

Creekside Homeowners Association

c/o Cornerstone Community Management
1800 Hamilton Avenue #210 San Jose, California 95125-5635
(408) 448-3080

2017 Annual Budget & Annual Disclosures

November 2, 2016

Dear Homeowner:

The Board of Directors is pleased to provide you with a copy of the **2017 Budget** and relevant documents and disclosures in accordance with applicable California Civil Code:

The budget calls for the monthly assessments to increase from \$240.00 per unit per month to \$245.00 per unit per month. The budget reflects the efforts of the Board of Directors to maintain and enhance the quality of life, while keeping the expenditures in line with today's current costs.

At this time the Board of Directors does not anticipate a Special Assessment, and the association does not have any outstanding loans.

The budget takes effect on January 1, 2017. Shortly, you will be receiving a coupon book for the new fiscal year. For those owners on the monthly Auto Pay program, it will continue automatically and you will not receive a coupon booklet. For those owners who generate or use an online bill pay service, you will need to change the monthly amount.

If you have any questions or concerns regarding this letter or the enclosed budget, please plan to attend the next Board meeting. Interim questions may be addressed to the Board of Directors or your Association Manager, Tanya Ruiz, at Cornerstone Community Management, manager's email address tanya@cornerstonemgt.biz

Sincerely,

The Board of Directors

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Annual Budget Report - 2016**

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Exhibit "A": Pro Forma Budget

Exhibit "B": Summary of Reserves

Exhibit "C": Reserve Funding Plan

Exhibit "D": Insurance Summary

Note: A complete copy of the reports summarized or referred to herein may be requested by you and will be provided to you without cost. Please provide your written request to Cornerstone Community Management, 1800 Hamilton Avenue, Suite 210, San Jose, California 95125-5635.

**Creekside of San Jose Homeowners' Association
c/o Cornerstone Community Management
1800 Hamilton Avenue, Suite 210
San Jose, California 95125-5635**

September, 2016

Dear Homeowner,

Living in a planned community development offers many advantages. An attractive appearance of the units, harmonious relations with your neighbors, and property values are all important qualities needed in your community. In this regard, the Association is operated pursuant to the governing documents, which include the Declaration of Covenants, Conditions and Restrictions, Bylaws, rules and regulations, and policies of the Association as adopted from time to time by the Board of Directors to implement these goals and restrictions.

Pursuant to the California Civil Code and other applicable law, the following notices and disclosures are provided:

1. Pro Forma Operating Budget. Civil Code Section 5300(b)(1).

A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.

This disclosure statement is being distributed to you together with a copy of the pro forma operating budget which is attached as Exhibit "A". The pro forma operating budget includes an estimate of the revenue and expenses of the Association on an accrual basis.

2. Summary of Association Reserves. Civil Code Section 5300(b)(2).

A summary of the association's reserves, prepared pursuant to Section 5565 is attached as Exhibit "B". It is based upon the most recent review or study concerning the major components, which the Association is obligated to repair, replace, restore or maintain.

The Association's most recent reserve study was completed in 2016. The most recent physical reserve study inspection was completed in 2014.

3. Reserve Funding Plan. Civil Code Section 5300(b)(3).

A summary of the reserve funding plan adopted by the board, as specified in paragraph (5) of subdivision (b) of Section 5550 is attached as Exhibit "C". The full reserve study plan is available upon request, and the Association shall provide the full reserve plan to any member upon request. Please see cover sheet for instructions.

The reserve account funding is reviewed on an annual basis by the Board of Directors and is

expectancy for repair or replacement of each major component. For the current year, the Board has elected to analyze the reserve account requirements with both the "cash flow" and "straight line" methods. The reserve funding process involves estimates of component maintenance, repair and replacement costs and estimates of the remaining life of the components. Reserve funding requirements can change over time based upon revised estimated and evaluations.

4. Major Component Repairs. Civil Code Section 5300(b)(4).

The Board has not determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less.

5. Special Assessment. Civil Code Section 5300(b)(5).

The Board does not anticipate that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefore.

6. Reserve Funding Mechanism. Civil Code Section 5300(b)(6).

At this time, the Board plans to fund reserves to repair or replace major components from assessments only, not by borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.

7. Procedures for Calculation of Reserves. Civil Code Section 5300(b)(7).

The reserve account funding is reviewed on an annual basis by the Board of Directors and is adjusted by the rate of inflation, construction cost variations, and updated evaluations of the life expectancy for repair or replacement of each major component. For the current year, the Board has elected to analyze the reserve account requirements using both the "cash flow" and "straight line" methods. The reserve funding process involves estimates of component maintenance, repair and replacement costs and estimates of the remaining life of the components. Reserve funding requirements can change over time based upon revised estimates and evaluations.

Please See Exhibit "B".

8. Outstanding Loans. Civil Code Section 5300(b)(8).

The Association has no outstanding loans at this time.

9. Insurance Summary. Civil Code Section 5300(b)(9).

A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies is attached as Exhibit "D".

“This summary of the association’s policies of insurance provides only certain information, as required by 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.”

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CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

BUDGET Exhibit A

FISCAL YEAR 2017

UNITS

148

ITEM	MONTH PER UNIT	MONTHLY TOTAL	ANNUAL TOTAL	LAST YEAR MONTHLY
REVENUE				
Assessments	245.00	36,260.00	435,120.00	35,520.00
	245.00	36,260.00	435,120.00	35,520.00

EXPENSES - GROUNDS & FACILITIES

70021 Landscape Add'l's	0.24	35.00	420.00	50.00
70069 Maintenance & Repairs	1.35	200.00	2,400.00	250.00
70028 Maintenance - Backflow	0.20	29.00	348.00	29.00
75008 Maintenance - Contract (Trash, etc.)	3.04	450.00	5,400.00	450.00
70065 Maintenance - Garbage-extras	0.51	75.00	900.00	67.00
70041 Maintenance - Graffiti	0.10	15.00	180.00	17.00
70042 Maintenance - Gutter	1.89	280.00	3,360.00	280.00
70044 Maintenance - Irrigation	1.25	185.00	2,220.00	200.00
70045 Maintenance - Lighting	0.95	140.00	1,680.00	150.00
70047 Maintenance - Plumbing	0.95	140.00	1,680.00	140.00
70052 Maintenance - Roof	0.14	20.00	240.00	25.00
70066 Maintenance - Tree	0.34	50.00	600.00	43.00
70077 Pest Control	1.72	255.00	3,060.00	255.00
70084 Pool/Spa Additional Supplies	1.35	200.00	2,400.00	150.00
76001 Reserve Contribution	97.77	14,470.00	173,640.00	13,781.00
75006 Landscape Contract	31.32	4,635.00	55,620.00	4,635.00
75015 Pool/Spa Contract	2.69	398.00	4,776.00	398.00
77005 Electricity	4.73	700.00	8,400.00	700.00
77014 Gas	0.06	9.00	108.00	9.00
77020 Water & Sewer	13.51	2,000.00	24,000.00	2,232.00
SUB TOTAL	164.09	24,286.00	291,432.00	23,861.00

EXPENSES - GENERAL AND ADMINISTRATIVE

80008 Audit & Tax Preparation	1.11	165.00	1,980.00	165.00
80013 Bank charges/fees	0.02	3.00	36.00	3.00
80015 Business Meetings	1.08	160.00	1,920.00	170.00
80030 Insurance	25.34	3,750.00	45,000.00	2,750.00
80031 Insurance - Earthquake	27.87	4,125.00	49,500.00	4,810.00
80033 Insurance - Worker's Comp.	0.30	45.00	540.00	47.00
80035 Legal	0.68	100.00	1,200.00	100.00
80050 Management Fees	19.19	2,840.00	34,080.00	2,840.00
80045 Management Extra fees	0.00	0.00	0.00	0.00
80065 Office Expenses	1.01	150.00	1,800.00	140.00
80075 Postage	1.35	200.00	2,400.00	198.00
80076 Printing & Copies	1.35	200.00	2,400.00	200.00
70062 Reserve Study	0.47	70.00	840.00	70.00
80083 Social Fund	0.27	40.00	480.00	40.00
88001 Federal Taxes	0.14	20.00	240.00	20.00
88012 State taxes	0.10	15.00	180.00	15.00
88010 Misc. Taxes & Licenses	0.61	91.00	1,092.00	91.00
SUB TOTAL	80.91	11,974.00	143,688.00	11,659.00

TOTAL EXPENSES	245.00	36,260.00	435,120.00	35,520.00
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PROPERTY INFORMATION

PROPERTY NAME:	Creekside of San Jose HOA		
STREET ADDRESS:	Weeping Creek Way		
CITY, STATE, ZIP:	San Jose, CA		
GOVERNING ENTITY:	Board of Directors		
YEAR CONSTRUCTED:	1979	NUMBER OF CONSTRUCTION PHASES:	1
NUMBER OF UNITS:	148	NUMBER OF RESIDENTIAL BUILDINGS:	39

CONTACT INFORMATION

CURRENT PROPERTY CONTACT:	Ms. Tanya Ruiz Cornerstone Community Management 1800 Hamilton Ave., Suite 210 San Jose, CA 95125-5635 Phone: (408) 448-3080 Email: tanya@cornerstonemgt.biz
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RESERVE STUDY INFORMATION

TYPE OF STUDY:	Annual Review Study 2017 (no site inspection performed with this review)
BEGINNING YEAR OF STUDY:	2017
YEAR OF LAST PHYSICAL INSPECTION:	2014
YEAR OF NEXT PHYSICAL INSPECTION:	2017 (as required by the Davis-Stirling Act)
RESERVE STUDY PREPARER:	Reserve Analysis Consulting, L.L.C. 1750 Bridgeway, Suite B106 • Sausalito, CA 94965 Sausalito, California 94965 Office Phone: (415) 332-7800 FAX: (415) 332-7801
PERFORMED BY:	Casey O'Neill Direct Phone: (415) 289-7443 Email: caseyo@reserveanalysis.com

RESERVE FUND FINANCIAL INFORMATION

BUDGET YEAR ENDING DATE:	12/31	2016	2017
ANNUAL RESERVE CONTRIBUTION:		\$165,372	\$173,641
MONTHLY RESERVE CONTRIBUTION:		\$13,781	\$14,470
PER UNIT MONTHLY (AVG.) CONTRIBUTION:		\$93.11	\$97.77
TOTAL SPECIAL ASSESSMENT:		N/A	N/A
PER UNIT (AVG.) SPECIAL ASSESSMENT:		N/A	N/A
PROPOSED RESERVE FUND EXPENDITURES:			(\$250,690)
ESTIMATED YEAR ENDING BALANCE:		\$925,483	\$858,819
REQUESTED MINIMUM "THRESHOLD" FUTURE BALANCE:			N/A

RESERVE PERCENT FUNDED CALCULATION

AMOUNT NEEDED TO BE 100% FUNDED:	\$1,509,240	\$1,415,649
THEORETICAL PER UNIT UNDERFUNDED:	\$3,944	\$3,762
CALCULATED PERCENT FUNDED:	61.32%	60.67%

RESERVE PROJECTED INTEREST & INFLATION

"ASSUMED LONG-TERM INTEREST RATE":	2.00%
"ASSUMED LONG-TERM INFLATION RATE":	3.00%

DAVIS-STIRLING ACT PROCEDURES & REQUIREMENTS

Current Davis-Stirling statutes 5300 & 5550 ((old 1365 & 1365.5)) require the Association to Review the Reserve Study on an annual basis and implement any necessary adjustments regarding component performance, replacement and/or deferral; as well as recalculation of financial figures based on that review and current financial data. Additionally, Statute 5550 ((old 1365.5)) continues to require a Site Inspection based Update of the complete Study at a minimum every three years. The Reserve Study is to include:

Identification of the major components.

Establishment of reasonable life expectancies and remaining life of all components.

Projected estimated cost of all repair and replacements.

Development of a 30 year Funding Plan which identifies date and amount of regular and special assessments.

Calculation of Percent Funded and amount of per unit deficiency.

Statement of methodology.

Additionally, calculation of 5570 ((old 1365.2.5)) Reserve Summary and Disclosure Document.

SCOPE OF STUDY

The time frame covered by this analysis is from 2017 through 2046. These are the beginning and ending points for all repairs and replacements included in the 30 Year Funding Plan included in this study.

STATEMENT OF RESERVE STUDY METHODOLOGY

The components included in this analysis were identified by age, quantity, and type. Upon completion of the component list and the Reserve Fund Requirement Analysis, the report was presented to the Homeowners Association's Board for approval. The following sources were used, when applicable, to make our determinations:

Original plans and specifications

Original contractors, current contractors and vendors

Association maintenance staff

Association management

Association Board of Directors

While gathering this information there were some assumptions made regarding existing conditions, future conditions and additional circumstances that may occur that would affect the cost of repairs. Some of these assumptions may come true and others may not; therefore, the cost of repairs and life of certain components could vary substantially. Life expectancies of all components were based on industry standard experiences, and on the components being in reasonable and ordinary condition.

All component conditions were based on visual inspection. There was no disassembly of components or demolition involved. This report does not address any factory or product defects or any damage due to improper maintenance, system design, or installation. It's also assumed all components will receive reasonable maintenance for their remaining life.

