



Surfside III Condominium Owners Association, Inc.

C/O Lordon Management Company

November 15, 2021

Dear Community Member:

Please be advised that our Association is required to distribute financial information to all members on an annual basis per California Civil Code 5300. This information updates each member on the operating budget for the next fiscal year as well as information on collection procedures, insurance disclosures and documents that are available to each member. We have tried to make this information as comprehensive as possible while presenting it in a format that we hope is easy to understand.

Enclosed please find a copy of the pro forma operating budget for the next year. The Board of Directors has reviewed the budget and has attempted to keep the dues as low as possible while still meeting the operating expenses and future reserve requirements for the association. The assessment fees for the 2022 fiscal year will **increase to \$489.00.**

It is important for our community to collect assessment fees on a timely basis in-order-to meet our operating expenses. If a homeowner becomes delinquent in the payment of their assessment fees, the following collection procedure will be used:

1. All payments are due on the **1st** of the month.
2. Payments are subject to late and/or interest fees if payment are not received by the **15th** of the month.
3. For all late payments, a late fee and/or interest fees will be assessed, as the law allows in the following amount: **10.00% plus interest at 7.00% per annum** of the unpaid balance.
4. A demand letter will be sent to the owner notifying them of the impending lien and allowing 30 days to submit payment in full. A demand letter fee of **\$40.00** will be added to the owner's account.
5. A lien will be placed on the property if an account is not paid within **60 days** of the original due date.
6. If a lien is prepared against an account, a lien fee of **\$200.00 plus costs** is assessed against the owner's account.
7. Foreclosure proceedings will begin upon recordation of the lien. All legal/lien processing fees and costs will be billed to the owner's account as part of the legal action. All payments are applied to the oldest amounts first, including late fees.
8. An NSF fee of **\$20.00** will be assessed against the account for any returned checks.

We thank you for your support of the **Surfside III Condominium Owners Association, Inc.** It takes the interest, involvement, and the cooperation of association members for our Association to be successful.

If you have any questions regarding this information, please feel free to contact Lordon Management for assistance at (626) 967-7921.

Southern California's leading property management firm. Large enough to serve, small enough to care.

Corporate Office
1275 Center Court Dr.
Covina, CA 91724
(626) 967-7921

Orange County
17852 E. 17th St., Ste. 212
Tustin, CA 92780
(714) 505-1444

Ventura County/Los Angeles County
325 E. Hillcrest Dr., Ste. 125
Thousand Oaks, CA 91360
(818) 707-0200

Ventura County/Santa Barbara County
300 E. Esplanade Dr., Ste. 500
Oxnard, CA 93036
(805) 751-4142

INSURANCE NOTIFICATION

Effective January 1, 1997, the California Civil Code was amended to require that associations prepare and distribute summaries to the general membership of specific insurance policies carried.

This summary of the association's policies of insurance provides only certain information, as required by subdivisions (b)(9) of Section 5300 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.

The information provided is only a summary of the identified insurance policies. The actual terms and conditions of the policies will control whether the Association has coverage for a particular claim, the limits of available insurance for the claim and who is responsible to pay any deductible or retention.

The Association's property manager and the Association's Board members are not able to provide you with individual advice or recommendations concerning your own insurance needs. If you have questions concerning your current insurance coverage or additional coverage that may be available to you as a member of an Association, please contact your insurance agent.

Insurance Summary:

Insurance Type	Carrier	Policy Date	Coverage Amount	Deductible \$	Deductible %	Common Area Only
Liability	Farmers	08/15/21 - 08/15/22	1,000,000		0	
Bond	Farmers	08/15/21 - 08/15/22	10,000		0	
Bond	Philadelphia	04/05/21 - 04/05/22	2,000,000	10,000	0	
Directors & Officers	Philadelphia	04/05/21 - 04/05/22	1,000,000	5,000	0	
Earthquake	Homesite Insurance/Lloyds of	07/08/21 - 07/08/22	64,970,000		10%	
Umbrella	Great American	04/05/21 - 04/05/22	5,000,000		0	
Worker's Comp	Guard Insurance	09/05/21 - 09/05/22	1,000,000		0	
Fire & Liability	Farmers	08/15/21 - 08/15/22	59,665,931	10,000	0	

***Note: If your Association carries earthquake coverage, you should speak to your agent for coverage relating to real property and earthquake loss assessment coverage.**



Surfside III Condominium Owners Association

C/O Lordon Management Company

ANNUAL POLICY STATEMENT

OFFICIAL COMMUNICATIONS CONTACT:

The name and address of the person designated to receive official communications to the association per Civil Code section 4035 is:

Donalea Bauer
Lordon Management, Corporate Headquarters
1275 E. Center Court Drive
Covina, CA 91724

SECONDARY ADDRESS NOTIFICATION REQUEST:

An owner of the community may submit a written request to have notices sent to up to two different specified addresses, per Civil Code Section 4040.

LOCATION FOR THE POSTING OF GENERAL NOTICE:

In conjunction with Civil Code 4045 (a) the location, if any, designated for posting of a general notice in the community is **at the bulletin board inside the clubhouse.**

MEMBERS OPTION TO RECEIVE GENERAL NOTICES:

An owner has the option to receive general notices by individual delivery, per Civil Code 4045 (b).

MEMBERS RIGHT TO RECEIVE COPIES OF MINUTES:

An owner may receive a copy of the monthly board meeting minutes by submitting a written request to Lordon Management. Please note that the association may charge a fee to cover the costs of duplication and mailing. Civil Code 4950 (b)

ASSESSMENT COLLECTION POLICIES:

In conjunction with Civil Code 5730, a copy of the collection policies for the community are provided within this package.

