



COMSTOCK HOA

"A Community that Cares"

October 31, 2017

Dear Homeowner:

We want to thank each of you for your commitment to the association. It takes working together to keep any community "together". Your board and management team work hard to stay on top of ever changing laws, maintain and improve the property, and keep you informed and involved. A special thank you goes to all of those dedicated members who serve on the board and our service providers. We can all feel proud of our community.

We feel fortunate this year to get away with another increase in assessments (rather than a special assessment). As you know, the last few years have taken a pretty heavy toll on our reserve funding with the unbudgeted \$100K in termite treatments in 2016 and now a major increase in the forecast cost of roofing. Details are included in the reports provided.

This year we have approved an average 6.3% increase in assessments. Effective January 1, 2018, 2 bedroom units will be \$320 per month and 3 bedroom units \$384 per month. Please make sure you adjust your banking information accordingly.

Enclosed are two packets of information. The first is the Annual Operating Budget which includes:

- 2018 Annual Operating Budget
- 2018 Reserve Funding Summary
- 2018 Annual Budget Report
- 2018 Assessment and Reserve Funding Disclosure

The second is the 2018 Annual Policy Statement which includes:

- Association Notices and Communications Policy
- Notice of Right to Minutes
- Assessment Collection Policy
- Monetary Penalties (Fines) Policy
- Architectural Policy and Fees Policy
- Summary of IDR/ADR Policies
- 2018 Insurance Summary
- FHA and VA Disclosures

Please take a few moments to review these important documents. Additional policies and forms are available on our website. Our manager or one of the board members can answer questions regarding the budget or any of the disclosures provided herein. Again, thank you for your continued support.

Sincerely,

*Lito Calimlim, President
Board of Directors*



COMSTOCK HOMEOWNERS ASSOCIATION
OPERATING BUDGET

ITEM DESCRIPTION	2018 ANNUAL BUDGET	2018 MONTHLY BUDGET	2018 UNIT COST PER MONTH
Administration	71,755.00	5,979.58	51.55
Maintenance	37,066.00	3,088.83	26.63
Landscape	35,900.00	2,991.67	25.79
Recreation	10,150.00	845.83	7.29
Utilities	133,900.00	11,158.33	96.19
Sub Total	288,771.00	24,064.25	207.45
Reserve Funding	199,000.00	16,583.33	142.96
TOTAL BUDGET	487,771.00	40,647.58	
PROJECTED INCOME			
Assessments	487,771.00	40,647.58	350.41
Less Operating Income	24,450.00	2,037.50	17.56
Total Assessment	463,321.00	38,610.08	332.85
ASSESSMENT COMPUTATION:			
92 - 2 Bed Units	352,860.36	29,405.03	319.62
24 - 3 Bed Units	110,460.64	9,205.05	383.54
	463,321.00	38,610.08	