Only components that met the following criteria were included in this report:

The component maintenance is the responsibility of the Association.

The component is not covered by the Association's Annual Operating Budget.

The component's useful life is greater than one year, except in the case of variable ongoing repair of a major component

The component has an identifiable expected cost and replacement cost.

Inclusion in the Funding plan requires the component's remaining estimated useful life is less than 30 years.

The Reserve Study includes a 30 year component expenditure projection from which a Funding Plan was developed which proposes a "schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the Reserve Funding Plan." The premise of this replacement cost projection is to ensure a positive cash balance in the Reserve Fund Account that will enable the Association to fulfill its "obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less." It is equally important that a positive cash fund be maintained without relying on Special Assessments or overfunding of Reserves. The cost projections in this report are inflated based on an "assumed long-term inflation rate" based on a 30 year average and adjusted for local economies. The Funding Plan in this report includes an "assumed long-term interest rate" which is not to exceed "2% above the discount rate published by the Federal Reserve Bank of San Francisco." Both rates were reviewed in the Preliminary Draft and approved by the Board of Directors.

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED CALCULATION

Code #	Component Description	2016 End Req'd in Bank	Year New	Useful Life	Rmng (2017)	Current Cost	Annual Allocation	2017 End Req'd in Bank
1.00	SIGNAGE							
1.01	Entry Sign Replacement	\$2,000	2006	25	14	\$5,000	\$200	\$2,200
1.02	Miscellaneous Sign Replacement Allowance (w/ asphalt)	\$750	2013	6	2	\$1,500	\$250	\$1,000
1.03	Pool Sign Replacement	\$0	2002	15	0	\$0	\$0	\$0
	Category Sub-Total	\$2,750				\$6,500	\$450	\$3,200
2.00	ASPHALT - PRIVATE STREETS & PARKING							
2.01	Asphalt Sealing	\$11,204	2013	6	2	\$22,409	\$3,735	\$14,939
2.02	Striping	\$550	2013	6	2	\$1,100	\$183	\$733
2.03	Asphalt Repairs - Repair/Overlay w/Sealing Project	\$30,000	2013	6	2	\$60,000	\$10,000	\$40,000
2.04	Asphalt Major Repairs & Replacement - 1/3 of Property	\$62,812	1979	55	17	\$93,369	\$1,698	\$64,509
2.05	Asphalt Major Repairs & Replacement - 1/3 of Property	\$57,578	1979	60	22	\$93,369	\$1,556	\$59,134
2.06	Asphalt Major Repairs & Replacement - 1/3 of Property	\$53,149	1979	65	27	\$93,369	\$1,436	\$54,585
	Category Sub-Total	\$312,293				\$313,616	\$18,968	\$183,661
3.00	ASPHALT - MAIN STREETS - SHARED RESPONSIBILITY							
3.01	Seal - Weeping Creek (swanecreek to squirecreek) - 50%	\$1,176	2013	6	2	\$2,352	\$392	\$1,568
3.02	Seal - Squirecreek Lane - 50% - Shared Cost	\$908	2013	6	2	\$1,816	\$303	\$1,211
3.03	Seal - Weeping Creek (squirecreek to marsh manor) 100%	\$810	2013	6	2	\$1,619	\$270	\$1,079
3.04	Major Repairs/Replace-Weeping Creek (swan to squire.)	\$29,008	1979	60	22	\$47,040	\$784	\$29,792
3.05	Major Repairs/Replace - Squirecreek Lane	\$22,396	1979	60	22	\$36,318	\$605	\$23,001
3.06	Major Repairs/Replace - Weeping Creek (Squire to marsh)	\$13,024	1979	60	22	\$21,120	\$352	\$13,376
	Category Sub-Total	\$67,322				\$118,265	\$2,768	\$70,037
4.00	CONCRETE							
4.01	Sidewalk Entry/Driveways - Ongoing Repair/Replacement	\$5,000	2014	3	0	\$7,500	\$2,500	\$0
4.02	Entries/Drives - Major Replacement Allowance	\$16,650	2007	20	10	\$37,000	\$1,850	\$18,500
4.03	Pool Decking @ Squire Creek	\$12,071	2002	40	25	\$34,488	\$862	\$12,933
4.04	Pool Decking @ Hollow Creek	\$18,720	2001	40	24	\$49,920	\$1,248	\$19,968
	Category Sub-Total	\$50,441				\$128,908	\$6,460	\$51,401
5.00	RETAINING WALLS							
5.01	Wood - SW - Squirecreek Circle - 2'	\$11,592	2001	25	9	\$19,320	\$773	\$12,365
5.02	Wood - SW - Squirecreek Circle - 1'	\$4,944	2001	25	9	\$8,240	\$330	\$5,274
	Category Sub-Total	\$16,536				\$27,560	\$1,103	\$17,639
6.00	FENCING							
6.01	Wood - G.N. - Southern Property Line	\$18,186	2001	25	9	\$30,310	\$1,212	\$19,398
6.02	Cyclone - G.N. West Property Line - Squirecreek Circle	\$6,696	2001	25	9	\$11,160	\$446	\$7,142
6.03	Iron @ Property Line	\$506	2001	40	24	\$1,350	\$34	\$540
6.04	Wood Building End Fences Repair Allowance	\$1,500	2016	1	0	\$1,500	\$1,500	\$1,500
6.05	Iron @ Pool @ Squire Creek	\$8,575	2002	30	15	\$18,575	\$613	\$9,188
6.06	Iron @ Pool @ Hollow Creek	\$12,150	2001	30	14	\$24,300	\$810	\$12,960
	Category Sub-Total	\$47,113				\$86,995	\$4,615	\$50,724
7.00	IRRIGATION & LANDSCAPING & PLUMBING							
7.01	Irrigation Equipment Replacement Allowance	\$2,500	2015	2	0	\$5,000	\$2,500	\$0
7.02	Landscape Enhancement - Phase 1	\$3,000	2014	10	7	\$15,000	\$1,500	\$4,500
7.03	Landscape Enhancement - Phase 2	\$13,500	2017	10	10	\$15,000	\$1,500	\$0
7.04	Landscape Enhancement - Phase 3	\$12,000	2018	10	1	\$15,000	\$1,500	\$13,500
7.05	Tree Removal/Replacement Allowance	\$10,000	2016	1	0	\$10,000	\$10,000	\$10,000
7.06	Squire Creek Sewer Repair	\$2,667	2008	30	21	\$10,000	\$333	\$3,000
7.07	Plumbing Investigation & Repair	\$2,500	2015	2	0	\$5,000	\$2,500	\$0
	Category Sub-Total	\$47,167				\$83,000	\$19,833	\$41,000
8.00	ELECTRICAL							
8.01	Light Poles - Parking Lot	\$6,600	2006	50	39	\$33,000	\$660	\$7,260
8.02	Light Pole Fixtures - Parking Lot	\$3,000	2006	25	14	\$7,500	\$300	\$3,300
8.03	Light Poles ~ 8' - Walkway	\$48,368	1979	53	15	\$70,000	\$1,321	\$50,189
8.04	Light Pole Fixtures - "Candy Cane" - Walkway	\$16,200	2007	25	15	\$45,000	\$1,800	\$18,000
8.05	Pool Area Lighting Upgrade	\$600	2013	20	16	\$4,000	\$200	\$800
8.06	Entry Sign Lights	\$200	2006	20	9	\$400	\$20	\$220
8.07	Garage Light Replacement	\$12,950	1995	30	8	\$18,500	\$617	\$13,567
8.08	Area Lighting Upgrade Allowance	\$2,500	2006	10	-1	\$2,500	\$250	\$0
	Category Sub-Total	\$92,218				\$180,000	\$6,167	\$80,435

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED CALCULATION

Code #	Component Description	2016 End Req'd in Bank	Year New	Useful Life	Rmng (2017)	Current Cost	Annual Allocation	2017 End Req'd in Bank
9.00	SWIMMING POOL - SQUIRE CREEK							
9.01	Replastering	\$7,980	2002	15	0	\$8,550	\$570	\$0
9.02	Coping	\$1,458	2002	30	15	\$3,125	\$104	\$1,563
9.03	Tile	\$1,458	2002	30	15	\$3,125	\$104	\$1,563
9.04	Seal Coping/Walk Joint	\$900	2007	10	0	\$1,000	\$100	\$0
9.05	Pool Rails	\$560	2002	30	15	\$1,200	\$40	\$600
9.06	Pool Lights	\$280	2002	20	5	\$400	\$20	\$300
9.07	Pool Equipment Replacement Allowance	\$1,500	2013	3	-1	\$1,500	\$500	\$0
9.08	Pool Furniture - Operating Expense	\$0	2008	0	0	\$0	\$0	\$0
Category Sub-Total		\$14,176				\$18,900	\$1,436	\$4,826
10.00	SWIMMING POOL - HOLLOW CREEK							
10.01	Replastering	\$8,550	2001	15	-1	\$8,550	\$570	\$0
10.02	Coping	\$1,563	2001	30	14	\$3,125	\$104	\$1,667
10.03	Tile	\$1,563	2001	30	14	\$3,125	\$104	\$1,667
10.04	Seal Coping/Walk Joint	\$900	2007	10	0	\$1,000	\$100	\$0
10.05	Pool Rails	\$600	2001	30	14	\$1,200	\$40	\$640
10.06	Pool Lights	\$200	2001	30	14	\$400	\$13	\$213
10.07	Pool Equipment Replacement Allowance	\$1,000	2014	3	0	\$1,500	\$500	\$0
10.08	Pool Furniture - Operating Expense	\$0	2007	0	0	\$0	\$0	\$0
Category Sub-Total		\$14,416				\$18,900	\$1,757	\$4,157
11.00	EQUIPMENT HOUSE @ SQUIRE CREEK							
11.01	Composition Shingle Roofing	\$349	1999	30	12	\$616	\$21	\$370
11.02	Entry Doors	\$463	1979	40	2	\$500	\$13	\$475
11.03	Area Trellis	\$2,937	2005	30	18	\$8,010	\$267	\$3,204
11.04	Area Trellis	\$3,770	1990	30	3	\$4,350	\$145	\$3,915
11.05	Building Repair	\$0	2016	5	4	\$1,000	\$200	\$200
11.06	Building Rebuild	\$3,700	1979	50	12	\$5,000	\$100	\$3,800
Category Sub-Total		\$10,219				\$19,476	\$746	\$11,254
12.00	EQUIPMENT HOUSE @ HOLLOW CREEK							
12.01	Composition Shingle Roofing	\$506	1999	30	12	\$893	\$30	\$536
12.02	Entry Doors	\$463	1979	40	2	\$500	\$13	\$475
12.03	Area Trellis Repair/Replace Allowance	\$9,075	2005	20	8	\$16,500	\$825	\$9,900
12.04	Area Metal Benches	\$1,492	2010	20	13	\$4,974	\$249	\$1,741
12.05	Building Repair	\$0	2016	5	4	\$1,000	\$200	\$200
12.06	Building Rebuild	\$3,700	1979	50	12	\$5,000	\$100	\$3,800
Category Sub-Total		\$15,236				\$26,867	\$1,616	\$16,652
13.00	STORAGE HOUSE @ HOLLOW CREEK							
13.01	Composition Shingle Roofing	\$328	2005	30	18	\$893	\$30	\$357
13.02	Entry Doors	\$238	2005	30	18	\$650	\$22	\$260
13.03	Building Repair	\$250	2011	10	4	\$500	\$50	\$300
13.04	Building Rebuild	\$917	2005	60	48	\$5,000	\$83	\$1,000
Category Sub-Total		\$1,733				\$7,043	\$183	\$1,917
14.00	DETACHED GARAGES							
14.01	Composition Roof	\$167,666	1999	30	12	\$295,882	\$9,863	\$177,529
14.02	Gutters	\$26,837	1999	30	12	\$47,360	\$1,579	\$28,416
14.03	Downspouts	\$5,367	1999	30	12	\$9,472	\$316	\$5,683
14.04	Metal Utility Door	\$304	2004	35	22	\$888	\$25	\$330
Category Sub-Total		\$200,174				\$351,602	\$11,883	\$211,658
15.00	RESIDENTIAL BUILDING EXTERIOR							
15.01	Roof, Gutter and Downspout Repair Allowances	\$7,500	2016	1	0	\$7,500	\$7,500	\$7,500
15.02	Composition Roof	\$279,401	1999	30	12	\$493,060	\$16,435	\$295,836
15.03	Chimney Caps	\$52,540	1979	50	12	\$71,000	\$1,420	\$53,960
15.04	Spark Arrestors	\$52,540	1979	50	12	\$71,000	\$1,420	\$53,960
15.05	Gutters	\$27,776	1999	30	12	\$49,016	\$1,634	\$29,410
15.06	Downspouts	\$28,714	1999	30	12	\$50,672	\$1,689	\$30,403
Category Sub-Total		\$448,471				\$742,248	\$30,678	\$471,269
16.00	SITE PAINT							
16.01	Paint All Buildings (Based on actual 2011 cost)	\$92,206	2011	10	4	\$184,411	\$18,441	\$110,647
16.02	Paint - Wood and Metal Touch-up - Mid-Life	\$149,000	2006	10	-1	\$149,000	\$14,900	\$0