DELINQUENT ASSESSMENT COLLECTIONS:

In conjunction with Civil Code 5850, a copy of the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments are provided within this package.

DISCIPLINE POLICY:

In conjunction with Civil Code 5850 a copy of the Discipline policy, if any, including any reimbursement or fine penalties are included within this package.

DISPUTE RESOLUTION:

In conjunction with Civil Code 5920 and 5965, a summary of the dispute resolution procedures are included within this package.

Civil Code 4615 deals with the enforcement of the governing documents for the association. The association or a member of the association can file a lawsuit for Declaratory Relief or Injunctive Relief, either exclusively or in conjunction with a claim for Monetary Damages not to exceed \$5,000 (other than for Association assessments), the parties shall endeavor to submit the matter to Alternative Dispute Resolution prior to the filing of a lawsuit. There are certain conditions in this code that must be met. Please note that failure to comply with the prefiling requirements of Section 4615 may result in the loss of your rights to sue the association or a member of the association regarding the enforcement of the governing documents. You may contact Lordon Management for additional information pertaining to this code.

ARCHITECTURAL MODIFICATION REQUEST:

In conjunction with Civil Code 4765, a summary of the physical change to property is included within this package.

MAILING ADDRESS FOR OVERNIGHT PAYMENTS:

In conjunction with Civil Code 5655, overnight payment of assessments may be mailed to:

Lordon Management, Corporate Headquarters
1275 E. Center Court Drive
Covina, CA 91724

ANNUAL FINANCIAL REPORT:

The association will perform an annual review or audit each year. A copy of this information will be submitted to each owner approximately 120 days after the end of the fiscal year.



Surfside III Condominium Owners Association Inc.

C/O Lordon Management Company

ANNUAL BUDGET REPORT

PRO FORMA OPERATING BUDGET:

In conjunction with the Civil Code requirements, please find a copy of the pro forma operating budget included within this package.

SUMMARY OF THE RESERVES:

In conjunction with Civil Code 5565 please find a summary of the association's reserves included within this package.

SUMMARY OF RESERVE FUNDING PLAN:

In conjunction with Civil Code 5550 and 5570 please find a copy of the reserve funding plan or the summary form within this package.

DEFERRED MAINTENANCE:

In conjunction with the Civil Code, the Board of Directors has no plans to defer maintenance within the community.

SPECIAL ASSESSMENT:

In conjunction with the Civil Code, the Board of Directors **has not determined, nor anticipates** any special assessments for the purpose of funding the repairs, replacement or restoration of any major component. In the event an emergency or unforeseen event occurs, a special assessment may be required.

RESERVE FUNDING:

The association typically relies primarily on funding for the reserves from monthly assessment fees. From time to time, events may occur that cause the association to consider a special assessment and/or a loan to deal with emergency situations.

RESERVE CALCULATIONS:

In conjunction with Civil Code 5570, you will find included in this package reserve study report calculations utilized to create the reserve funding projections.

LOAN:

In conjunction with the Civil Code, the following information summarize the current condition of the loans at Mutual of Omaha as of August 15th, 2021.

Current Balance of \$1,030,565.72 with an interest rate of 4.5% maturing on 4/15/27

Current Balance of \$3,828,887.42 with an interest rate of 4.5% maturing on 4/14/27

INSURANCE DISCLOSURE:

In conjunction with the Civil Code, please find enclosed within this package a summary of the insurance policies that are currently in effect for the association.

Surfside III Condominium Owners Association

ACCEPTED BUDGET

Budget Period: 01/01/2022 - 12/31/2022

Units: 309

Account Name	GL Number	Current Monthly Budget	Accepted Monthly Budget	Accepted Annual Budget
INCOME				
INCOME - ASSESSMENT INCOME				
Regular assessments	50100	146,157.00	151,101.00	1,813,212.00
TOTAL INCOME - ASSESSMENT INCOME		146,157.00	151,101.00	1,813,212.00
INCOME - OTHER MEMBER INCOME				
Late charge assessments	50400	121.00	20.00	240.00
Lien assessments	50500	409.00	150.00	1,800.00
Legal assessments	50600	401.00	375.00	4,500.00
Parking assessments	50700	98.00	200.00	2,400.00
Nsf check collection	50800	408.00	500.00	6,000.00
Resident Key/gate card income	51000	134.00	200.00	2,400.00
TOTAL INCOME - OTHER MEMBER INCOME		1,571.00	1,445.00	17,340.00
INCOME - OTHER INCOME				
Violation / Fine	51200	78.06	83.00	996.00
Interest income	51300	1,396.25	25.00	300.00
Reimbursement income-bill backs	51500	98.00	50.00	600.00
Move In/Move Out Registration Fee	52700	167.00	250.00	3,000.00
TOTAL INCOME - OTHER INCOME		1,739.31	408.00	4,896.00
TOTAL INCOME		149,467.31	152,954.00	1,835,448.00
EXPENSES				
EXPENSES - ADMINISTRATIVE				
Accounting & Audit Services	60100	283.00	220.00	2,640.00
Study reserve	60101	125.00	125.00	1,500.00
Payroll service	60103	320.00	310.00	3,720.00
Bank/Other Fees	60200	76.00	42.00	504.00
Office Expense	60205	1,040.00	800.00	9,600.00
Office equipment (computers)	60206	20.00	20.00	240.00
Legal expense, reimbursable	60300	418.00	300.00	3,600.00
Legal	60303	1,632.00	1,000.00	12,000.00
License, fees and permits	60400	454.00	100.00	1,200.00
Employee Extra (uniforms, etc.)	60510	230.00	90.00	1,080.00
Bonuses	60513	110.00	110.00	1,320.00
Management services	60600	1,700.00	1,700.00	20,400.00
Management services extras	60601	50.00	20.00	240.00
Board Management Expense	60603	20.00	50.00	600.00