*** Average assessment
See below for weighted amounts.

Rounded to: \$320 per month
Rounded to: \$384 per month

COMSTOCK HOA
2018 OPERATING BUDGET

EXPENSES	As of 9/17	To 12/17	2017 Budget	2018 Budget	Monthly
Administration					
Insurance	21,103	28,070	28,070	29,160	2,430
Postage	1,141	1,521	1,800	1,800	150
Copies	987	1,316	1,200	1,200	100
Office Supplies	509	679	500	500	42
Audit/tax Prep.	1,275	1,275	1,275	1,275	106
Account/Billing	6,615	8,820	8,820	8,820	735
Management	19,800	26,400	26,400	26,400	2,200
Legal/professional	850	850	1,000	1,000	83
Membership/pubs	400	400	400	400	33
Community Events	0	0	100	100	8
Board Training	0	0	100	100	8
Administrative Incidentals	625	833	1,000	1,000	83
Admin Sub Total	53,305	70,164	70,665	71,755	5,980
Maintenance					
Custodial	9,000	12,000	12,000	12,000	1,000
Misc Custodial	348	464	600	600	50
Common Area Repairs	14,752	18,000	16,000	16,000	1,333
Lighting Maintenance	507	560	250	500	42
Pest Control	3,852	4,500	3,850	4,716	393
Gutter & Downspout	250	3,000	3,000	3,000	250
Locksmith Svcs	0	0	250	250	21
Maint Sub Total	28,709	38,524	35,950	37,066	3,089
Landscape					
Lands Maintenance	15,931	21,241	21,400	21,400	1,783
Irrigation Maint	2,161	2,500	2,500	2,500	208
Landscape improve	729	4,250	6,000	6,000	500
Tree trim/removal	6,530	6,530	6,000	6,000	500
Lands Sub Total	25,351	34,521	35,900	35,900	2,992
Recreation					
Pool Contract	4,950	6,600	6,600	6,600	550
Misc Pool Services	1,202	1,603	6,500	2,500	208
Pool License	991	991	1,050	1,050	88
Recr. Sub Total	7,143	9,194	14,150	10,150	846
Utilities					
PGE Gas	15,642	20,856	18,000	25,200	2,100
PGE Electricity	7,866	10,488	9,000	12,500	1,042
Water Service	32,625	43,500	41,300	45,500	3,792
Waste Disposal	26,518	35,357	33,000	38,900	3,242
Recycling	8,279	11,039	11,000	11,800	983
Utilities Sub Total	90,930	121,240	112,300	133,900	11,158

2018 OPERATING BUDGET - Page 2

EXPENSES	As of 8/17	Est. To 12/17	2017 Budget	2018 Budget	Monthly
SUMMARY OF EXPENSES					
Admin Sub Total	53,305	70,164	70,665	71,755	5,980
Maint Sub Total	28,709	38,524	35,950	37,066	3,089
Landscape Total	25,351	34,521	35,900	35,900	2,992
Recr. Sub Total	7,143	9,194	14,150	10,150	846
Utilities Sub Total	90,930	121,240	112,300	133,900	11,158
OPERATING EXPENSE	205,438	273,643	268,965	288,771	24,064
RESERVE FUNDING	126,667	190,000	193,000	199,000	16,583
TOTAL EXPENSE	332,105	463,643	461,965	487,771	40,648

INCOME

OPERATING INCOME					
Late Charges	727	969	750	750	63
Interest - A/R	143	191	50	100.00	8
Laundry	19,796	26,395	15,000	17,000	1,417
Fines & Penalties	500	500	0	0	0
Parking Lease	6,160	6,160	6,600	6,600	550
Pool Key Revenue	350	350	0	0	0
Utility Credit Revenue	261	261	0	0	0
TOTAL OPS INCOME	27,937	41,906	22,400	24,450	2,038
Regular Assessments	286,016	429,024	461,965	487,771	38,497
Operating Income	27,937	41,906	22,400	24,450	1,867
		0			
TOTAL INCOME*	313,953	470,930	484,365	512,221	