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED CALCULATION

Code #	Component Description	2016 End Req'd in Bank	Year New	Useful Life	Rmng. (2017)	Current Cost	Annual Allocation	2017 End Req'd in Bank
16.03	Paint Sound Wall - Interior	\$8,652	2000	16	-1	\$8,652	\$541	\$0
<i>Category Sub-Total:</i>		<i>\$8,652</i>				<i>\$8,652</i>	<i>\$541</i>	<i>\$0</i>
17.00	SIDING & TRIM REPLACEMENT							
17.01	Stucco Repair/Replace w/Paint Cycle	\$10,000	2011	10	4	\$20,000	\$2,000	\$12,000
17.02	Wood Repair/Replacement w/Paint Cycle	\$0	2016	5	4	\$75,000	\$15,000	\$15,000
17.03	Siding and Trim Repairs As needed	\$5,000	2016	1	0	\$5,000	\$5,000	\$5,000
<i>Category Sub-Total:</i>		<i>\$15,000</i>				<i>\$80,000</i>	<i>\$32,000</i>	<i>\$32,000</i>
Total Value of Components:						\$2,610,842		
Annual Straight-Line Allocation:							\$161,921	
		2016 End						2017 End
Total Dollars Necessary to be 100% Funded:		\$1,509,240						\$1,415,649
Actual Dollars In Reserve Fund:		\$925,483						\$858,819
Current Fund Deficiency:		\$583,757						\$556,830
Current Per Unit Deficiency:		\$3,944						\$3,762
Percent Funded:		61.32%						60.67%
(Actual dollars/Total Dollars Necessary)								

STEPS FOR DETERMINING PERCENT FUNDED:

- Step 1: Calculate for each component a required contribution on a "straight-line" funding methodology.
(total component cost divided by the life expectancy of the component)
- Step 2: Calculate the required dollars in Reserves for each component.
(required annual contribution multiplied by the component's life in service)
- Step 3: Total the required dollars for each component to arrive at "required dollars in bank".
- Step 4: Divide actual dollars in bank by required dollars in bank to arrive at percent funded calculation.

This report includes, but is not limited to*, reserve calculations made using the formula described in section 5570(b)(4) ((old 1365.2.5(b)(4)) of the Davis-Stirling Act:

(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 future funding levels developed in the Funding Plan of this Reserve Study are derived through cash flow funding calculations.

PROPERTY DESCRIPTION & COMPONENT INCLUSION:

Creekside of San Jose HOA is a 148-member association located in San Jose, CA. The Association is responsible for 39 residential buildings that were originally built in 1 phase in 1979. The Association is responsible for all components as the Board of Directors has interpreted the CC&Rs. For specific component inclusion based on that interpretation please refer to the Component Data or Schedule Sections.

5300(b)(4) - COMPONENT CONDITION:

The property is composed of a variety of components that are in a range of conditions due to their various ages and expected lives. The projections in this Reserve Study intend to maintain these components at an appropriate condition in the future; however, it is the Board's responsibility to investigate and cause the actual maintenance, repair and replacement projects at the appropriate time(s).

Per Davis-Stirling Section 5500 ((old 1365.5)), on a quarterly basis the Board will review actual reserve expenses compared to the year's proposed reserve expenses. Depending on each component's condition and available information at that time, the Board will determine to undertake repair and replacement projects as appropriate. Please refer to the Sections of Component Data and/or Component Schedule for specific details on component ages, expected lives, and remaining lives. A component with a negative remaining life does not necessarily mean the component is being deferred, but rather signifies that the component is past its statistically average life and will be reviewed annually until it is appropriate for replacement. If the Board has specifically determined to defer or not undertake a component's repair or replacement, that decision and its justification is required to be in meeting minutes and disclosed separately in the Annual Budget Report.

5300(b)(3,5,6,7,8) - FUNDING PLAN ANALYSIS & CALCULATIONS:

5300(b)(3) - "the association shall provide the full reserve study plan upon request."

Specific Details regarding the following statements can be viewed in the "30 YEAR FUNDING PLAN" (included with this Reserve Summary).

5300(b)(5) - If applicable, the amount and commencement date of Board determined or anticipated special assessments will be shown and if a vote of the membership is required.

5300(b)(6) - The mechanism(s) by which the board will fund the reserves, including assessments, borrowing, and/or use of other assets. Refer to 5300(b)(4) above for deferral/selected repair/replacements.

5300(b)(7) - Procedures & methodology used for these calculations can be found in section "Procedures & Methodologies" (included with this Reserve Summary).

5300(b)(8) - If applicable, details regarding outstanding loans can be found in the 5570 "Reserve Summary and Disclosure" (included with this summary) and/or separately in the Annual Budget Report.

The Reserve Study is a SERIES OF PROJECTIONS, and consequently the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as future inflation rates, the level of preventative maintenance completed by future boards, unknown material defects, changes in technology, efficiency, and/or government regulations.

The Reserve Study is an evolving document that represents a moment in time covering a 30 year period. As required by The Davis-Stirling Act, we recommend that the Association review and update this Reserve Analysis on an annual basis to make adjustments for component expenditures and fluctuations in annual revenue, interest, and inflation.

Exhibit "C"
(Reserve Funding Plan)

5.00 30 YEAR RESERVE FUNDING PLAN

2016 Average unit per month reserve contribution *1 = \$93.11

2016 Total annual reserve contribution *1 = \$165,372

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 1ST 10 YEARS	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Projected Beginning Fund Balance *1	\$925,483	\$858,819	\$1,011,191	\$1,075,505	\$1,247,019	\$1,098,019	\$1,305,722	\$1,500,772	\$1,715,482	\$1,778,545
Contribution % increase over previous yr.	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.00%	4.00%
Contribution avg. unit/month \$ increase	\$4.66	\$4.89	\$5.13	\$5.39	\$5.66	\$5.94	\$6.24	\$6.55	\$5.50	\$5.72
Contribution avg. per unit/month	\$97.77	\$102.66	\$107.79	\$113.18	\$118.84	\$124.78	\$131.02	\$137.57	\$143.08	\$148.80
Reserve Contribution - Annual	\$173,641	\$182,323	\$191,439	\$201,011	\$211,061	\$221,614	\$232,695	\$244,330	\$254,103	\$264,267
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$1,099,124	\$1,041,142	\$1,202,629	\$1,276,516	\$1,458,081	\$1,318,633	\$1,538,417	\$1,745,102	\$1,969,585	\$2,042,812
Projected Expenditures - inflated	-\$250,690	-\$42,179	-\$140,129	-\$44,575	-\$373,339	-\$29,701	-\$55,792	-\$50,363	-\$212,546	-\$247,876
Balance after expenditures	\$848,434	\$998,963	\$1,062,500	\$1,231,941	\$1,084,742	\$1,289,933	\$1,482,624	\$1,694,738	\$1,757,039	\$1,794,936
Interest on balance after tax	\$10,385	\$12,227	\$13,005	\$15,079	\$13,277	\$15,789	\$18,147	\$20,744	\$21,506	\$21,970
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	60.67%	63.81%	64.38%	67.22%	63.19%	66.99%	69.88%	72.59%	72.98%	73.11%
Projected Year Ending Balance *3	\$858,819	\$1,011,191	\$1,075,505	\$1,247,019	\$1,098,019	\$1,305,722	\$1,500,772	\$1,715,482	\$1,778,545	\$1,816,906

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 2ND 10 YEARS	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Beginning Fund Balance *1	\$1,816,906	\$1,775,249	\$2,028,930	\$2,188,882	\$2,417,210	\$2,508,020	\$2,834,079	\$3,130,062	\$3,553,052	\$3,240,363
Contribution % increase over previous yr.	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%
Contribution avg. unit/month \$ increase	\$5.95	\$6.19	\$6.44	\$6.70	\$6.96	\$7.24	\$7.53	\$5.87	\$6.05	\$6.23
Contribution avg. per unit/month	\$154.75	\$160.94	\$167.38	\$174.07	\$181.04	\$188.28	\$195.81	\$201.68	\$207.73	\$213.97
Reserve Contribution - Annual	\$274,838	\$285,831	\$297,265	\$309,155	\$321,521	\$334,382	\$347,757	\$358,190	\$368,936	\$380,004
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$2,091,744	\$2,061,080	\$2,326,194	\$2,931,037	\$1,218,731	\$842,403	\$881,837	\$1,171,352	\$1,321,987	\$1,620,367
Projected Expenditures - inflated	-\$337,961	-\$56,684	-\$1,711,831	-\$44,677	-\$716,854	-\$314,781	-\$78,606	-\$229,725	-\$96,623	-\$185,959
Balance after expenditures	\$1,753,783	\$2,004,396	\$614,363	\$886,361	\$501,877	\$527,621	\$803,231	\$941,527	\$1,225,364	\$1,434,407
Interest on balance after tax	\$21,466	\$24,534	\$7,520	\$10,849	\$6,143	\$6,458	\$9,832	\$11,524	\$14,998	\$17,557
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	72.29%	75.16%	45.03%	55.47%	41.36%	43.86%	56.50%	62.24%	70.45%	75.61%
Projected Year Ending Balance *3	\$1,775,249	\$2,028,930	\$2,188,882	\$2,417,210	\$2,508,020	\$2,834,079	\$3,130,062	\$3,553,052	\$3,240,363	\$1,451,965

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 3RD 10 YEARS	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Projected Beginning Fund Balance *1	\$1,451,965	\$1,302,913	\$1,609,297	\$1,575,345	\$1,977,217	\$1,631,336	\$1,979,555	\$2,190,813	\$2,367,599	\$2,775,664
Contribution % increase over previous yr.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Contribution avg. unit/month \$ increase	\$6.42	\$6.61	\$6.81	\$7.01	\$7.22	\$7.44	\$7.66	\$7.89	\$8.13	\$8.38
Contribution avg. per unit/month	\$220.39	\$227.00	\$233.81	\$240.82	\$248.05	\$255.49	\$263.15	\$271.05	\$279.18	\$287.55
Reserve Contribution - Annual	\$391,404	\$403,146	\$415,241	\$427,698	\$440,529	\$453,745	\$467,357	\$481,378	\$495,819	\$510,694
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$1,843,369	\$1,706,059	\$2,024,537	\$2,003,042	\$2,417,745	\$2,085,080	\$2,446,912	\$2,672,191	\$2,863,418	\$3,286,357
Projected Expenditures - inflated	-\$556,211	-\$116,222	-\$468,242	-\$49,734	-\$806,136	-\$129,462	-\$282,590	-\$333,221	-\$121,317	-\$250,904
Balance after expenditures	\$1,287,158	\$1,589,837	\$1,556,296	\$1,953,308	\$1,611,610	\$1,955,618	\$2,164,322	\$2,338,970	\$2,742,100	\$3,035,454
Interest on balance after tax	\$15,755	\$19,460	\$19,049	\$23,908	\$19,726	\$23,937	\$26,491	\$28,629	\$33,563	\$37,154
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	74.85%	81.14%	82.60%	88.40%	87.46%	92.64%	96.04%	98.99%	100.00%	100.00%
Projected Year Ending Balance *3	\$1,302,913	\$1,609,297	\$1,575,345	\$1,977,217	\$1,631,336	\$1,979,555	\$2,190,813	\$2,367,599	\$2,775,664	\$3,072,608

**ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY
For the Budget Year 2017 ending 12/31/17**

Per Davis-Stirling Statute 5570 ((old 1365.2.5)) Disclosure Form

- (1) The 2016 budgeted regular assessment per ownership interest is avg. \$ 240.00 per month.
The 2017 budgeted assessment per ownership interest can be found in the Annual Budget Report.
Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found in the attached Annual Budget Report.
- (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:

Date assessment will be due	Amount per ownership interest per year:	Purpose of assessment
_____ <u>N/A</u> _____	_____ <u>N/A</u> _____	_____ <u>N/A</u> _____
_____	_____	_____
_____	_____	_____
TOTAL	_____	_____

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found in the attached Annual Budget Report. These assessments might be for purposes outside the scope of the current Reserve Study and have been included by the party preparing the Association's Annual Budget Report.

- (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

- (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.

Approximate date assessment will be due: _____ **Amount per ownership interest per year:** _____

- (5) All major components are included in the Reserve Study and are included in its calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 ((old 1365.2.5)), the estimated amount required in the reserve fund at the end of the 2016 fiscal year is \$ 1,509,240 based in whole or in part on the last reserve study or update prepared by Reserve Analysis Consulting, LLC as of September, 2016. The projected reserve fund cash balance at the end of the current fiscal year is \$ 925,483 , resulting in reserves being 61.32% funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$ N/A.

Creekside of San Jose HOA

(7.a.) 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 each of the next five budget years is ***1 See Below**, and the projected reserve fund cash balance in each of those years, **taking into account only assessments already approved** and other known revenues, is ***2 See Below**, leaving the reserve at ***3 See Below** percent funding.