Printing & postage	60800	820.00	600.00	7,200.00
Assessment refunds	60900	47.00	12.00	144.00
Non-sufficient fund checks	61000	612.00	571.00	6,852.00
Miscellaneous expense	62000	42.00	200.00	2,400.00
Wireless access point	63100	35.00	35.00	420.00
TOTAL EXPENSES - ADMINISTRATIVE		8,034.00	6,305.00	75,660.00
EXPENSES - LOAN SERVICING				
Loan Servicing Principle	64001	27,720.87	28,000.00	336,000.00
Loan Servicing Interest	64002	20,307.00	18,804.00	225,648.00
TOTAL EXPENSES - LOAN SERVICING		48,027.87	46,804.00	561,648.00
EXPENSES - SALARY ADMINISTRATIVE				
Office Salaries Gross	60502	4,635.00	3,400.00	40,800.00
TOTAL EXPENSES - SALARY ADMINISTRATIVE		4,635.00	3,400.00	40,800.00
EXPENSES - SALARY PAINTING				
Paint Maintenance Salary Gross	60509	3,708.00	0.00	0.00
TOTAL EXPENSES - SALARY PAINTING		3,708.00	0.00	0.00
EXPENSES - SALARY MAINTENANCE				
Maintenance Salaries Gross	60501	6,425.00	4,200.00	50,400.00
Clubhouse Salaries Gross	60503	1,300.00	2,700.00	32,400.00
TOTAL EXPENSES - SALARY MAINTENANCE		7,725.00	6,900.00	82,800.00
EXPENSES - SALARY PORTER				
Porter Salaries Gross	60512	0.00	1,300.00	15,600.00
TOTAL EXPENSES - SALARY PORTER		0.00	1,300.00	15,600.00
EXPENSES - INSURANCE				
Fidelity bond	70100	109.00	125.00	1,500.00
Insurance master policy	70300	5,800.00	6,000.00	72,000.00
Worker's compensation	70400	1,400.00	1,400.00	16,800.00
Insurance-earthquake	70500	8,700.00	10,833.00	129,996.00
D & O/Cyber insurance	70700	597.58	598.00	7,176.00
TOTAL EXPENSES - INSURANCE		16,606.58	18,956.00	227,472.00
EXPENSES - TAXES				
Payroll taxes	75100	944.00	900.00	10,800.00
State & federal taxes	75400	199.30	514.00	6,168.00
TOTAL EXPENSES - TAXES		1,143.30	1,414.00	16,968.00
EXPENSES - CONTRACTED SERVICES				
Contracted elevator service	80201	1,563.00	1,800.00	21,600.00
Elevator repairs	80202	155.00	125.00	1,500.00
Contracted gardening service	80301	4,100.00	5,200.00	62,400.00
Landscape - Irrigation	80302	300.00	125.00	1,500.00
Gardening extras/supplies	80303	250.00	68.00	816.00
Tree Trimming	80304	450.00	500.00	6,000.00

Landscape replacement	80317	250.00	133.00	1,596.00
Pest Control	80500	39.99	40.00	480.00
Contracted pest control servic	80501	480.00	480.00	5,760.00
Pest control extras/supplies	80503	30.00	25.00	300.00
Contracted termite control	80505	325.00	300.00	3,600.00
Contracted Termite Control Treatment	80509	485.00	483.00	5,796.00
Contracted pool & spa service	80601	653.00	417.00	5,004.00
Pool & spa repairs	80602	160.00	45.00	540.00
Pool & spa extras/supplies	80603	30.00	167.00	2,004.00
Landscape Supplies	80617	40.00	25.00	300.00
Alarm Monitoring	80707	282.00	280.00	3,360.00
Contracted software	81002	20.00	8.00	96.00
TOTAL EXPENSES - CONTRACTED SERVICES		9,612.99	10,221.00	122,652.00
EXPENSES - MAINTENANCE				
Unit Maintenance/Repair	63000	250.00	250.00	3,000.00
Gate Repairs	86000	300.00	300.00	3,600.00
Fire Alarm	86101	300.00	300.00	3,600.00
Furnishings Communal	86200	150.00	75.00	900.00
Bldg Maint and Repairs	86300	350.00	800.00	9,600.00
Equipment maintenance	86302	300.00	200.00	2,400.00
Contingency repairs	86303	7,000.00	3,525.00	42,300.00
Clubhouse expense	86314	0.00	400.00	4,800.00
Lighting maintenance	86500	800.00	250.00	3,000.00
Resident Locks & keys	86600	55.00	25.00	300.00
Maintenance supplies	86700	350.00	400.00	4,800.00
Painting	86800	800.00	167.00	2,004.00
Plumbing	87000	1,907.00	1,476.00	17,712.00
Roof	87100	450.00	450.00	5,400.00
Structural Maintenance/Repair - Communal	87111	6,000.00	3,525.00	42,300.00
Signs	87300	100.00	83.00	996.00
Landscape - Tree	87600	300.00	83.00	996.00
Sewer Line Cleanouts	88301	1,000.00	700.00	8,400.00
Landscaping- Maintenance	88701	250.00	83.00	996.00
Gutters	89300	350.00	375.00	4,500.00
TOTAL EXPENSES - MAINTENANCE		21,012.00	13,467.00	161,604.00
TOTAL EXPENSES BEFORE RESERVES		120,504.74	108,767.00	1,305,204.00
EXPENSES - PROVISION FOR RESERVES				
Structure Maintenance/Repair - Communal	98800	28,962.57	44,187.00	530,244.00
TOTAL EXPENSES - PROVISION FOR RESERVES		28,962.57	44,187.00	530,244.00

