

RIVERLAKE COMMUNITY ASSOCIATION

MEETING OF THE BOARD OF DIRECTORS

April 26, 2010

MINUTES

NOTICE Upon due notice given and received, the Board of Directors meeting of the Riverlake Community Association was held on April 26, 2010 at the office of the Association, 799 Lakefront Drive, Sacramento, California, 95831.

BOARD MEMBERS PRESENT Bob Murphy – President
Richard Soo Hoo – VP/CFO
Arnold Bray – Secretary
Jim Parker – Director
Calvin Gladden – Director
David Maggenti - Director
Andrew Plescia – Director

BOARD MEMBERS ABSENT None

OTHERS PRESENT Kevin D. Hubred, CCAM, PCAM – General Manager
Tara Correa, Administrative Coordinator

CALL TO ORDER A quorum was established and the meeting was called to at 6:01 PM.

EXECUTIVE SESSION DISCLOSURE CC&R Violation Hearings
Foreclosures
Homeowner Request

OPEN FORUM There were no homeowners present during the open forum portion of the meeting.

CONSENT CALENDAR The Board reviewed the minutes and made changes as necessary.
A motion was made, seconded and passed unanimously.
RESOLVED: To approve the consent calendar, approving the regular board meeting minutes as amended and the executive session minutes from the March 24, 2010 meetings.

UNFINISHED BUSINESS **A. Investments**
The investment advice from Paul Cutter with UBS was postponed from the March board meeting pending Finance Committee review. Management presented the UBS proposals at the April meeting. Paul Cutter recommended that the association invest in one \$90,000, 8 year TIPS investment at CPI + 1.05% and another \$90,000, 10-year TIPS investment at CPI + 1.30%.
After much discussion, the Board chose to approve investment strategies as recommended.
A motion was made, seconded and passed unanimously.
RESOLVED: To accept the investment advice to invest in one \$90,000, 8 year TIPS investment at CPI +

1.05% and another \$90,000, 10-year TIPS investment at CPI + 1.30%.

The Board also suggested that the General Manager, Kevin D. Hubred, meet with Paul Cutter, UBS, to discuss the reserve expenditures for the current and future years.

B. Payment Plan Approval

At the February 24, 2010 Board meeting, the board discussed foreclosure proceedings as it relates to approving payment plans. When homeowners are sent to the Association collections agency Allied Trustee Services (ATS) because they are behind in their assessments, homeowners will sometimes request a payment plan to bring their assessments current. This payment plan will consist of paying monthly assessments and late fees due to the Association as well as the any costs incurred for collections proceedings, which are paid to ATS.

At the March 26, 2010 Board meeting, the Board discussed whether they should accept entering into a "Blanket Payment Plan and Extension Authorization" with ATS that would allow them to accept payment plans and extensions on behalf of the Associations. The Board however, was a bit reticent in providing that much authority to ATS and suggested that the Board consider authorizing the General Manager to accept payment plans, submitted by ATS or individual homeowners and directed management to consider alternative options.

Management presented a payment and extension plan that authorizes the General Manager to approved payment and extension plans with homeowners, based on specific criteria, on behalf of the Board of Directors.

A motion was made, seconded and passed unanimously.

RESOLVED: To accept the payment plan as amended, clarifying that payments are due on the 1st of the month when payment plans are accepted between the 1st and the 15th, and payments are due a maximum of 45 days, or by the 1st of the following month, if payment plans are accepted between the 16th and the 31st of the month (i.e. the second installment is due on August 1st when a payment plan is accepted between June 17th and June 30th).

C. Landscape Guidelines

The landscape guideline proposal from the ACC was postponed from the February 24, 2010 meeting pending minor revisions which were completed in the final draft that was presented to the Board at the April Board meeting

The ACC identified areas where homeowners installed potted plants and lawn decorations that were not approved by the ACC. Although Article 9 of the CC&R's states that homeowners must submit an application and obtain ACC approval before they make any addition and/or modification to a lot or home, the ACC thought it would be best to adopt a formal rule relating to landscape guidelines that addresses potted plants and lawn decorations. The new rules would be used as a guideline for acceptable and non-acceptable items as it relates to: potted plants; types of plants; statutes; ornaments; etc.

The ACC presented the new rules, which the board discussed and accepted in concept. The new rules will be distributed to the membership prior to being adopted by the Board. Management will coordinate the mailing of the proposed rules in its entirety to all of the members and will provide the cause and the effect of the rule. The members of the association will have 30-days to review the new rules prior to being adopted by the Board. After the 30 days have expired, the board may then formally adopt the rule, which will become effective immediately.

A motion was made, seconded, and passed unanimously.

RESOLVED: To accept the new Riverlake Landscape Guidelines in concept for distribution to the membership in accordance with Civil Code 1357.130 before being adopted by the Board.

A. HOMEOWNER REQUEST

The homeowner of a residence in Southshore asked to meet with the Board of Directors regarding some brick work that was completed at various locations at her residence without ACC approval. The board listened to the homeowner's requests and concerns. The board determined that the homeowner either remove the red bricks, or submit a plan for more permanent plants and structures.

A motion was made, seconded and passed unanimously.

RESOLVED: To defer the matter to the ACC. allowing the homeowner residing at 1010 South Beach 30-days to submit a plan to the ACC to obtain approval for more permanent structures and plants.

On April 27th, the ACC met to discuss the requirements for the homeowner and requested the following:

1. If you wish to keep a permanent brick structure, please submit a plan that shows the brick professionally installed with mortar. The brick installation at your next door neighbor is a good example of what the ACC is looking for (See the attached picture).
2. Or, provide detailed plans if there is an alternate design.
3. Submit a plan to add structural plants to the planting bed. Structural plants are plants that will fill in the area year round when the annuals are not in bloom.
4. Remove the bricks placed around the planting beds, which are being used as a mow strip. If you wish to add a concrete mow strip, please include this request in your submittal.