Budget Year	2017	2018	2019	2020	2021
*1 Estimated Amount Req'd in Fund to be 100%	\$1,415,649	\$1,584,727	\$1,670,594	\$1,855,194	\$1,737,533
*2 Reserve Balance (w/PREV. APPROVED DUES ONLY)	\$850,449	\$985,560	\$1,023,175	\$1,157,974	\$961,635
*3 Estimated Percent Funded	60.07%	62.19%	61.25%	62.42%	55.34%

(7.b.) If the Reserve Funding Plan approved by the Association is implemented, the projected reserve fund cash balance in each of those years will be ***4 See Below** leaving the reserve at ***5 See Below** percent funding.

Budget Year	2017	2018	2019	2020	2021
*1 Estimated Amount Req'd in Fund to be 100%	\$1,415,649	\$1,584,727	\$1,670,594	\$1,855,194	\$1,737,533
*4 Reserve Balance (IF FUND PLAN IMPLEMENTED)	\$858,819	\$1,011,191	\$1,075,505	\$1,247,019	\$1,098,019
*5 Estimated Percent Funded	60.67%	63.81%	64.38%	67.22%	63.19%

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 earned on reserve funds was 2 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3 percent 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 5550 ((old 1365.5)):

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 5570 subdivision (a) shall accompany each Annual Budget Report or summary thereof that is delivered pursuant to section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision 5570 (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.

Further Notes: Please read the Requirements & Methodology in Section 2.00 and the Narrative Statements in Section 4.00 of this Financial Summary for important details concerning this Reserve Study's development.

Exhibit "D"
(Insurance Summary)



O'Connor Insurance Agency
18809 Cox Ave #260, Saratoga, CA 95070
Phone 408.512.2195 Fax 408.516.9500
James@oconnorhoains.com
CA Lic# 0162634

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

CIVIL CODE 5300(b)(9) SUMMARY FORM

A:	PROPERTY: FARMERS INSURANCE: 07/21/2016 – 07/21/2017	
	BLANKET BUILDING:	\$46,953,900 (150% REPLACEMENT)
	UNIT OWNERS IMPROVEMENTS & BETTERMENTS:	INCLUDED
	EQUIPMENT BREAKDOWN:	INCLUDED
	BUILDING ORDINANCE:	INCLUDED
	DEDUCTIBLE:	\$10,000
B:	GENERAL LIABILITY: FARMERS INSURANCE: 07/21/2016 – 07/21/2017	
	PER OCCURRENCE:	\$1,000,000
	ANNUAL AGGREGATE:	\$2,000,000
	HIRED/NON-OWNED AUTO:	INCLUDED
	MANAGEMENT ADDITIONALLY INSURED:	YES
	DEDUCTIBLE:	\$0
C:	FIDELITY BOND: FARMERS INSURANCE: 07/21/2016 – 07/21/2017	
	EMPLOYEE DISHONESTY:	\$900,000
	MANAGEMENT ADDITIONALLY INSURED:	YES
	DEDUCTIBLE:	\$10,000
D:	DIRECTORS & OFFICERS: FARMERS INSURANCE: 07/21/2016 – 07/21/2017	
	ERRORS & OMISSIONS:	\$1,000,000
	DEDUCTIBLE:	\$1,000
F:	WORKERS COMPENSATION: FARMERS INSURANCE: 07/21/2016 – 07/21/2017	
	EMPLOYERS LIABILITY:	\$1,000,000
	DEDUCTIBLE:	\$0
E:	UMBRELLA: FARMERS INSURANCE: 07/21/2016 – 07/21/2017	
	PER OCCURRENCE:	\$10,000,000
	ANNUAL AGGREGATE:	\$10,000,000
G:	EARTHQUAKE & FLOOD: LLOYDS OF LONDON: 07/21/2016 – 07/21/2017	
	BLANKET BUILDING:	\$45,000,000
	DEDUCTIBLE:	20%

This summary of the association's policies of insurance provides only certain information, as required by subdivision (b) 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 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 member should consult with their individual insurance brokers or agents for appropriate additional coverage.

**CREEKSIDE OF SAN JOSE
HOMEOWNERS ASSOCIATION
Policy for Insurance Claims and Deductible Payment**

In the event of damages, which result in an insurance claim, payment of the insurance deductible will be the responsibility of the party who owns the damaged portion of the building, or the owner whose negligent or willful act caused the damage. Individual owners are responsible for acts of their guests, invitees and tenants. In the event of a loss affecting an individual unit, the owner of the unit is responsible for coordination of repairs.

In the event of damage caused by an earthquake, each individual owner shall be responsible for his/her pro-rata share (1/148) of the insurance deductible of the total building coverage. Any deductible amount in excess of that number shall be borne equally by all of the members, in the form of a special assessment.

Payment of all deductibles will be considered by the board on an individual basis, but the basic rule will be that all claims will be investigated to determine the cause of the damage and the responsible party will pay the deductible. It is strongly recommended that all owners carry homeowner's insurance providing liability and casualty coverage for their individual unit, including loss assessment and earthquake loss assessment coverage.

**Resolved by the Creekside of San Jose Homeowners Association
August 14, 2003**

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**Creekside of San Jose Homeowners Association
c/o Cornerstone Community Management
1800 Hamilton Avenue, Suite 210
San Jose, California 95125-5635**

1. Official Communications. Civil Code Section 5310(a)(1).

The name and address of the person designated to receive official communications to the Association, pursuant to Section 4035 is: Tanya Ruiz with Cornerstone Community Management, 1800 Hamilton Avenue, Suite 210, San Jose, California 95125-5635.

2. Specified Addresses. Civil Code Section 5310(a)(2).

Upon receipt of a written request by an owner identifying a secondary address for the purpose of assessment collection notices, the Association shall send additional copies of the following documents to that secondary address: (1) those included in the Annual Budget Report; (2) the documents to be delivered to an owner pertaining to delinquent assessments in Civil Code Section 5300 and following; and (3) the documents to be delivered to an owner pertaining to the foreclosure of a lien in Civil Code Section 5650 and following. The written request must be made by first-class mail, postage prepaid, registered or certified mail, or overnight delivery by an express mail service. The Association does not consent to service by email, facsimile or other electronic means, nor by personal service. The owner may change his/her secondary address at any time, provided that the Association is required to send notices to the indicated secondary address only from the time the Association receives the request.

3. Posting of General Notices. Civil Code Section 5310(a)(3).

The location, if any, designated for posting of a general notice, pursuant to paragraph (3) of subdivision (a) of Section 4045 is as follows: general notices are mailed to members via the United States Postal Service. No location designated for posting of general notice.

4. Receipt of General Notices. Civil Code Section 5310(a)(4).

The Association may give certain legal notices to the members through "general delivery" in the newsletter, in billing statements, by posting and in other ways. You have the right to request that such notices be sent to you by the Association by "individual delivery", which includes first-class mail, postage prepaid registered or certified mail, or overnight delivery by an express mail service. Such a request should be sent in writing by first-class mail, postage prepaid to Cornerstone Community Management at the address above.

5. Meeting Minutes. Civil Code Section 5310(a)(5).

Please be advised that members of the Association have a right to obtain copies of the minutes of meetings of the Board of Directors. Those minutes may be secured by contacting the Association's property management representatives, at the address indicated above, through a written request, and payment of the reasonable costs of copying. Minutes proposed for adoption that are marked to indicate draft status are also available to members under the same procedure, within thirty (30) days of the meeting. Minutes of executive session meetings of the Board of Directors are not available for distribution.

6. Notice of Assessment Collection Rights. Civil Code Section 5310(a)(6).

"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 Article 3 (commencing with Section 5700 of Chapter 8 of Part 5 of Division 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 5700 through 5720 of the Civil Code, inclusive)

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. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section

5650) of Chapter 8 of Part 5 or Division 4 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 5675 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 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 5655 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 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 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 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 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 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest 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 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 of the Civil Code)"

7. Statement of Policies and Practices in Enforcing Lien Rights.
Civil Code Section 5310(a)(7).

A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments is attached as Exhibit "A".

8. Association Discipline Policy. Civil Code Section 5310(a)(8).

A statement describing the association's discipline policy, if any, including any schedule of penalties for violations of the governing documents pursuant to Section 5850 is attached as Exhibit "B".

9. Dispute Resolution Procedures. Civil Code Section 5310(a)(9).

A summary of dispute resolution procedures, pursuant to Sections 5920 and 5965 is attached as Exhibit "C".

10. Requirements for Physical Changes to Property.
Civil Code Section 5310(a)(10).

A summary of the requirements and procedure for Association approval or disapproval of a physical change to property, pursuant to Section 4765, is attached as Exhibit "D".

11. Overnight Payment of Assessments. Civil Code Section 5310(a)(11).

The mailing address for overnight payment of assessments, pursuant to Section 5655 is: Cornerstone Community Management, 1800 Hamilton Avenue, Suite 210, San Jose, CA 95125-5635.

12. Other Disclosures. Civil Code Section 5310.

The Association is not a party to any litigation at this time.

13. Homeowner Pricing and Fee Schedule.

The fees and charges to members for certain documents and information are set forth on the Homeowner Pricing & Fee Schedule attached hereto as Exhibit "E"

14. Fair Housing Policy. Government Code Section 12956.1

It is the policy of the Association to not discriminate in the exercise of its powers or duties based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, medical condition, genetic information, national origin, source of income, ancestry, or any other factors which are illegal under California or federal law.

15. Right to Receive Annual Report. Corporations Code Section 8321.

Pursuant to Corporations Code Section 8321, you are hereby notified that you have the right to receive a copy of the annual report upon written request. The report is completed no later than one hundred twenty (120) days after the close of the corporation's fiscal year and contains detail concerning the balance sheet at the end of the fiscal year, the income statement and statement of changes and financial position for the fiscal year, a statement of the place where the names and addresses of the current members are located, Cornerstone Community Management, together with an accompanying report by the Associations independent accountant if the gross annual income exceeds Seventy-Five Thousand Dollars (\$75,000).

16. Security Issues.

Creekside of San Jose Homeowners Association may or may not provide for periodic security services for the common area. It is the responsibility of each member of the Association to protect their homes, families and tenants with appropriate safety measures such as locks and alarms. Suspicious activity should be reported immediately to the San Jose Police Department at 911. Crime prevention information is available on the Police Department's website: <http://www.sjpd.org/bfo/community/Crimeprev/>.

Creekside of San Jose Homeowners Association
Collection Policy
Exhibit A

1. Regular assessments are due, in advance, on the first (1st) day of each assessment period and delinquent if not received, in full, by the Association within fifteen (15) days after the due date thereof. Special and Special Individual Assessments are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received by the Association with fifteen (15) days after it is due. A late charge of ten dollars (\$10) shall be due on any such delinquent assessment.
2. At the option of the Association, interest shall be due on all such amounts, once due and unpaid for thirty (30) days, at the rate of ten (10%) per annum.
3. If any portion of any such assessment, late charge, interest or cost of collection remains unpaid sixty (60) days after the original due date thereof, a "Letter of Intent" to file a Notice of Delinquent Assessment ("Lien"), also known as a "Pre-lien Notice," will be prepared and sent to the record owner(s). Please be advised that the Association has the right to collect all reasonable cost of collection.
4. All such amounts, and all other assessments and related charges thereafter due to the Association until all such amounts are paid, must be paid in full and the Association shall not be required to accept any partial or installment payments from the date of the referral of an action to enforce the payment of delinquent amounts to the time that all such amounts are paid in full.
5. If all such amounts have not been received thirty (30) days after the Pre-lien Notice is mailed to the owner(s) of record, a Lien will be prepared and recorded as to the delinquent property and the owner(s) thereof, and all collection fees and costs incurred will be added to the total delinquent amount.
6. If all such amounts have not been received, in full, within thirty (30) days after the recordation of such Lien and the delinquent assessment exclusive of any accelerated assessments, late charges, attorney's fees, fees, interest and costs of collection is greater than Eighteen Hundred Dollars (\$1,800.00) and/or the delinquent assessment is more than Twelve (12) months delinquent, the Association may, without further advance notice, proceed to take any and all additional enforcement remedies as the Association, in its sole discretion, deems appropriate, including, without limitation, non-judicial foreclosure of such Lien, judicial foreclosure, or suit for money damages, all at the expense of the property owner(s). The Association has the right at all times to attempt to collect any delinquent regular or special assessment including accelerated assessments, late charges, attorney's fees, fees, interest and costs of collection by any manner provided by law (including a civil lawsuit) for judicial and nonjudicial foreclosure.

7. All payments received by the Association, regardless of the amount paid, will be directed to the oldest assessment balances first, until which time all assessment balances are paid, and then to late charges, interest and costs of collection unless otherwise specified by written agreement.
8. The Association shall charge a "returned check charge" equivalent to the charge incurred by the Association for all checks returned as "non-negotiable", "insufficient funds" or any other reason.
9. All above-referenced notices will be mailed to the record owner(s) according to law. In the absence of written notification by an owner to the Association, the address of the owner's separate interest may be treated by the Association as the owner's mailing address.
10. The Board of Directors of the Association may revise this policy, either generally or on a case-by-case basis, if it finds good cause to do so.
11. **The mailing address for overnight payment of assessments is:**
Creekside of San Jose HOA
c/o Cornerstone Community Management
1800 Hamilton Ave. #210
San Jose, CA 95125-5635

Exhibit "B"
(Association Discipline Policy)

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION
HEARING PROCEDURE AND FINES

1. Notice and Hearing Procedures. The following notice and hearing procedures will be used whenever the Board meets to consider an alleged violation, which could result in disciplinary action against a Member.

a. Notice of Hearing.