EXPENSES - UTILITY EXPENSE

Contracted internet	81001	0.00	0.00	0.00
TOTAL EXPENSES - UTILITY EXPENSE		0.00	0.00	0.00
TOTAL EXPENSES		149,467.31	152,954.00	1,835,448.00
BUDGET SURPLUS / (DEFICIT)			0.00	



Surfside III Condominium Owners Association

C/O Lordon Management Company

FINES FOR VIOLATION OF RULES AND REGULATIONS

First Violation	Warning
First violation for Special Circumstances/Fine without warning	As noted within each rule. Fines can vary from \$100.00 to \$500.00.
Second violation for same issue within 12 months	\$50.00
Third violation for same issue within 12 months	\$100.00
Subsequent violation for same issue	\$100.00
Failure to correct a violation within 30 days	In addition to associated fines, there may be specific limitations as determined appropriate by the COA Board. Example: loss of Clubhouse privileges and/or guest parking privileges
Failure to pay rule violation fines within 30 days	In addition to associated fines, there may be specific limitations as determined appropriate by the COA Board for up to 90 days. Example: loss of Clubhouse privileges and/or guest parking
Four violations of the same type or unrelated violations within 12 months	In addition to associated fines, there may be specific limitations as determined appropriate by the COA Board for up to 90 days. Example: loss of Clubhouse privileges and/or guest parking.

SURFSIDE III CONDOMINIUM OWNERS' ASSOCIATION INC
APPLICATION FOR ARCHITECTURAL MODIFICATION

NAME: _____ HOME PHONE: (____) _____

ADDRESS: _____ EMAIL: _____

WORK PHONE: (____) _____ CELL PHONE: (____) _____

UNIT LOCATION: Townhome or Condo Building Number ____ 1st Floor 2nd Floor or 3rd Floor

MODIFICATION FOR THE PURPOSE OF: _____

Unit Improvement standards are listed on both websites and include but are not limited to the following:

- | | |
|--|--------------------|
| *plumbing (Ace Duraflo), | * paint palette |
| *condo security and screen doors and locks, | * privacy lattice |
| * first floor patio wrought iron gates, | * satellite dishes |
| *replacement windows and doors | * townhouse gate |
| *condo and balcony screen wire | locks |
| *hard floor sound flooring (for 2 nd and 3 rd floor condo units) | |

Surfside III COA websites:

www.Surfsideiii.com

www.Surfsideiii.org

Any exceptions must be approved specifically by the Board.

ANTICIPATED STARTING DATE: _____

Licensed Contractor/Company to be used: _____ Homeowner: _____

One (1) COPY OF THE FOLLOWING INFORMATION SHOULD BE ATTACHED:

1. **Description of improvement (include dimensions, materials to be used, color, size of frame for windows, etc).**
2. **Location of improvement with dimension. Identify Existing improvement.**
3. **Sound barrier specifications for new non-carpet floor on 2nd and 3rd condo floors**
4. **Product sample (i.e. floor sample and underlayment sample)**
5. **Copy of City permit (where applicable)**

This approval shall be limited to the items specifically set forth herein and is hereby granted upon the following terms and conditions. The violations thereof or non-compliance therewith will be grounds for the rescinding and revocation of the approval hereby granted.

1. Any and all proposed modifications, installations or construction, interior or exterior, must not alter existing construction design or the function thereof.
2. Any work done in an owner's unit or on the common property shall be subject to all existing State, City, County, and Association laws, ordinances and regulations and subject to all Association guidelines, covenants, conditions and restrictions, resolutions, rules and regulations.
3. If the proposed modifications are to be done by anyone other than the owner, the party doing the work must be a licensed contractor.
4. All work will be subject to inspection by the Association. The owner, together with the contractor, will be held responsible for any deviations of the above and will be required to make any necessary corrections at the owner's expense. Approval by the Association shall not be deemed to be approval of the quality of work or of the work to be performed for the purpose of creating any potential liability to the Association derived from the quality, method or manner in which the work is done or for the proposed materials to be installed. The Association makes no representations by any approval or otherwise than the proposed modifications are fit for the intended purposes or that they will in fact serve to properly perform their intended purpose.
5. By execution and acceptance of this Application, and the terms and conditions hereof, the owner acknowledges that he/she has been advised that the above installation, when completed, forming part of the common elements, will not be subject of any insurance coverage by the Association.
6. Owner hereby acknowledges that the responsibility to repair and maintain the above installation is the responsibility of the present and future owner.
7. Owner, by the execution and acceptance of this Permit has remised, released, and forever discharged, and by these presents does remise, release, and forever discharge the said Association from all obligations, controversies, suits, actions, causes of actions, trespasses, variances, damages, claims or demands, in law or in equity, which against the said Association the resident ever had, now has or hereafter can, shall, or may have, for, upon or by reason of any damage to the above installation occurring in any manner whatsoever.

If the Committee or the Board approves this request, I (we) accept this approval upon the terms and conditions set forth which have been fully read by me (us). I (We) also have checked the website, and this modification meets any posted standards. The requirements of those standards are addressed in this application.

OWNER'S SIGNATURE: _____ DATE: _____

Application may be returned if any of the above information is missing or if the request is unclear.