* offset by operating income

COMSTOCK HOA		RESERVE	PROJECTIONS				FOR 2018 final 10/19/17									
Component	Units	Unit	Cost to	Normal	Remaining	Threshold	Desired	Actual								
Description	asured	Cost	Replace	Life	Life	Funding	Balance	Balance	Deficit	2017	2018	2019	2020	2021	2022	2023
ROOFING																
Duralast	57,400	11.33	650,342	20	2	32,517	585,308	373,699	-211,609			325,000	325,000			
WS Mansard	8,310	35	290,850	40	9	7,271	225,409	35,000	-190,409	11,430				77,190		
Sheds - Comp	52	2300	119,600	25	5	4,784	95,680	0	-95,680	7,365					119,600	
Sheds - Stor	4	1000	4,000	25	5	160	3,200	0	-3,200						4,000	
Dwnspts	116	220	25,520	40	14	638	16,588	0	-16,588				25,000			
PAINTING																
Full Paint	99,702	1.12	111,666	10	3	11,167	78,166	0	-78,166					150,000		
Cycle Paint	24,450	1.75	42,788	5	4	8,558	8,558	0	-8,558	8,440						
Deck Coating	58	500	29,000	5	2	5,800	17,400	0	-17,400				29,000			
Foyers- Repa	23	530	12,190	5	0	2,438	12,190	0	-12,190		6,000					
Signage	65	200	13,000	10	4	1,300	7,800	0	-7,800					13,000		
PAVING																
Slurry - Even	21,637	0.28	6,058	4	4	1,515	0	0	0				6,500	6,500		
Slurry - 2045	13,147	0.293	3,852	4	0	963	3,852	5,500	1,648		5,500					4,300
Slurry - 2031	11,827	0.3	3,548	4	2	887	1,774	3,548	1,774			3,548				
Overlay Even	21,637	3.55	76,811	35	27	2,195	17,557	0	-17,557							
Overlay 2045	13,147	3.55	46,672	35	26	1,333	12,001	0	-12,001							
Overlay 2031	11,827	3.55	41,986	35	25	1,200	11,996	0	-11,996							
Repairs																
FENCE/GATES																
Pool- Wd:Ever	220	60	13,200	20	10	660	6,600	0	-6,600							
Pool-Odd Wrt	260	52	13,520	20	15	676	3,380	0	-3,380							
Iron Pool Gate	3	1200	3,600	20	15	180	900	0	-900							
Vinyl 5' Pr	4,815	33	158,895	30	18	5,297	63,558	0	-63,558							
Shared Fencing																
POOL AREA (Odd)																
Equipment	4	500	2,000	10	4	200	1,200	0	-1,200					2,000		
Furniture	21	135	2,835	8	2	354	2,126	2,835	709			2,835				
Fiberglass/Tile	1,106	8.15	9,014	20	13	451	3,155	0	-3,155							
Caulking	107	7	775	4	2	194	388	750	363			750		750		
Plumbing	1	8500	8500	30	23	283	1,983	0	-1,983							
Electrical/lighti	1	4056	4,056	30	23	135	946	0	-946							
Concrete deck	2,600	13.55	35,230	30	23	1,174	8,220	0	-8,220							
Plans/Permits	1	3500	3,500	30	23	117	817	0	-817							
Landscaping																
POOL AREA (Even)																
Equipment	4	500	2,000	10	10	200	0	0	0							2,000
Furniture	21	135	2,835	8	4	354	1,418	2,835	1,418		2,835					
Fiberglass/Tile	1,065	8.15	8,680	20	10	434	4,340	0	-4,340							
Caulking	100	7	750	3	3	250	0	0	0				750			