Notice of the hearing will be sent at least ten (10) days prior to the hearing and will be given either personally or by prepaid first-class mail to the most recent address shown in the Association's records. The notice shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a Member may be disciplined, and a statement that the Member has a right to attend and may address the Board at the meeting.

b. Opportunity to Be Heard.

Members have the right to send a letter, send a representative with written proof he/she is there on your behalf, or appear in person to present evidence as to why they should not be disciplined. Members also have the right to bring an attorney with them to advise them or to speak on their behalf. The hearing will be held in executive session unless the member requests otherwise.

c. Rescheduled Meetings.

Upon timely, written request and for worthy cause, an accused party may be granted a continuance to a new hearing date. In the event a person fails to appear for a hearing, the Board will review the evidence presented and make its decision accordingly.

d. Correction of Violation.

In the event the violation is corrected prior to the hearing date, the Board may, if appropriate, discontinue the proceedings.

e. Notice of Decision.

The Association has fifteen (15) days after the hearing to provide a written determination of the Board's decision from the hearing.

f. Conflicts of Interest.

If members of the Board have a conflict of interest (i.e., they filed the complaint, or the complaint was filed against them) such persons may not vote on the issue.

**CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION
HEARING PROCEDURE AND FINES**

2. Remedies for Enforcement.

To enforce the governing documents, the Board may impose one or more of the remedies described below, as it deems appropriate to be effective. The selection of one remedy does not preclude the Association's right to pursue others.

- a. Warning letters
- b. Monetary penalties
- c. Suspension of membership privileges
- d. Alternative dispute resolution (arbitration or mediation)
- e. Litigation

Failure to pay fines within thirty (30) days may result in legal action to collect the fines. If the Association is forced to retain an attorney to ensure compliance, collect fines, etc., the owner shall be liable for those attorney fees and all related expenses in addition to the fines.

3. Fine Schedule.

Violation of the association's governing documents may result in a warning letter, fine, suspension of privileges and/or continuing fines as the Board may determine to be appropriate to the situation and as provided for in the fine schedule below. In addition to fines, the Board may commence alternative dispute resolution or file a lawsuit seeking judicial relief. The imposition of penalties and suspension of privileges will be subject to notice and hearing procedures. Assessable violations include, but are not limited to:

- Violation of parking or pool rules
- Excessive noise
- Failure to conform to uniform appearance guidelines
- Loud, destructive, or aggressive pets
- Abuse or misuse of common areas
- Dumping of garbage or refuse outside of proper receptacles
- Violation of architectural alteration restrictions

1st Violation:	Warning or fine up to \$150.00 and/or \$25 per day until corrected
2nd Violation:	Same offense: Up to \$200.00 and/or \$50 per day until corrected
3rd Violation:	Same offense: Up to \$300.00 and/or \$75 per day until corrected
Additional Violations:	Same offense: Up to \$500.00 and/or \$100 per day until corrected
Vandalism, endangering others:	Fines up to \$500.00 per incident, depending on the violation.
Continuing violations:	Fines up to \$100.00 per day may accrue until the violation is cured.
Suspension of privileges:	In addition to or in lieu of fines, privileges may be suspended for up to one year.

The Association may pursue one or more remedies simultaneously. The selection of one remedy does not preclude the Association's right to pursue others.

Exhibit "C"
**ADDENDUM TO ASSESSMENT COLLECTION POLICY: OFFER FOR
INTERNAL DISPUTE RESOLUTION (IDR), MEET AND CONFER, AND ADR**

DISPUTE RESOLUTION, MEET AND CONFER PROCEDURE CC §5920

WHO MAY START: This procedure may be invoked by the Association or an Owner. Either party may make a written request to meet and confer to resolve a dispute. The Board shall designate a member of the Board to meet and confer.

WHO PARTICIPATES: When a written request for Dispute Resolution is received from an owner, the Association shall participate. If the Association makes a written request for an owner to participate, the owner may elect not to participate.

NON-PARTICIPATION BY THE OWNER: If the owner declines to participate, the Association may begin Alternative Dispute Resolution, pursuant to Civil Code § 5930.

IF THE OWNER PARTICIPATES, THEN THE MEET AND CONFER TAKES PLACE:

A. The Association will act on a request by the owner within 45 days of receipt of the written request to meet.

B. The meeting shall be established in good faith, take place promptly at a mutually convenient date, time and location. Each party shall explain their position and shall confer in good faith to resolve the dispute. If an attorney or other person will be present to assist the owner, the Association must be notified in writing 10 days prior to the established date. If notice is not given 10 days prior, the Association can request a continuance. Each party to pay for their own costs.

C. An agreement resolving the dispute by the parties shall be made in writing and dated and signed by the parties, including the Board designee on behalf of the Association.

D. A written decision shall be made by the designated Board Member and delivered or received by the owner within ten (10) days after the meet and confer.

E. If the owner participates, but the dispute is resolved other than by agreement of the owner, the owner shall have the right to appeal to the Association's Board of Directors.

APPEAL:

A. If the owner disputes the resolution, an appeal must be taken to the Board of Directors within thirty (30) days of the date of the decision by the designated Board member.

B. If there is an appeal, the Board must hear the Appeal at its next regularly scheduled meeting in executive session, then issue a written decision within ten (10) days.

NO CONFLICT:

A. The resolution must not be in conflict with the law or the governing documents.

B. The agreement must be consistent with the authority granted to the Board of Directors or the Board must ratify the agreement.

C. The written agreement, which is dated and signed by the parties, will bind both parties and be judicially enforceable.

NO FEE: No fee will be charged to the owner during this process.

EXCEPTIONS: Reasonable exceptions may be made to the time deadlines, in the discretion of the Board. Any exceptions will be made on a case-by-case basis.

TIME: The maximum time to act on a written request by the owner is forty-five (45) days. Initiation to completion of the dispute will take no more than one hundred eighty (180) days, unless extended by both parties.

ADR - ALTERNATIVE DISPUTE RESOLUTION CC §5925 - 5965 [SUMMARY] As of January 1, 2006

1. If an association, owner or member of an association seeks either:

A. Declaratory or Injunctive relief; or

B. Declaratory or injunctive relief and a claim for monetary damages not in excess of the jurisdictional limits of small claims court (as of January 1, 2012: \$10,000 for individuals or \$5,000 for homeowner association), other than for association assessments, concerning the enforcement of the governing documents; the parties shall submit their dispute to Alternative Dispute Resolution (ADR), such as mediation or arbitration. A Request for Resolution ("Request") begins the process and it shall include:

1) A description of the dispute;

2) A request for ADR

3) Notice that the party receiving the Request is required to respond within thirty (30) days or the Request will be deemed rejected.

C. This does not apply to small claims action.

D. Except as required by law, this does not apply to an assessment dispute.

2. A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

3. If the Request is accepted, ADR shall be completed within ninety (90) days from the date of acceptance, or it can be extended by a written stipulation signed by both parties.

"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 THE MEMBER'S RIGHT TO SUE THE ASSOCIATION OR ANOTHER MEMBER OF THE ASSOCIATION REGARDING ENFORCEMENT OF THE GOVERNING DOCUMENTS OR THE APPLICABLE LAW."

Unless otherwise stated by the Association, this document serves as the Association's OFFER FOR INTERNAL DISPUTE RESOLUTION (IDR), MEET AND CONFER, AND ADR and it serves as its procedure for the same.

Exhibit "D"

**CREEKSIDE HOMEOWNERS ASSOCIATION
PROCEDURE TO REVIEW ARCHITECTURAL ALTERATIONS**

Anyone who wishes to make an architectural change or modification must submit an architectural application and receive written approval from the Board of Directors prior to the start of the work. Examples of architectural changes include, but are not limited to new windows, front or garage doors, etc. Please find attached architectural application to request permission for your alteration.

**Creekside of San Jose Homeowners' Association
Architectural Review Policy
(Civil Code Section 1378)**

The Board of Directors of Creekside of San Jose Homeowners' Association has adopted the following policy pursuant to California Civil Code Section 1378 concerning the review of proposed changes in the condominium project.

1. Article VIII, Section 8.1 of the Declaration of Covenants, Condition and Restrictions for Creekside of San Jose recorded March 12, 1979, as amended by amendments recorded May 4, 1979 and March 16, 1990 ("CC&Rs"), provides:

Architectural Approval. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to, or change or alteration therein or thereof, including patio covers and antennas, be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of exterior design and location in relation to surrounding structure and topography by the Architectural Committee provided for in this Declaration. Approval shall be withheld if, in the reasonable opinion of the Committee, the proposed improvement or alteration is not in harmony with the external design and location in relation to surrounding structures and topography, or if the view of any Lot would be impeded thereby. Approval or denial shall be based, among other things, on adequacy of site dimensions; adequacy of structural design and materials; conformity and harmony of external design with neighboring structures; effect of location and use of improvements on neighboring property improvements; operations and uses; relation of topography, grade and finished ground elevation of the property being improved to that of neighboring property; proper spacing of main elevations with respect to nearby streets; preservation of natural view and aesthetic beauty; and conformity of plans and specifications to the purpose, general plan and intent of this Declaration. In the event said Committee, or its designated representatives fails to approve or disapprove such design and location within thirty (30) days after said plan and specifications has been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

2. Article VIII, Section 8.2 of the CC&Rs provides:

Landscaping Approval. Except for landscaping materials installed on a residential Lot in a location between the residential unit and the garage, no trees, bushes, shrubs or plantings of any type or nature shall be planted or implanted so as to be visible from the Common Area unless and until the plans and specifications for the species and placement of any such trees, bushes, shrubs or plants have been submitted to and approved in writing by the Architectural Committee provided for in Section VIII hereof, as to the preservation of the natural view and aesthetic beauty which each Lot and Member is intended to enjoy. Said plans as submitted shall show in detail the proposed

elevations and locations of said trees, bushes, shrubs or plants, including the location and elevation of the same, both in the size as planted and also the mature size, in relation of each immediately adjacent Lot subject to these restrictions. Approval of said plans by the Architectural Committee shall be withheld if, in the reasonable opinion of the Committee, the proposed planting is not or will not be in harmony with the design and location of Common Area landscaping within the Property or if the view of any Lot would be impeded by the location of any such tree, bush, shrub or plant, or in any other manner. In any event, the Architectural Committee shall have the right to require any member to remove, trim, top or prune any tree, or shrub, which in the reasonable belief of the Architectural Committee, impedes or detracts from the view of any Lot.

3. Article VIII, Section 8.5 of the CC&Rs provides in pertinent part:

General Provisions. No members shall undertake or authorize any work of improvement pursuant to Section 1 hereof except upon the prior receipt of said member of an appropriate Permit issued by the Building Department of the City of San Jose, except for such work(s) of improvement as to which said Building Department shall state in writing require no such permit.

4. This policy applies to all construction, modification, maintenance, alterations and improvements which are the subject of Sections 8.1 and 8.2 of the CC&Rs.

5. The Architectural Control Committee ("ACC") shall review plans requesting changes subject to Sections 8.1 and 8.2 within thirty (30) days after submittal, and, within that time, shall issue a written decision concerning the application. If more information is needed, the ACC shall request it and the applicant shall supply it.

6. A decision on a proposed change shall be made in good faith and may not be unreasonable, arbitrary, or capricious.

7. A decision on a proposed change may not violate any governing provision of law, including, but not limited to, the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code), or a building code or other applicable law governing land use or public safety.

8. A decision on a proposed change shall be in writing. If a proposed change is disapproved, the written decision shall include both an explanation of why the proposed change is disapproved and a description of the procedure for reconsideration of the decision by the Board of Directors.

9. If a proposed change is disapproved, the applicant is entitled to reconsideration by the Board of Directors at an open meeting of the board. This Paragraph does not require reconsideration of a decision that is made by the Board of Directors at a meeting that satisfies the requirements of Civil Code Section 1363.05.

Reconsideration by the Board does not constitute dispute resolution within the meaning of Civil Code Section 1363.820.

10. Nothing in this policy authorizes a physical change to the common area in a manner that is inconsistent with an Association's governing documents, unless the change is required by law.

11. The Association shall annually provide the members with notice of the requirements for Association approval of physical changes to property. The notice shall describe the types of changes that require Association approval, and shall include a copy of the procedure used to review and approve or disapprove a proposed change, including this policy.

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Architectural Application/Liability Agreement

Association Name: Creekside of San Jose HOA

From: _____
 Owners Name (please print)

Address of unit: _____

Home phone #: () _____ Work phone #: () _____

I, (we), the above named owner, request approval to make the following exterior addition, change, or alteration on my home at the address stated hereafter:

Description of addition, change, or alteration (including model, style, color, etc):

Who will perform work? (Include qualifications)

Plans and/or specifications, (drawings) showing nature, kind, shape, height, materials, must be submitted as part of this request.

I, (we), the above named owner will be responsible for damages that may arise as a result of the above stated addition, change, or alteration, and will be responsible for maintenance of same. I agree to obtain and produce copies of all necessary City permits to the Association. It is also agreed that any necessary insurance coverage for the protection of these additions will be the sole responsibility of the owner(s). Further, owner(s) agree that if and when this unit is sold, this agreement must be included as apart of the sale and agreed to by the new owner(s). This will apply to ALL subsequent owners, and will be disclosed to any potential buyers of the property.