Please deliver the completed signed form to the on-site office or send by mail or e-mail to: ssiiioffice@gmail.com

COMMITTEE DECISION

DATE: _____ APPROVED CONDITIONAL APPROVAL DISAPPROVED

CONDITIONS INCLUDING REASONS FOR APPROVAL OR DISAPPROVAL: _____

SIGNATURE: _____

BOARD OF DIRECTORS DECISION

APPROVED CONDITIONAL APPROVAL DISAPPROVED

CONDITIONS INCLUDING REASONS FOR APPROVAL OR DISAPPROVAL: _____

SIGNATURE: _____ DATE: _____

TITLE: _____



Surfside III Condominium Owners Association

C/O Lordon Management Company

REQUEST FOR ANNUAL NOTICE of Address, Representative and Rental Status

November 2021

Please complete the form below and return to the Association within 30 days. You may update this information online, in lieu of completing and mailing this form at www.mylordon.com.

Please return this form to: (Do not return with any payments)

Lordon Management - 1275 E Center Court Drive - Covina, CA 91724

1. The address or addresses to which notices from the Association are to be delivered if different than current address bills are being mailed to.

An alternate or secondary address (if any) to which notices from the Association are to be delivered:

2. The name and address of your legal representative, if any, including any person with power of attorney, or other person who can be contacted in the event of your extended absence from the property.

3. The property is: (check one)

owner-occupied rented out developed, but vacant undeveloped land

MEMBERSHIP LIST OPT OUT

Senate Bill 323 has redefined Association Records to include owners' email addresses. Previously, owners' mailing addresses were an Association Record, but did not include email addresses. As a result of this new legislation, we want to provide each owner the opportunity to exercise their right to opt-out/exclude their email addresses from being distributed in conjunction with this new law.

▶ If you would like to exclude your email address from distribution, please initial here:

_____ I want to opt-out of having my email or contact information provided on a membership list for distribution to any requesting party.

Property Address _____

Lordon Management Account # _____

Member Name (as listed on title) _____

Member Signature _____



Surfside III Condominium Owners Association

C/O Lordon Management Company

FHA CONDOMINIUM APPROVAL STATUS

Beginning January 1, 2016, condominium associations must disclose their status as a Federal Housing Administration (FHA) approved and a Department of Veterans Affairs (VA) approved condominium project. This only applies to condominium associations not planned developments.

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest. However, it should be noted that HUD/FHA status may change without further notice.

The common interest development, named above, **is** a condominium project.

The association of this common interest development **is not** certified by the Federal Housing Administration.

FHA Status: Expired

FHA ID# S000714 001

Expiration of FHA Approval: 7/31/2011

Notice: The foregoing reflects the status of this association's certification as of the date of this disclosure. The status of that certification can change during a fiscal year. Members may wish to verify the association's status during the fiscal year at <https://entp.hud.gov/idapp/html/condlook.cfm>, or by consulting with a local Realtor.



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VA CONDOMINIUM APPROVAL STATUS

Beginning January 1, 2016, condominium associations must disclose their status as a Federal Housing Administration (FHA) approved and a Department of Veterans Affairs (VA) approved condominium project. This only applies to condominium associations not planned developments.

Certification by the federal Department of Veteran Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of plentiful buyers of the separate interest.

The common interest development, named above, **is not** a condominium project.

The association of this common interest development **is not** certified by the Department of Veteran Affairs.

VA Status: n/a

VA ID# n/a

*If project is VA approved, renewal or further approval is not required. VA approval has no expiration.

Notice: The foregoing reflects the status of this association's certification as of the date of this disclosure. The status of that certification can change during a fiscal year. Members may wish to verify the association's status during the fiscal year at <https://lgy.va.gov/lgyhub/condo-report>, or by consulting with a local Realtor.



Surfside III Condominium Owners Association

C/O Lordon Management Company

NOTICE of 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 5720 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 5650, 5740, and 5720 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 5650 and 5655 of the Civil Code)

The association must comply with the requirements of Section 5650 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 5650 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 5660 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 5685 (a) 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 5650 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

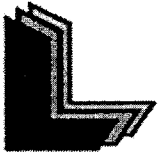
An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 5925) of Chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 2 (commencing with Section 4925) 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 5740 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 5665 (a) 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 5665 (b) of the Civil Code)



Surfside III Condominium Owners Association

C/O Lordon Management Company

ALTERNATIVE DISPUTE RESOLUTION (ADR) RIGHTS (SUMMARY)

California Civil Code section 5925 *et seq.* requires that the Association and owners endeavor to submit certain types of dispute to ADR prior to initiating a lawsuit. This notice merely provides a summary of the statute. If there is a dispute which may require ADR pursuant to Civil Code section 5925 *et seq.*, please review all of the provisions of the statute or seek your own independent legal counsel.

PARTIES BOUND BY THE STATUTE

The parties required to comply with the new statute are the Association (through the Board of Directors) and any owners of record.

DISPUTES SUBJECT TO THE STATUTE (QUALIFYING DISPUTES)

Section 5930 provides that the Association or owners may not file an enforcement action in the Superior Court unless the parties have endeavored to submit their dispute to ADR. An "enforcement action" is defined as a civil action or other proceeding for any of the following purposes:

1. Enforcement of the Davis-Stirling Common Interest Development Act (Civil Code section 4000 *et seq.*)
2. Enforcement of the California Nonprofit Mutual Benefit Corporation law, commencing with Corporations Code section 7110.
3. Enforcement of the Association's governing documents.

Where, however, an owner has a private dispute with another owner or a tenant, or the Board has a dispute with a third party such as a landscaper, such a dispute is not within the confines of the statute.