Plumbing	1	7600	7600	30	20	253	2,533	0	-2,533							
Electrical/lighti	1	4056	4,056	30	20	135	1,352	0	-1,352							
Concrete/Copi	2,100	13,55	28,455	30	20	949	9,485	0	-9,485							
Plans/Permits	1	3450	3,450	30	20	115	1,150	0	-1,150							
LANDSCAPE																
Controllers/Irrig	16	1369	21,904	10	8	2,190	4,381	0	-4,381							
Retaining Wall	8	2600	20,800	20	4	1,040	16,640	0	-16,640						20,800	
Concrete walks			20,000	8	5	2,500	7,500	0	-7,500						20,000	
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WATER HEATERS																
12 Unit buildin	5	4300	21,500	11	4	1,955	13,682	8,600	-5,082				9,050			
8 Unit building	6	4300	25,800	11	4	2,345	16,418	4,500	-11,918	11,000			7,000			
4 Unit building	2	4300	8,600	11	5	782	4,691	0	-4,691						4,300	
Circulat. Pump	13	800	10,400	15	4	693	7,627	0	-7,627				10,400			
Gate Valves	13	450	3,900	20	13	195	1,365	0	-1,365							
Copper plumb	116	6200	719,200	40	8	17,980	575,360	0	-575,360							
Sewers	13	3250	42,250	30	23	1,408	9,858	0	-9,858							
SUMP PUMPS																
Pump One (Oc	1	19000	19,000	12	1	1,583	17,417	19,000	1,583				19,000			
Pump Two (Ev	1	13000	13,000	20	1	650	12,350	13,000	650				13,000			
Re-pipe	2	25000	50,000	20	20	2,500	0	0	0	20,360						
LIGHTING																
Common Fix.	1	40000	40,000	25	23	1,600	3,200	0	-3,200							6,000
Emerge lights	23	100	2,300	25	24	92	92	0	-92							
WOOD REPLACEMENT																
Stair Decks	24	1000	24,000	10	7	2,400	7,200	0	-7,200							
Garage doors/	116	1150	133,400	30	30	4,447	0	0	0							
Trellis - Even	360	15	5,400	25	25	216	0	0	0	5,000						
Trellis - Odd	330	15	4,950	25	20	198	990	0	-990							
Siding	320	255	81,600	35	13	2,331	51,291	25,000	-26,291			25,000				
Balconies	52	750	39,000	20	8	1,950	23,400	0	-23,400							30,000
Fascia & Trim	1,500	40	60,000	20	3	3,000	51,000	0	-51,000	18,700					10,000	
Utility Closet C	30	200	6,000	30	30	200	0	0	0	6,000						
Sheds	3	1600	4,800	20	9	240	2,640	0	-2,640							
Mailboxes	20	475	9,500	20	3	475	8,075	0	-8,075				9,500			
Trash Enclosure	3	13000	40,000	30	3	1,333	36,000	0	-36,000				40,000			
Termite Control	13	345	4,485	15	0	299	4,485	4,500	15	4,480	4,480	4,480	4,480	4,480	4,480	4,480
Contingency							4,000	3,100	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
							2,090,692	501,867	-1,582,925							
Totals:									Expenses	97,775	80,815	341,613	471,680	258,920	188,180	51,780
									Funding	193,000	199,000	199,000	199,000	199,000	199,000	199,000
									Ending	481,782	599,967	457,354	184,674	124,754	135,574	282,794

COMSTOCK HOA 2018 ANNUAL BUDGET REPORT

These notes are intended to explain major changes in the operating and reserve funding plans for 2018. Detailed line items for Operating expenses are based on historical information and projected expenses along with other relevant information that could impact the Operating Budget.

Happily, 2017 continued to see a big increase in property values. Condos placed on the market sold within days for asking prices or above. Good news for all. The HOA successfully qualified for FHA approval in 2017 hoping to attract more first time buyers and improve our owner occupancy ratio. We have improved to 55% this year and hope to see further improvement now that we are both FHA and VA approved.

The attached pro forma operating budget, showing estimated revenue and expenses on an accrual basis reflects there the 6.6% average increase in annual assessments planned for 2018. Effective January 1, 2018 2-bed condos monthly assessments will increase to \$320 and 3-bed condos will pay \$384.

OPERATING BUDGET CHANGES

ADMINISTRATION: This year's admin budget has increased slightly as a result of increased insurance premiums and postage costs.

MAINTENANCE: No major changes in this area of the budget. We work hard to keep our complex looking great, stay on top of dry rot, and do all of the "little" things that add up but result in a well maintained property.

LANDSCAPE: Improving the property is a priority so we've kept a significant budget for landscape renovation and tree replanting. Even with the drought, landscape and trees are a major asset the board is required to maintain. There were no changes to these line items.

RECREATION: We've decreased the budget for chemicals to maintain the pools.

UTILITIES: The main issue in the operating budget as always is the cost of utilities. Gas and electricity have sky rocketed as you know from your own personal bills. Last year we budgeted \$112,300 for utilities and are forecast to spend over \$121,775! This includes gas for laundry rooms and water heaters, electricity for common area lighting, irrigation and washers, water and garbage. With the rate increases forecast, we had to budget \$133,900 for 2018, a substantial increase.

OPERATING INCOME: The association generates a very small amount of income from late charges, interest, laundry and other miscellaneous sources. Our laundry revenues ideally should offset the cost of utilities. Income from leasing parking spaces has also been included.