The owner of the home submitted a plan to the ACC that included removal of the red brick in the planting bed area and was discussed at the May 11, 2010 ACC meeting.

B. E-MAILS TO RESIDENTS

Members of the Board of Directors and the Finance Committee expressed their desire to establish the means of sending documents to Members/Residents of the Association via electronic mail (E-Mail).

Management determined that the best possible method of sending out e-mails to the Members is to set up a database in the Microsoft Exchange server. The Association will then be able to send an e-mail to its members with *Links to documents that the Association is required to send, such as: the annual budget and membership disclosure; and, the annual review. The Association will also be able to send out a link to the newsletter, gate code changes, and any other notices that would benefit the members.

According to the Davis-Stirling Act, Civil Code Section 1350.7 – Deliver of Documents – The CC substantiates the ability to send an e-mail with a Link to documents stored on our website (or other location) as a means of “Delivery” of required documents. The association would be required to send consent forms to the members that states that they are in agreement to accepting this method of delivery (E-mail or other electronic means) and must respond in writing.

After much consideration, the Board approved establishing the e-mails system as a means of communicating with the members of the association.

A motion was made, seconded and passed unanimously.

RESOLVED: To approve moving forward with establishing e-mails as a means of communication with the members, subject to written approval, pursuant to Civil Code Section 1350.7.

C. FORECLOSURES – AB 2052

Management received a Call to Action to oppose AB 2502 which is a revision to the current Civil Codes 1367.1 and 1367.4 of the Davis Stirling Act. Management received, by e-mails, calls to action from CACM, CAI and attorneys in the CID industry in the state of California, asking that Boards of Directors oppose this proposed this new bill.

Assembly-member Julia Brownley proposed legislation that would impose new and unwarranted restrictions on the assessment collection process for California community associations. Without any showing that there is a need for this new law, her proposed new legislation would protect delinquent owners at the expense of their associations and all of the owners that timely pay their fees and/or assessments.

The proposed law would raise the thresholds for foreclosure from \$1,800 or 12 months delinquent to \$3,600 or 18 months delinquent. In addition, it would not allow associations to require that owners waive the provisions of Civil Code Section 1367.1 with respect to how their payments are allocated, even if they are not harmed by that waiver.

The board directed management to contact the association's attorney to determine if the Board has the authority to act on behalf of the members when this type of issue arises.

On April 28, 2010, the hearing at the Assembly Housing Committee went well as the bill passed, **as significantly amended to no longer jeopardize HOAs.**

Basically, the bill was gutted and amended to only deal with debt collectors, leaving intact existing law regarding the delinquency thresholds of \$1,800 and 12 months. As amended, it also:

- Deletes a requirement that all payment plans must be approved in open session of the board.
- Deletes that an owner may unilaterally alter payment plans and reduce payments.
- Permits an owner and an association to amend a payment plan contract.
- Allows an HOA to retain counsel.
- Requires agents of the association that will collect payments to be bound by the payment plan entered into by and between the association and owner. Waivers of contracts will not be permitted if the measure becomes law.
- Deletes that the owner can require the association to meet in open session to discuss his/her payment plan.

As amended, CAI-CLAC dropped its opposition to the bill.

D. FLOOD INSURANCE

Management presented the 2010 flood insurance that renews on May 20, 2010. The Board has the option of purchasing the flood insurance but the CC&R's do not require purchasing flood insurance since they are not considered high risk for flooding – the association is currently rated Preferred Risk. The Board considered the risk of potential damage and liability to the Association if a flood occurs and they approved the purchase of the insurance policy, option one.

There were two options available for Board consideration as follows:

Option 1 – provides coverage at amount of insurance currently in force:

Option 1 - \$1,041.00 Premium

1. **Building - \$200K - \$1K Deductible**
2. **Contents \$50K - \$1K Deductible**

Option 2 - \$1,279.00 Premium

1. **Building - \$250K - \$1K Deductible**
2. **Contents \$100K - \$1K Deductible**

The Board considered the risk of potential damage and liability to the Association if a flood occurs and they approved the purchase of the insurance policy, option one.

A motion was made, seconded and passed unanimously.

RESOLVED: To purchase the flood insurance policy from Fire Insurance Exchange that renews on May 20th, 2010 for the amount of \$1,041.00. The Policy covers flood loss with building coverage of \$200K with \$1K deductible and contents coverage of \$50K with \$1K deductible.

E. LIEN FILING

Allied Trustee Services recommended approving the filing of a notice of delinquent assessment (NODA) for parcel's 031-1500-012-0000 to protect the financial interest of the association's assessment income.

RCA - NODA

Parcel 031-1500-012-0000

TS#10-12018

A motion was made, seconded and passed unanimously.

RESOLVED: To file a lien against the properties located at Parcel 031-1500-012-0000.

ADJOURNMENT There being no further business to discuss, the meeting was adjourned at approximately 8:35 PM.

NEXT MEETING The next meeting is scheduled as follows:

- Regular Board Meeting on Wednesday May 26, 2010 at 6:00 PM at the Association office at 799 Lake Front Drive, Sacramento, CA 95831.

ATTEST: Respectfully submitted by Kevin D. Hubred, CCAM, PCAM – Riverlake General Manager

SECRETARY'S CERTIFICATE

I hereby certify that I am the duly appointed and acting Secretary of the Riverlake Community Association, and do hereby certify under penalty of perjury that the foregoing is a true and correct copy of the Minutes of the Regular Board Meeting of the Board of Directors held on April 26, 2010.

Dated: May 26, 2010

Arnold Bray, Secretary