DISPUTES SPECIFICALLY EXCLUDED FROM THE STATUTE

The ADR statute applies only to an enforcement action that is solely for declaratory, injunctive or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of \$5,000. The following types of disputes are specifically excluded from being required to resort to ADR.

1. A Small Claims action
2. Assessment collection, except as provided for in Civil Code section 5600
3. Claims for money damages in excess of \$5,000.00 in conjunction with a claim for declaratory, injunctive or writ relief
4. Actions for preliminary or temporary injunctive relief; and
5. The filing of a cross-complaint in response to a complaint already filed.

COMPLIANCE PROCEDURES

A. INITIATING PARTY. The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party "Request for Resolution" including the following information and language:

1. A brief description of the dispute
2. A request that the matter be submitted to ADR
3. A notice that the party receiving the Request for Resolution (the "Responding Party") is required to respond thereto within thirty (30) days of receipt or it will be deemed rejected.
4. If the party on whom the Request is served is an owner, a copy of the Civil Code section 5925 et seq.

B. SERVICE. A Request for Resolution may be served by personal delivery, first-class mail, express mail, facsimile transmission or other means reasonably calculated to provide the Responding Party actual notice of the Request.

C. RESPONDING PARTY'S OBLIGATION. Upon receipt of the Request for Resolution the Responding Party, whether the Association or an owner, has thirty (30) days in which to either accept or reject the Request. In the event no such response is received, the Request is deemed "rejected".

D. TIME FOR COMPLETION OF ADR. Where the Request is accepted, the parties must complete the ADR within ninety (90) days of receipt of the acceptance. However, the parties can stipulate in writing to extend the period.

E. COST OF ADR. The cost of ADR shall be borne by the parties.

F. TOLLING OF STATUTE OF LIMITATIONS. If a Request for Resolution is served before the end of the applicable statute of limitations, the time limitation is tolled for certain periods specified in the Civil Code section 5945.

G. CERTIFICATE. In the event that a lawsuit is eventually commenced, the party filing must file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (1) Alternative dispute resolution has been completed in compliance with 5925 *et seq.*; (2) One of the parties to the dispute did not accept the terms offered for alternative dispute resolution; or (3) preliminary or injunctive relief is necessary.

CONSEQUENCES FOR FAILURE TO COMPLY WITH THE ADR LAW

The failure to file the aforementioned certificate with the Court is grounds for a demurrer or motion to strike unless the Court finds that dismissal of the action for failure to comply would result in substantial prejudice to one of the parties. Additionally, in awarding attorney's fees and costs, a court may consider whether a party's refusal to participate in ADR before commencement of the enforcement action was reasonable. As a result, it is important to seek independent counsel in the event that you, as an owner, have further questions.

Failure of a member of the association to comply with the alternative dispute resolution requirements of section 5930 of the civil code may result in the loss of your right to sue the association or another member of the association regarding the enforcement of the governing document or the applicable law.



Surfside III Condominium Owners Association

C/O Lordon Management Company

INTERNAL DISPUTE RESOLUTION (IDR) RIGHTS (SUMMARY)

Pursuant to Civil Code section 5900 *et seq.*, the following internal dispute resolution process is to be followed by the Association and owners in connection with disputes relating to the enforcement of the Association's governing documents, the Davis-Stirling Common Interest Development Act (Civil Code section 4000 *et seq.*) and section 7110 *et seq.* of the Nonprofit Mutual Benefit Corporation Code (collectively, the "Disputes").

Either party to a Dispute may invoke the following procedure:

1. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. An owner may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
3. The Association's Board of Directors shall designate a member of the Board to meet and confer.
4. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.
6. The agreement reached binds the parties and is judicially enforceable if both of the following conditions are satisfied: (a) The agreement is not in conflict with the law or governing documents of the common interest development or association; and (b) The agreement is either consistent with the authority granted by the Board of Directors to its designee or the agreement is ratified by the Board of Directors.

Pursuant to Civil Code section 5910(f), the parties may be assisted by an attorney or another person at their own cost when conferring. Any owner who intends to bring an attorney or any third party to a meeting with the Board must advise the Board at least two weeks in advance of the meeting. If notice is not provided, the Board has the option to reschedule the meeting to a later date.

A member of the Association may not be charged a fee to participate in the process.

Executive Summary

Surfside III

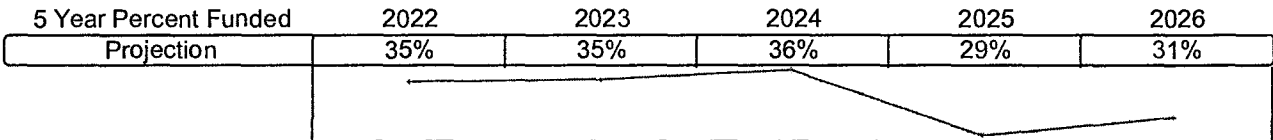
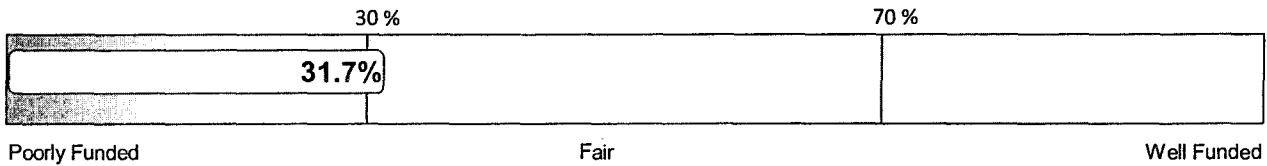
This is a Homeowners Association with 309 Condominium Units.

The common area components include: asphalt, pool, and building exterior.

