accounting fees as specified later in this notice to fund the street and concrete repairs ("asphalt project") and the increase cost of the insurance premium for the Association and unexpected foundation costs.

Your vote is very important. We urge every homeowner to take the time to cast your ballot.

Please vote!

Purpose of the Special Assessment

As discussed at the Town Hall Meeting, the Association has encountered significant issues with its insurance coverage. Insurance costs have increased, and the Association has been informed that in order to maintain its coverage, the Association is required to repair or replace certain concrete sidewalks and asphalt surfaces. Last year, the Association repaired various foundation and retaining wall, as well as asphalt services so it would not lose its insurance. These were unforeseen costs, so the Association borrowed from its reserve account. Legally, the Association is required to pay back the amount borrowed from the Reserves. (Civ. Code §5515(a)&(d).)

After extensive review and analysis by the Board, it feels the best way to fund the street repair and pay insurance coverage premium is through a special assessment. The special assessment will provide funding for the completion of the concrete and asphalt repairs and replenish the amounts borrowed from the reserve fund to pay for unexpected expenses. It would like to approve the following resolution:

Resolved, that the unit owners approve a Special Assessment of \$822,122.88 to pay for the completion of concrete and asphalt repairs and to replenish the Association's Reserve Account, a portion of which was used to cover unexpected expenses in 2024, including for Phase 1 of the Asphalt Project and insurance premium cost increases. Each unit's special assessment share will be \$9,342.31 and payment is due and payable either by:

1. Full payment in the amount of \$9,342.31 (plus a one-time accounting fee of \$25, a total of \$9,367.31) on July 1, 2025, or
2. Installment payments as follows:
 - a. On July 1, 2025, payment of \$4,500.00 (includes \$25 accounting fee)
 - b. On June 1, 2026, payment of \$2,438.67 (includes \$5 accounting fee)
 - b. On February 1, 2027, payment of \$2,438.67 (includes \$5 accounting fee)

A special assessment is necessary because there are insufficient reserve funds to cover the 2024 unanticipated costs and to finish the Asphalt Project as recommended by the Association's insurer. The reserve fund is like a savings account set aside by a homeowner's association to cover planned future maintenance, repairs, and replacements of common property elements. The Association is proposing a special assessment of \$822,122.88 because the work and insurance increase was not a part of the planned maintenance. It was unexpected. The proposal for special assessments means each Unit will pay \$9,342.31 plus a one-time accounting fee of \$25 and \$5 for each payment if paid annually as

described above. Section 5.5 of the CC&Rs requires at least a majority vote of the homeowners vote and a majority of the quorum vote to approve the special assessment.

The Board asks you to vote to decide whether to approve the special assessment which will return borrowed funds in 2024 and pay for the second and third phases of the asphalt repair project as well as the unanticipated insurance policy premium increase, which the Association is required to maintain.

Payment Options

The Board has approved two payment options, (1) a single full payment of \$9,367.31 (which includes the one-time \$25 fee) on July 1, 2025, and (2) a second option to pay in three installments, specifically, installment one will be \$4,500.00 (which includes one-time \$25 accounting fee), on July 1, 2025, installment two will be \$2,438.67, plus a \$5 accounting fee on June 1, 2026, and installment three will be \$2,438.67 on February 1, 2027, plus a \$5 accounting fee. Owners are permitted to contact Management at any time to obtain payoff information at no cost.

Member Approval Requirements.

To approve the Special Assessment, Section 5.5 of the CC&RS states that the Association must receive approval from at least a majority of the membership. With 88 Units in the Association, **at least 45 Unit Owners** must vote and of the 45 votes, at least 23 of those received must vote YES to approve the Special Assessment and have it pass.

Voting Process

The voting is being conducted by mail using the secret ballot and “double envelope” system. Your ballot and the return envelope are enclosed. Voting instructions are on the ballot. Ballots must be received by the Inspector of Election no later than **5:00 p.m. on May 22, 2025**. Ballots received after that date and time cannot be counted, however, the deadline for voting may be extended. Notice of any extension will be provided. Any member who wishes to observe the ballot counting is welcome to attend.

Your vote is very important. We urge every homeowner to take the time right now to vote on these important issues. If you have any questions about the Special Assessment or Loan before you vote, please feel free to contact Maribel Ramirez at mramirez@commoninterest.com.

Meeting to Count Ballots: unless the voting period is extended, ballots will be opened by the Inspector of Election on May 22, 2025 via Zoom Link (provided below).

Join Zoom Meeting 6:00-7:00p.m.

<https://commoninterest.zoom.us/j/84878714716>

Meeting ID: 848 7871 4716

Passcode: 980045

PLEASE VOTE ON THIS IMPORTANT ISSUE!

Sincerely,

Board of Directors
Paseo De Moraga Homeowners Association