It is recognized by me that the Association maintains the right of approval of the above stated addition, change, or alteration and may require its removal, should it become necessary for safety, maintenance of surrounding structures, or lack of proper maintenance by the above named owner.

The above named owner agrees to hold the Association, its Board of Directors, members, employees, and agents harmless from any liability, injury, damage, or costs that may be incurred as a result of the above stated addition, change, or alteration.

PERMITS - Please ATTACH any City Building Permits Required and list those being attached:

Applicant agrees and understands that submission of this form alone does not necessarily fulfill all requirements for approval. Committee and/or Board may require additional information in order to make a decision. Until all information has been received, the application stands disapproved.

Applicant, (Homeowner), understands that if modification to plans are required by the Committee, that special conditions may be placed on completion of work.

Applicant's understanding that failure to receive City of San Jose approval where necessary, and/or Committee approval, constitutes automatic authorization by the applicant to the Association to have the work brought into conformance with the approved plans, specifications, and special requirements at the complete expense of the applicant/homeowner.

PRINT NAME

SIGNATURE OF OWNER (APPLICANT)

DATE

PRINT NAME

SIGNATURE OF OWNER (APPLICANT)

DATE

Send or Fax to: Cornerstone Community Management, 1800 Hamilton Avenue, San Jose, CA 95125 Fax (408) 448-3084

For Association Use Only

Board of Directors /Architectural Review Committee: Approved Denied

Special conditions required for approval:

Date approved to proceed: _____

Building permit required: YES NO

Reason for Denial:

By: _____

Authorized Association Representative

Date

Homeowner Pricing & Fee Schedule Exhibit "E"

The following pricing schedule makes available to homeowners the costs that may be incurred when requesting additional information and documents and when selling and re-financing their property. All requests must be in writing and accompanied by full payment in advance.

UNIT SALE DOCUMENTS PACKAGE \$290.00*

Includes: Articles of Incorporation, By-Laws, CC&Rs, Rules & Regulations, if any, Operating Budget (current & previous year), & Reserve Analysis, most current fiscal year-end Financial Statement, & Architectural Disclosure, if any, minutes from the last twelve (12) months, newsletters from the last twelve (12) months, and our in-house one-page Certification form which includes Tenant/Owner ratio, Litigation Status, and Insurance Carrier information.

HOA Certification Statement**	\$100.00 first page, plus \$50.00 for each additional page, \$150.00 Max
Homeowner Demand Statement	\$60.00
Articles of Incorporation	\$20.00
By Laws	\$30.00
CC&Rs	\$70.00
Budget & Reserve Summary	\$10.00
Year-End Financial Statement	\$15.00
Meeting Minutes, current year	\$6.00 ea month
Meeting Minutes, previous year	\$6.00 ea month
Meeting Minutes, 2 yrs & older	\$11.00 ea month
Newsletters	\$6.00 ea
Rules & Regulations (if available)	\$15.00
Litigation Disclosure	\$60.00
Statement of Owner/Tenant ratio	\$25.00
Insurance Carrier Information***	\$10.00
Reserve Study	\$40.00
Transfer fee	\$250.00

*2-day Rush Request, additional charge of \$50.00
 Overnight Rush Request, additional charge of \$75.00
 Same Day Rush Service, additional \$100.00

**HOA Certification Overnight Rush Fee is double the standard fee

***Insurance information for the association is provided with the annual budget disclosure and at other times during the calendar year. Owners should keep this information handy and in a safe place for easy reference. Owners will be billed for any inquiry to the management company from any source (title company, re-finance, mortgage company, real estate agent/broker, property manager, etc.) for information pertaining to the association's insurance policy, carrier, or agent.

NATIONAL AMERICAN TITLE
1825 S. WINCHESTER BLVD.
CAMPBELL, CA
135667 (TRACT 6326)

E 337 PAGE 568 6308892

E 337 PAGE 568

RECORDED AT THE REQUEST OF NATIONAL AMERICAN TITLE MAR 12 1979 8:00AM GEORGE A. MANN, Recorder Santa Clara County, Official Records

ARTICLES OF INCORPORATION

OF

CREEKSIDE OF SAN JOSE HOMEOWNERS' ASSOCIATION

ARTICLE I

The name of the corporation is CREEKSIDE OF SAN JOSE HOMEOWNERS' ASSOCIATION.

ARTICLE II

This corporation (hereinafter called the "Association") is organized pursuant to the General Non-Profit Corporation Law of the State of California.

ARTICLE III

The principal office for the transaction of the business of the Association is located in Santa Clara County, State of California.

ARTICLE IV

PURPOSES AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gains or profits to the members thereof, and the specific and primary purposes for which it is formed are to provide for the maintenance, preservation and architectural control of the residence Lots and Common Areas within that certain property situated in the City of San Jose, County of Santa Clara, State of California, described as Lots 149, 150, 151, and 1 and 12, 6 through 15, inclusive, 40 through 45, inclusive, and 70 through 80, inclusive of Tract 6326 as per Map recorded in Book 426

of Maps, pages 7 through 10, inclusive, Official Records, Santa Clara County, California, and to promote the health, safety and welfare of the members and residents within the above-described property and any additional property as may hereafter be brought within the jurisdiction of this Association for these purposes pursuant to that certain Declaration of Covenants, Conditions and Restrictions (hereinafter called the "Declaration") applicable to the property and recorded or to be recorded in the Office of the County Recorder of Santa Clara County, California.

In furtherance of said purposes, this Association shall have the power to:

- (a) Perform all of the duties and obligations of the Association, as set forth in the Declaration.
- (b) Fix, levy, collect and enforce payment by any lawful means all charges or assessments, pursuant to and as limited or conditioned by the Declaration; to pay all expenses in connection therewith, and all office and other expenses reasonably incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association.
- (c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain,

convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real property or personal property in connection with the affairs of the Association.

- (d) Borrow money, and only with the assent (by vote or written consent) of two-thirds (2/3rds) of each class of members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.
- (e) Dedicate, sell or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by two-thirds (2/3rds) of each class of members agreeing to such dedication, sale or transfer.
- (f) Participate in mergers and consolidations with other non-profit corporations organized for the same general purposes or annex additional residential property and/or Common Area(s), provided that any merger, consolidation or such annexation shall have the assent or written consent of two-thirds (2/3rds) of each class of members, except for such annexations which are pursuant to the terms of the dedication.

- (g) Have and to exercise any and all powers, rights and privileges which a corporation organized under the General Non-Profit Corporation Laws of the State of California may by law now or hereafter by law have or exercise.

The foregoing statement of purposes shall be construed as a statement both of purposes and of powers, and purposes and powers in each clause shall in no way be limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly and liberally construed as independent purposes and powers, all for the benefit and protection of the health, safety and welfare of the residents, as aforesaid.

Notwithstanding any of the above purposes and powers, this Association shall not engage in activities that, in themselves, are not in furtherance of the purposes set forth in this Article III, and nothing contained in the foregoing statement of purposes and powers shall be construed to authorize this Association to carry on any activities for profit of its members.

ARTICLE V

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenant of record to assessment by the Association,

including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of Declarant (as defined in the Declaration). Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person owns an interest in the Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. Class B Members shall be Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the earliest occurring of either of the following events:

- (a) When the number of total votes outstanding

in the Class A Membership equals the total number of votes outstanding in the Class B Membership; or

(b) Two (2) years from the date of the issuance of the most recent Final Subdivision Public Report, issued by the Department of Real Estate of the State of California, for any Phase of the overall development; or

(c) On _____, 19__.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of five (5) Directors, who, except for the initial Directors, shall be members of the Association. The number of Directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of Directors, as initial Directors, until the selection of their successors, are:

<u>NAME</u>	<u>ADDRESS</u>
HIRO KAZU SAITO	929 Daffodil Way, San Jose, California
FUMAIKI OTANI	804 Hibiscus Lane, San Jose, California
KAREL WONG.	3909 Woodcreek Lane, San Jose, California
JEFFREY KENDALL	10484 Merriman Road, Cupertino, California
KEN IWAGAKI	3170 Williams Road, San Jose, California

ARTICLE VIII

DISSOLUTION

Upon dissolution of the Association, the assets of the Association shall be distributed to an appropriate public agency to be used for purposes substantially similar to those for which this Association was created. In the event that such distribution is refused acceptance, said assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization organized and operated for such similar purposes.

ARTICLE IX

DURATION

This corporation shall exist perpetually.

ARTICLE X

AMENDMENTS

Amendment of these Articles of Incorporation requires the vote or written consent of at least a bare majority of a quorum but not more than a bare majority of the voting power of the Declarant identified in Section 2.11 of the Declaration.

IN WITNESS WHEREOF, for the purposes of forming this corporation, under the laws of the State of California,

we, the undersigned, constituting the initial incorporators of this Association, have executed these Articles of Incorporation on March 7, 1979

Hirokazu Saito
HIRO KAZU SAITO

Fumaiki Otani
FUMAIKI OTANI

Karel Wong
KAREL WONG

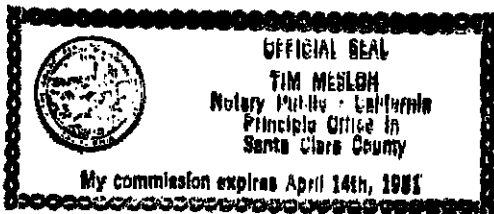
Jeffrey Kendall
JEFFREY KENDALL

Ken Iwagaki
KEN IWAGAKI

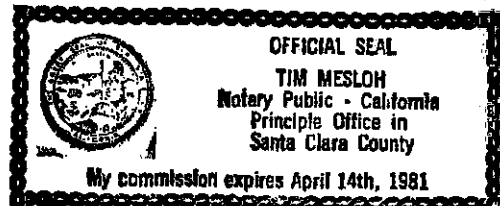
STATE OF CALIFORNIA)
) SS.
COUNTY OF SANTA CLARA)

On this 7th day of March, 1979, before me, a Notary Public in and for said State, personally Appeared Hirokazu, Fumaiki Otani, Karel Wong, Jeffrey Kendall, and Ken Iwagaki, known to me to be the Directors of the Association described in and that executed the written instrument and also known to me to be the persons who executed the written instrument on behalf of the Association therein named and acknowledged to me that such Association executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Tim Mesloh
Notary Public in and for said State



CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

YEARS ENDED DECEMBER 31, 2016 AND 2015

**LEVY, ERLANGER & COMPANY
Certified Public Accountants
San Francisco, California**

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

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YEARS ENDED DECEMBER 31, 2016 AND 2015**

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
Creekside of San Jose Homeowners Association
San Jose, California

We have reviewed the accompanying financial statements of **Creekside of San Jose Homeowners Association** (the Association) which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of revenues, expenses and changes in fund balances and cash flows, for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion on the Financial Statements

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have not audited, reviewed or compiled the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

Handwritten signature in cursive script that reads "Terry Erlanger Company".

January 24, 2017

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**BALANCE SHEETS
DECEMBER 31, 2016 AND 2015**

	<u>2016</u>			<u>2015</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 42,023	\$ 286,381	\$ 328,404	\$ 549,027
Investment in certificates of deposit (Note 2)		700,000	700,000	300,000
Assessments receivable less allowance for doubtful accounts of \$2,000 and \$2,000, respectively (Note 2)	7,314		7,314	3,774
Prepaid insurance	<u>52,744</u>		<u>52,744</u>	<u>52,824</u>
 Total assets	 <u>\$ 102,081</u>	 <u>\$ 986,381</u>	 <u>\$ 1,088,462</u>	 <u>\$ 905,625</u>
LIABILITIES				
Accounts payable	\$ 6,617	\$ -	\$ 6,617	\$ 986
Assessments paid in advance	7,486		7,486	6,146
Insurance payable	22,861		22,861	19,518
Income taxes payable		313	313	
Interfund reclassifications and transfers	9,488	(9,488)		
Major component replacement liability (Note 3)	<u>-</u>	<u>1,509,000</u>	<u>1,509,000</u>	<u>1,369,000</u>
 Total liabilities	 <u>46,452</u>	 <u>1,499,825</u>	 <u>1,546,277</u>	 <u>1,395,650</u>
 COMMITMENTS (NOTE 4)	 -	 -	 -	 -
 FUND BALANCE (DEFICIT)	 <u>55,629</u>	 <u>(513,444)</u>	 <u>(457,815)</u>	 <u>(490,025)</u>
 Total liabilities and fund balance	 <u>\$ 102,081</u>	 <u>\$ 986,381</u>	 <u>\$ 1,088,462</u>	 <u>\$ 905,625</u>