This is a level III annual update, the last site inspection was performed in 2020

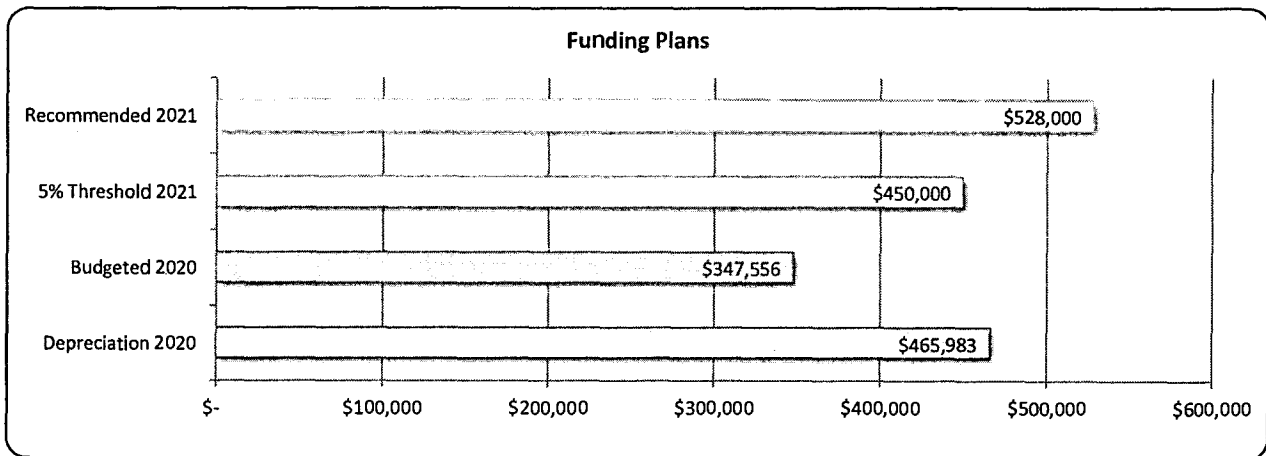
Reserve Fund Balance at Fiscal Year End

Fully Funded Reserve Balance		\$ 4,254,446
Projected Balance	December 31, 2021	\$ 1,348,711
Under Funded (Deficiency in Reserve Funding)		\$ 2,905,735
Deficiency in Reserve Funding Per Unit		\$ 9,403.67
Percent Funded		31.7%



Funding Plans

	Annually	Monthly	Per Unit Monthly
Depreciation of Components in 2021	\$ 465,983	\$ 38,832	\$ 125.67
Budgeted Reserve Contribution 2021	\$ 347,556	\$ 28,963	\$ 93.73
5% Threshold Reserve Contribution for 2022	\$ 450,000	\$ 37,500	\$ 121.36
Recommended Reserve Contribution for 2022	\$ 528,000	\$ 44,000	\$ 142.39



Theoretical 30 Year Funding Plans

Surfside III

Above 70% = Well Funded Between 30% and 70% = Fairly Funded Below 30% = Poorly Funded
(Low Risk of Special Assessment) (Higher Risk of Special Assessment)

Before Tax Interest Rate	1.5%
Annual Inflation Rate	3.0%
Annual Funding Increase	3.0%