RESERVE COMPUTATION AND FUNDING

Maintenance of the complex is the board's fiduciary responsibility. All of our roofs are reaching the end of their life. We have established a relationship with a new roofer, General Roofing, after going out to bid for the flat (DuroLast membrane) roofs. The replacement cost of these roofs was significantly more than we had been budgeting in the reserves. We also had the wood shake mansard roofs inspected as

well as the shingle roofs on all of the sheds. In the next 3 years we have \$765,000 worth of roof replacements to complete including all of the flat roofs and some of the shingle mansard roofs. In 2021 it is time to paint again (\$150,000) and in 2022 we will need to replace the shed roofs (\$120,000). That totals over \$1,035,000 work on roofs and painting alone in the next 5 years.

And of course, there are other things that need done including recoating balconies, repainting foyer floors, sealing and restriping asphalt in two courts, and replacing water heaters as needed. All those are managed through our reserves which necessitated another major increase in reserve funding.

By law, the association is required to accumulate funds to pay for the upcoming repair and replacement of our common area components. A physical inspection of all components in our reserve funding plan is required every three years. Barrera and Company completed that inspection for the 2016 budget cycle. The full reserve study plan is available and shall be provided upon request. An updated Assessment and Reserve Funding Disclosure prepared by Hasley & Associates is attached.

Regular assessments for 2018 will increase to \$320 for 2 bedroom units and \$384 for 3 bedroom units per month. Monthly assessments include both reserve funding and all projected operating costs for the HOA for the FY 2018.

Comstock Condominiums HOA
ASSESSMENT AND RESERVE FUNDING DISCLOSURE

Compliance CCSection 5300
Date: 18-Oct-2017
Units: 116
Fiscal Year End: 31-Dec-2017
Report Start Date: 01-Jan-2018

By law, the association is required to accumulate funds to pay for the upcoming repair and replacement of our common area components. A physical inspection of all components in our reserve funding plan is required every three years. This Assessment and Reserve Funding Disclosure is based on the most recent physical inspection conducted by Barrera & Company in 2015, updated to reflect 2016 expenses and funding. A summary of reserve funding and planned expenditures through 2021 is attached. The full reserve study plan is available and shall be provided upon request.

1. The 2018 average regular assessment per ownership interest is \$332.85 Per Month. Monthly assessments include both reserve funding and all projected operating costs for the HOA for the FY 2018. *Note: Assessments vary by the size or type of unit. Assessment applicable to this unit may be found herein.*

2. There is no deferred maintenance or repairs of any major component with a remaining life of 30 years or less.

3. There are no additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose.

4. Based on the most recent reserve study and other information available to the board of directors, currently projected reserve account balances will 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.

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

6. Reserves have been calculated per the method stipulated in paragraph (4) of subdivision (b) of Section 5570. The estimated amount required in the reserve fund at the end of the current fiscal year is \$2,089,792, based in whole or in part on the last reserve study prepared by Barrera & Company, Inc. and updated by Hasley & Associates as of December 31, 2017. The projected reserve fund Cash Balance (*) at the end of the current fiscal year is \$493,212 resulting in reserves being 23.6% at this date.

*The association funds the reserves using the "lump sum" method of funding which requires sufficient funds to be available to meet each year's forecasted reserve expenditures (as opposed to funding via the "Line Item" method which would require the association to collect sufficient funds to fund each line item fully for any given year's requirements). This method requires careful cash management, thus, the replacement costs and life expectancy will vary from the last reserve study based on the current replacement costs and life expectancy and offset by such factors as inflation and or other events, economic or non-economic, acts of third parties, or events beyond the control of the association such as weather.

7. The Comstock Condominiums HOA has no outstanding loans. Reserves are funded solely through monthly assessments.

NOTE: The preparer of this form will be indemnified and held harmless against all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been relied upon by others, or which may result from any improper use or reliance on the disclosure by you or a third party.