See independent accountant's review report and accompanying notes.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015
	Operations Fund	Replacement Fund	Total Funds	Total Funds
REVENUES				
Assessments	\$ 260,868	\$ 165,372	\$ 426,240	\$ 426,240
Interest income (Note 2)		3,441	3,441	1,591
Member interest income	352		352	432
Insurance claim settlements	204,988		204,988	
Late charges and other income	5,365		5,365	348
Total revenues	471,573	168,813	640,386	428,611
EXPENSES				
<u>Administration</u>				
Bad debt expense (recovery)	-	-	-	(3,747)
Income tax provision (Note 2)		313	313	
Insurance	95,586		95,586	95,605
Legal and accounting	1,945		1,945	1,920
Management	34,080		34,080	34,080
Office, printing and postage	11,300		11,300	10,006
Reserve study				825
	142,911	313	143,224	138,689
<u>Maintenance and operations</u>				
Gutters and downspouts	3,350	-	3,350	3,250
Insurance claim repairs	202,988		202,988	
Landscape maintenance	58,111		58,111	57,236
Maintenance contract	5,400		5,400	5,400
Pest control	3,926		3,926	3,060
Pool and spa maintenance	7,655		7,655	7,323
Other maintenance and operations	3,752		3,752	3,800
	285,182	-	285,182	80,069

See independent accountant's review report and accompanying notes.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
<u>Utilities</u>				
Gas and electricity	\$ 9,550	\$ -	\$ 9,550	\$ 9,323
Water and sewer	21,030		21,030	25,061
	<u>30,580</u>	<u>-</u>	<u>30,580</u>	<u>34,384</u>
<u>Major repairs and replacements</u>				
Major component replacement provision (Note 3)		149,190	149,190	146,958
		<u>149,190</u>	<u>149,190</u>	<u>146,958</u>
Total expenses	<u>458,673</u>	<u>149,503</u>	<u>608,176</u>	<u>400,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	12,900	19,310	32,210	28,511
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(2,989)	2,989	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR (NOTE 5)	<u>45,718</u>	<u>(535,743)</u>	<u>(490,025)</u>	<u>(518,536)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 55,629</u>	<u>\$ (513,444)</u>	<u>\$ (457,815)</u>	<u>\$ (490,025)</u>

See independent accountant's review report and accompanying notes.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>			<u>2015</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ 12,900	\$ 19,310	\$ 32,210	\$ 28,511
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Major component replacement provision	=	149,190	149,190	146,958
Major component replacement expenditures		(9,190)	(9,190)	(7,958)
Bad debt expense (recovery)				(3,747)
Decrease (increase) in assets:				
Assessments receivable	(3,540)		(3,540)	4,303
Prepaid insurance	80		80	626
Increase (decrease) in liabilities:				
Accounts payable	5,631		5,631	5
Insurance payable	3,343		3,343	(28,656)
Assessments paid in advance	1,340		1,340	464
Income taxes payable		313	313	
Due to (due from) other fund	9,488	(9,488)		
Total adjustments	16,342	130,825	147,167	111,995
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	29,242	150,135	179,377	140,506
INVESTING ACTIVITIES				
Net (purchase) sale of certificates of deposit	-	(400,000)	(400,000)	(50,000)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	(400,000)	(400,000)	(50,000)

See independent accountant's review report and accompanying notes.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>			<u>2015</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 29,242	\$ (249,865)	\$ (220,623)	\$ 90,506
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(2,989)	2,989	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>15,770</u>	<u>533,257</u>	<u>549,027</u>	<u>458,521</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 42,023</u>	<u>\$ 286,381</u>	<u>\$ 328,404</u>	<u>\$ 549,027</u>
<u>Supplemental Disclosures</u>				
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent accountant's review report and accompanying notes.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

1. THE ASSOCIATION

Creekside of San Jose Homeowners Association (the Association) is a common interest development located in San Jose, California which consists of 148 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in April 1979 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to annual assessments, usually payable in equal monthly installments, to provide funds for operating expenses and major repairs and replacements. In addition to regular annual assessments, special and/or emergency assessments may be imposed by the Association's Board Of Directors, under certain circumstances without member approval. Any excess assessments at year end are retained by the Association for use in the succeeding year. Revenues and expenses and information about future major repairs and replacements are explained in greater detail in the annually-distributed pro forma operating budget (pursuant to California Civil Code Section 5300).

Assessments receivable at the balance sheet date represents the aggregate amount of assessments due from unit owners. The Association's policy is to retain a collection service and/or legal counsel and place liens on the properties of owners whose assessments are delinquent. In certain instances, foreclosure may be necessary. The collection process is explained in greater detail in the annually distributed annual statement of collection procedure (pursuant to California Civil Code Section 5730). Because of these collection procedures, the Board believes that, subject to a reasonable allowance for doubtful accounts, if any, all assessments are collectible. The estimate of allowance for doubtful accounts, if any, is based, generally, on amounts past due greater than 90 to 120 days.

See independent accountant's review report.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2016 totaled approximately \$13,000.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent accountant's review report.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at graduated rates from 15% to 39% on net nonmember income; in the latter case it is taxed on net nonexempt function income (which is generally similar to net nonmember income) at a flat 30% rate. California income taxes approximate 9% of taxable income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board Of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

See independent accountant's review report.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

3. MAJOR COMPONENT REPLACEMENT LIABILITY

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board Of Directors provide for the repair and replacement of common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list, and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

In September 2016, Reserve Analysis and Consulting, L.L.C., a Sausalito, California-based construction consulting firm, performed a component study to estimate the useful and remaining lives and replacement costs of the Association's common property. The Board is funding future major repairs and replacements over the estimated remaining useful lives of the components based on the foregoing study and their judgment, considering amounts previously accumulated in the replacement fund. Accordingly, \$173,640 of reserve funding has been included in the 2017 budget.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or repair and replacement of common area major components until funds are available.

See independent accountant's review report.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

3. MAJOR COMPONENT REPLACEMENT LIABILITY (CONTINUED)

Activity in the major component replacement liability account during the years ended December 31, 2016 and 2015 is summarized as follows:

	<u>2016</u>	<u>2015</u>
Liability balance, beginning of year	\$ 1,369,000	\$ 1,230,000
Provision for annual wear	<u>149,190</u>	<u>146,958</u>
	<u>1,518,190</u>	<u>1,376,958</u>
Expenditures:		
Gutters	(2,810)	--
Irrigation		(1,510)
Lighting	(1,010)	(3,278)
Pool and spa	(1,237)	
Roof	(2,988)	
Trees		(3,170)
Other major repairs and replacements	<u>(1,145)</u>	
Total	<u>(9,190)</u>	<u>(7,958)</u>
Liability balance, end of year	<u>\$ 1,509,000</u>	<u>\$ 1,369,000</u>

4. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

See independent accountant's review report.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

5. PRIOR PERIOD ADJUSTMENT

The balance sheet at the beginning of the year ended December 31, 2016 has been restated to adjust fund balances for overstatement of insurance expense in prior year. Accordingly, the beginning fund balance has been restated as follows:

	Year Ended <u>12-31-15</u>
FUND BALANCE (DEFICIT) BEGINNING OF YEAR	
As previously reported	\$ (523,815)
Adjustment for overstatement of insurance expense	<u>5,279</u>
As restated	<u>\$ (518,536)</u>

6. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 24, 2017, the date that the financial statements were available to be issued.

See independent accountant's review report.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2016
(COMPILED WITHOUT AUDIT OR REVIEW)**

The following information on common area major components was compiled by Reserve Analysis and Consulting, L.L.C. of Sausalito, California as of September 2016 and has served as the basis for the current estimates of replacement reserve funding:

Code #	Component Description	2016 End Req'd in Bank	Year New	Useful Life	Remain (2017)	Current Cost	Annual Allocation
1.00	SIGNAGE						
1.01	Entry Sign Replacement	\$2,000	2006	25	14	\$5,000	\$100
1.02	Miscellaneous Sign Replacement Allowance (w/ asphalt)	\$750	2013	6	2	\$1,500	\$250
1.03	Pool Sign Replacement	\$0	2002	15	0	\$0	\$0
	Category Sub-Total	\$2,750				\$6,500	\$350
2.00	ASPHALT - PRIVATE STREETS & PARKING						
2.01	Asphalt Sealing	\$11,204	2013	6	2	\$22,409	\$3,735
2.02	Striping	\$350	2013	6	2	\$1,100	\$183
2.03	Asphalt Repairs - Repair/Overlay w/Sealing Project	\$30,000	2013	6	2	\$60,000	\$10,000
2.04	Asphalt Major Repairs & Replacement - 1/3 of Property	\$62,812	1979	55	17	\$93,369	\$1,698
2.05	Asphalt Major Repairs & Replacement - 1/3 of Property	\$87,578	1979	60	22	\$93,369	\$1,536
2.06	Asphalt Major Repairs & Replacement - 1/3 of Property	\$53,149	1979	65	27	\$93,369	\$1,432
	Category Sub-Total	\$215,093				\$360,816	\$6,584
3.00	ASPHALT - MAIN STREETS - SHARED RESPONSIBILITY						
3.01	Seal - Weeping Creek (swan creek to squirrel creek) - 50%	\$1,176	2013	6	2	\$2,352	\$392
3.02	Seal - Squirrel creek Lane - 50% - Shared Cost	\$900	2013	6	2	\$1,800	\$300
3.03	Seal - Weeping Creek (squirrel creek to marsh manor) 100%	\$810	2013	6	2	\$1,619	\$270
3.04	Major Repairs/Replace-Weeping Creek (swan to squirrel)	\$29,000	1979	60	22	\$47,840	\$784
3.05	Major Repairs/Replace - Squirrel creek Lane	\$23,396	1979	60	22	\$36,318	\$605
3.06	Major Repairs/Replace - Weeping Creek (Squire to marsh)	\$13,024	1979	60	22	\$21,120	\$352
	Category Sub-Total	\$71,326				\$110,259	\$1,923
4.00	CONCRETE						
4.01	Sidewalk Entry/Driveways - Ongoing Repair/Replacement	\$5,000	2014	3	0	\$7,500	\$2,500
4.02	Entries/Drives - Major Replacement Allowance	\$16,650	2007	20	10	\$37,000	\$1,850
4.03	Pool Decking @ Squire Creek	\$12,071	2002	40	25	\$34,488	\$862
4.04	Pool Decking @ Hollow Creek	\$18,720	2001	40	24	\$49,920	\$1,248
	Category Sub-Total	\$52,441				\$128,908	\$3,460
5.00	RETAINING WALLS						
5.01	Wood - SW - Squirrel creek Circle - 2'	\$11,592	2001	25	9	\$19,110	\$773
5.02	Wood - SW - Squirrel creek Circle - 1'	\$4,944	2001	25	9	\$8,240	\$330
	Category Sub-Total	\$16,536				\$27,350	\$1,103
6.00	FENCING						
6.01	Wood - G.N. - Southern Property Line	\$18,186	2001	25	9	\$30,310	\$1,212
6.02	Cyclone - G.N. West Property Line - Squirrel creek Circle	\$5,696	2001	25	9	\$11,160	\$446
6.03	Iron @ Property Line	\$506	2001	40	24	\$1,320	\$34
6.04	Wood Building End Fences Repair Allowance	\$1,500	2016	1	0	\$1,500	\$1,500
6.05	Iron @ Pool @ Squire Creek	\$8,575	2002	30	15	\$18,375	\$613
6.06	Iron @ Pool @ Hollow Creek	\$12,150	2001	30	14	\$24,300	\$819
	Category Sub-Total	\$47,613				\$95,965	\$3,125
7.00	IRRIGATION & LANDSCAPING & PLUMBING						
7.01	Irrigation Equipment Replacement Allowance	\$2,500	2015	2	0	\$5,000	\$2,500
7.02	Landscape Enhancement - Phase 1	\$3,000	2014	10	7	\$15,000	\$1,500
7.03	Landscape Enhancement - Phase 2	\$13,500	2017	10	10	\$15,000	\$1,500
7.04	Landscape Enhancement - Phase 3	\$12,000	2018	10	1	\$15,000	\$1,500
7.05	Tree Removal/Replacement Allowance	\$10,000	2016	1	0	\$10,000	\$10,000
7.06	Squire Creek Sewer Repair	\$2,567	2008	30	21	\$10,000	\$333
7.07	Plumbing Investigation & Repair	\$2,500	2015	2	0	\$5,000	\$2,500
	Category Sub-Total	\$47,567				\$75,000	\$7,833
8.00	ELECTRICAL						
8.01	Light Poles - Parking Lot	\$6,000	2006	50	39	\$35,000	\$660
8.02	Light Pole Fixtures - Parking Lot	\$3,000	2006	25	14	\$7,500	\$300
8.03	Light Poles - 8' - Walkway	\$48,868	1979	53	15	\$70,000	\$1,321
8.04	Light Pole Fixtures - "Candy Cane" - Walkway	\$16,200	2007	25	15	\$45,000	\$1,800
8.05	Pool Area Lighting Upgrade	\$600	2013	20	16	\$4,000	\$200
8.06	Entry Sign Lights	\$200	2006	20	9	\$400	\$20
8.07	Garage Light Replacement	\$12,950	1995	30	8	\$18,500	\$617
8.08	Area Lighting Upgrade Allowance	\$2,500	2006	10	-1	\$2,500	\$250
	Category Sub-Total	\$92,918				\$119,900	\$3,177

See independent accountant's review report and accompanying notes.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2016
(COMPILED WITHOUT AUDIT OR REVIEW)**