Year End	Fully Funded		Current Funding Plan		Recommended Funding Plan		5% Threshold Funding Plan			
	Annual Expenses	Balance	Contribution	% Funded	Contribution	Balance	% Funded	Contribution	Balance	% Funded
2021	\$ -	\$ 4,254,446	\$ 347,556	32%	\$ -	\$ 1,348,711	32%	\$ -	\$ 1,348,711	32%
2022	\$ 47,610	\$ 4,810,552	\$ 357,983	35%	\$ 528,000	\$ 1,849,332	38%	\$ 450,000	\$ 1,771,332	37%
2023	\$ 251,995	\$ 5,176,697	\$ 368,722	35%	\$ 543,840	\$ 2,168,917	42%	\$ 463,500	\$ 2,009,407	39%
2024	\$ 192,126	\$ 5,633,407	\$ 379,784	36%	\$ 560,155	\$ 2,569,480	46%	\$ 477,405	\$ 2,324,827	41%
2025	\$ 897,646	\$ 5,356,073	\$ 391,177	29%	\$ 576,960	\$ 2,287,335	43%	\$ 491,727	\$ 1,953,780	36%
2026	\$ 159,353	\$ 5,884,617	\$ 402,913	31%	\$ 594,269	\$ 2,756,561	47%	\$ 506,479	\$ 2,330,212	40%
2027	\$ 356,481	\$ 6,232,029	\$ 415,000	31%	\$ 612,097	\$ 3,053,525	49%	\$ 521,673	\$ 2,530,358	41%
2028	\$ 100,546	\$ 6,883,350	\$ 427,450	33%	\$ 630,460	\$ 3,629,241	53%	\$ 537,324	\$ 3,005,091	44%
2029	\$ 476,116	\$ 7,165,225	\$ 440,274	32%	\$ 649,373	\$ 3,856,937	54%	\$ 553,443	\$ 3,127,494	44%
2030	\$ 368,794	\$ 7,589,333	\$ 453,482	31%	\$ 668,855	\$ 4,214,852	56%	\$ 570,047	\$ 3,375,659	44%
2031	\$ 817,962	\$ 7,558,630	\$ 467,086	27%	\$ 688,920	\$ 4,149,033	55%	\$ 587,148	\$ 3,195,480	42%
2032	\$ 651,887	\$ 7,725,403	\$ 481,099	25%	\$ 709,588	\$ 4,268,969	55%	\$ 604,762	\$ 3,196,287	41%
2033	\$ 864,164	\$ 7,686,953	\$ 495,532	21%	\$ 730,875	\$ 4,199,715	55%	\$ 622,905	\$ 3,002,973	39%
2034	\$ 1,569,451	\$ 6,904,513	\$ 510,398	8%	\$ 752,802	\$ 3,446,062	50%	\$ 641,592	\$ 2,120,159	31%
2035	\$ 1,208,294	\$ 6,509,719	\$ 525,710	-2%	\$ 775,386	\$ 3,064,844	47%	\$ 660,840	\$ 1,604,507	25%
2036	\$ 416,998	\$ 6,980,015	\$ 541,481	0%	\$ 798,647	\$ 3,492,466	50%	\$ 680,665	\$ 1,892,243	27%
2037	\$ 1,436,377	\$ 6,383,740	\$ 557,725	-14%	\$ 822,607	\$ 2,931,084	46%	\$ 701,085	\$ 1,185,335	19%
2038	\$ 766,231	\$ 6,516,773	\$ 574,457	-16%	\$ 847,285	\$ 3,056,104	47%	\$ 722,118	\$ 1,159,002	18%
2039	\$ 712,162	\$ 6,735,378	\$ 591,691	-18%	\$ 872,704	\$ 3,262,487	48%	\$ 743,781	\$ 1,208,006	18%
2040	\$ 710,040	\$ 6,986,636	\$ 609,442	-18%	\$ 898,885	\$ 3,500,269	50%	\$ 766,095	\$ 1,282,181	18%
2041	\$ 752,817	\$ 7,223,681	\$ 627,725	-20%	\$ 925,851	\$ 3,725,807	52%	\$ 789,078	\$ 1,337,674	19%
2042	\$ 1,786,511	\$ 6,375,145	\$ 646,557	-40%	\$ 953,627	\$ 2,948,809	46%	\$ 812,750	\$ 383,978	6%
2043	\$ 839,834	\$ 6,550,992	\$ 665,953	-42%	\$ 982,236	\$ 3,135,443	48%	\$ 837,133	\$ 387,036	6%
2044	\$ 272,144	\$ 7,372,856	\$ 685,932	-31%	\$ 1,011,703	\$ 3,922,033	53%	\$ 862,247	\$ 982,945	13%
2045	\$ 516,647	\$ 7,982,536	\$ 706,510	-27%	\$ 1,042,054	\$ 4,506,271	56%	\$ 888,114	\$ 1,369,156	17%
2046	\$ 145,294	\$ 9,040,543	\$ 727,705	-17%	\$ 1,073,315	\$ 5,501,886	61%	\$ 914,757	\$ 2,159,157	24%
2047	\$ 1,351,277	\$ 8,855,288	\$ 749,536	-24%	\$ 1,105,515	\$ 5,338,652	60%	\$ 942,200	\$ 1,782,467	20%
2048	\$ 319,626	\$ 9,810,355	\$ 772,022	-17%	\$ 1,138,680	\$ 6,237,786	64%	\$ 970,466	\$ 2,460,044	25%
2049	\$ 1,420,953	\$ 9,634,041	\$ 795,183	-24%	\$ 1,172,841	\$ 6,083,241	63%	\$ 999,580	\$ 2,075,572	22%
2050	\$ 759,426	\$ 10,199,864	\$ 819,038	-22%	\$ 1,208,026	\$ 6,623,089	65%	\$ 1,029,567	\$ 2,376,847	23%
2051	\$ 695,022	\$ 10,885,257	\$ 843,610	-19%	\$ 1,244,267	\$ 7,271,680	67%	\$ 1,060,454	\$ 2,777,932	26%

Note: All future projections are theoretical. The estimated lives and costs of components will likely change over time depending on factors such as inflation rates and levels of maintenance. Reserve analysis should be performed annually to account for these factors.

Assessment and Reserve Funding Disclosure Summary
Surfside III

(1) The current regular assessment per ownership interest per month is:

\$ 473.00 per month for the year ending 12/31/21

(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: As of 8/4/2020

Date Assessment is Due	Amount per unit	Purpose of Assessment
NA		
Total:		

(3) Based upon 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?

Yes No

Note: This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(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?

Increase the monthly reserve contribution by \$ 49.00 per unit

Note: This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(5) All major components appropriate for reserve funding are included in the reserve study and are included in it's calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the civil code the estimated amount required in the reserve fund at the end of the current fiscal year is:

\$ 4,254,446

based in whole or in part on the last reserve study or update prepared by McCaffery Reserve Consulting as of 12/31/2021 the projected reserve fund cash balance at the end of the current fiscal year is: \$ 1,348,711 resulting in the reserves being 32% funded at this date.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the civil code the projected required amount in reserves, projected reserve fund cash balance and projected percent funded for each of the next 5 years is:

Year	Amt Required	Proj. Balance	% Funded
2022	\$ 4,810,552	\$ 1,679,315	35%
2023	\$ 5,176,697	\$ 1,821,231	35%
2024	\$ 5,633,407	\$ 2,036,208	36%
2025	\$ 5,356,073	\$ 1,560,282	29%
2026	\$ 5,884,617	\$ 1,827,245	31%

For more detail see attached theoretical 30 year funding plans.

Note: This calculation assumes the association will raise their reserve contribution 3% per year over the next 30 years.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate was : 1.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was: 3.00% per year

(b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 5530. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

The Preparer of this form will be indemnified and held harmless against all losses, claims, action, 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 provided to Preparer by others and relied upon by Preparer which may result from any improper use or reliance on this disclosure.