Code #	Component Description	2016 End Req'd in Bank	Year New	Useful Life	Remag. (2017)	Current Cost	Annual Allocation
9.00	SWIMMING POOL - SQUIRE CREEK						
9.01	Replastering	\$7,988	2082	15	0	\$8,550	\$570
9.02	Coping	\$1,458	2082	30	15	\$3,125	\$104
9.03	Tile	\$1,458	2082	30	15	\$3,125	\$104
9.04	Seal Coping/Walk Joint	\$900	2087	18	0	\$1,000	\$100
9.05	Pool Rails	\$560	2002	30	15	\$1,200	\$40
9.06	Pool Lights	\$280	2002	20	5	\$400	\$20
9.07	Pool Equipment Replacement Allowance	\$1,500	2013	3	-1	\$1,500	\$500
9.08	Pool Furniture - Operating Expense	\$0	2088	0	0	\$0	\$0
	Category Sub-Total	\$18,134				\$18,134	\$1,438
10.00	SWIMMING POOL - HOLLOW CREEK						
10.01	Replastering	\$8,550	2001	15	-1	\$8,550	\$570
10.02	Coping	\$1,563	2001	30	14	\$3,125	\$104
10.03	Tile	\$1,563	2001	30	14	\$3,125	\$104
10.04	Seal Coping/Walk Joint	\$900	2007	18	0	\$1,000	\$100
10.05	Pool Rails	\$600	2001	30	14	\$1,200	\$40
10.06	Pool Lights	\$100	2001	30	14	\$400	\$13
10.07	Pool Equipment Replacement Allowance	\$1,000	2014	3	0	\$1,500	\$500
10.08	Pool Furniture - Operating Expense	\$0	2007	0	0	\$0	\$0
	Category Sub-Total	\$18,113				\$18,113	\$1,438
11.00	EQUIPMENT HOUSE @ SQUIRE CREEK						
11.01	Composition Shingle Roofing	\$348	1999	30	12	\$616	\$21
11.02	Entry Doors	\$463	1979	40	2	\$500	\$15
11.03	Area Trellis	\$2,937	2005	30	18	\$8,010	\$267
11.04	Area Trellis	\$3,778	1990	30	3	\$4,350	\$145
11.05	Building Repair	\$0	2016	5	4	\$1,000	\$200
11.06	Building Rebuild	\$3,709	1979	50	12	\$5,000	\$100
	Category Sub-Total	\$11,235				\$19,876	\$745
12.00	EQUIPMENT HOUSE @ HOLLOW CREEK						
12.01	Composition Shingle Roofing	\$886	1999	30	12	\$893	\$30
12.02	Entry Doors	\$463	1979	40	2	\$500	\$13
12.03	Area Trellis Repair/Replace Allowance	\$9,075	2005	20	8	\$16,500	\$825
12.04	Area Metal Benches	\$1,492	2010	20	13	\$4,974	\$249
12.05	Building Repair	\$0	2016	5	4	\$1,000	\$200
12.06	Building Rebuild	\$3,700	1979	50	12	\$5,000	\$100
	Category Sub-Total	\$15,056				\$28,867	\$1,416
13.00	STORAGE HOUSE @ HOLLOW CREEK						
13.01	Composition Shingle Roofing	\$328	2005	30	18	\$893	\$30
13.02	Entry Doors	\$218	2005	30	18	\$650	\$22
13.03	Building Repair	\$250	2011	10	4	\$500	\$50
13.04	Building Rebuild	\$877	2005	60	48	\$5,000	\$83
	Category Sub-Total	\$1,673				\$7,093	\$185
14.00	DETACHED GARAGES						
14.01	Composition Roof	\$167,666	1999	30	12	\$295,882	\$9,863
14.02	Gutters	\$26,837	1999	30	12	\$47,360	\$1,579
14.03	Downspouts	\$3,367	1999	30	12	\$9,472	\$316
14.04	Metal Utility Door	\$384	2004	25	22	\$888	\$25
	Category Sub-Total	\$198,254				\$453,602	\$17,823
15.00	RESIDENTIAL BUILDING EXTERIOR						
15.01	Roof, Gutter and Downspout Repair Allowance	\$7,500	2016	1	0	\$7,500	\$7,500
15.02	Composition Roof	\$379,401	1999	30	12	\$493,660	\$16,438
15.03	Chimney Caps	\$52,540	1979	50	12	\$71,000	\$1,420
15.04	Spark Arrestors	\$52,540	1979	50	12	\$71,000	\$1,420
15.05	Gutters	\$37,778	1999	30	12	\$49,016	\$1,634
15.06	Downspouts	\$38,714	1999	30	12	\$50,672	\$1,689
	Category Sub-Total	\$749,473				\$746,248	\$30,058
16.00	SITE PAINT						
16.01	Paint All Buildings (Based on actual 2011 cost)	\$92,206	2011	10	4	\$184,411	\$18,441
16.02	Paint - Wood and Metal Touch-up - MH-Life	\$149,080	2006	10	-1	\$149,000	\$14,900

See independent accountant's review report and accompanying notes.

CREEKSIDE OF SAN JOSE HOMEOWNERS ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2016
(COMPILED WITHOUT AUDIT OR REVIEW)**

Code #	Component Description	2016 End Req'd in Bank	Year New	Useful Life	Rating (2017)	Current Cost	Annual Allocation
16.03	Paint Sound Wall - Interior	\$9,652	2009	16	-1	\$9,652	\$541
Category Sub-Total:		\$9,652				\$9,652	\$541
17.00	SIDING & TRIM REPLACEMENT	\$10,000	2011	10	4	\$20,000	\$2,000
17.01	Stucco Repair/Replace w/Paint Cycle	\$0	2016	5	4	\$75,000	\$15,000
17.02	Wood Repair/Replacement w/Paint Cycle	\$5,000	2016	1	0	\$5,000	\$5,000
17.03	Siding and Trim Repairs As needed	\$5,000				\$100,000	\$52,000
Category Sub-Total:		\$15,000				\$180,000	\$74,000
Total Value of Components:						\$2,610,842	
Annual Straight-Line Allocation:							\$161,921
		2016 End					
Total Dollars Necessary to be 100% Funded:		\$1,509,240					

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **before-tax interest rate** of **2%** on replacement fund cash balances and an annual **inflation rate** of **3%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2016 totaled **\$986,381**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$1,509,000**. The portion of **2017 regular assessments** budgeted to be allocated to the replacement fund totals **\$173,640**.

See independent accountant's review report and accompanying notes.

FILED FOR RECORD AT REQUEST OF

ATTORNEY

MAR 16 1 52 PM '90

OFFICIAL RECORDS
SANTA CLARA COUNTY
LAURIE KANE
RECORDER

Recording Requested By and
When Recorded Return To:

Creekside of San Jose
Homeowners Association
c/o Property Management Network
PO BOX 5552
San Jose, CA 95150

REC FEE	5
RMF	3
RECORD	1
LIEN	
GRANT	
7	PAGE

First Amendment to Bylaws of Creekside
of San Jose Homeowners Association

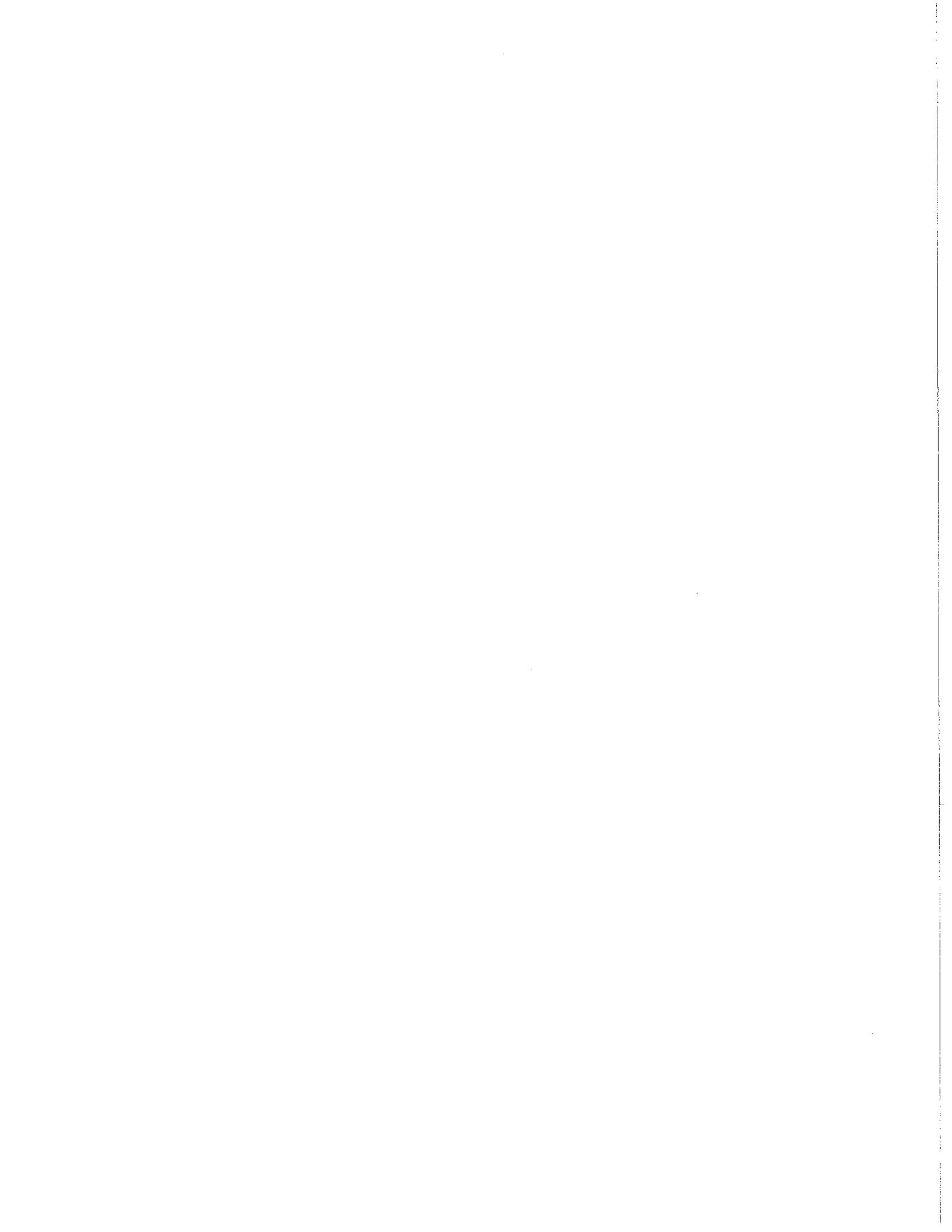
Whereas said First Amendment to Bylaws is to affect the certain real property situated in the City of San Jose, County of Santa Clara, State of California, known as Lots 150, 151 and Lots 70 through 87, inclusive, of Tract 6326, as per Map recorded on September 11, 1978 in Book 426 of Maps, Pages 7 through 10, inclusive, Santa Clara County Records and the certain real property situated in the City of San Jose, County of Santa Clara, State of California, known as Lot 149 and Lots 1 and 2, 6 through 15, inclusive, and 40 through 45, inclusive, of Tract 6326, as per Map recorded on September 11, 1978 in Book 426 of Maps, Pages 7 through 10, inclusive, Santa Clara County Records.

Whereas it is the desire of the members of Creekside of San Jose Homeowners Association to amend its Bylaws to allow for a lesser quorum to conduct a meeting of the general membership, it is proposed that a quorum required to conduct a meeting be lowered from 50% of the membership to 25% of the membership.

Now, therefore, Article IV, Section 6 of the Bylaws of Creekside of San Jose Homeowners Association previously recorded on March 12, 1979 in Book E337, Pages 576, et seq., Series No. 6308893 of the Official Records of Santa Clara County Records is herewith amended to provide in its entirety as follows:

Section 6. Quorum:

Attendance in person or by proxy of twenty-five percent (25%) of the general membership shall constitute a quorum. In the absense of a quorum at a members meeting, a majority of those present, in person, or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for a lack of quorum



shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. A quorum for such an adjourned meeting shall be 25% of the general membership. In the event that a meeting is not set at the original meeting, notice of time and place for the adjourned meeting shall be given to the members in the manner prescribed for a regular meeting.

In Witness Whereof, this First Amendment to Bylaws is executed this 4th day of February, ~~1989~~. 1990. *MP* *JK, L*

Creekside of San Jose Homeowners Association

By *Rose J. Johnson*
President

By *Mark P. [Signature]*
Secretary

Officers' Certification of the First Amendment
To Bylaws of the Creekside of San Jose
Homeowners Association

We, the undersigned, say:

That we are the duly elected and acting President and Secretary, respectively, of Creekside of San Jose Homeowners Association, a California non-profit mutual benefit corporation; that the First Amendment to Bylaws to which this Certification is attached which amends the certain Bylaws recorded March 12, 1979 in Book E337, Pages 576, et seq., Series No. 6308893 of the Official Records of Santa Clara County, California affecting that certain property commonly known as Tract No. 6326, recorded on September 11, 1978 in Book 426 of Maps, at Pages 7 through 10, inclusive, has been duly approved pursuant to Article VIII, Section 1 which provides that the Bylaws may be amended by the affirmative vote or written consent of at least a bare majority of a quorum but not more than a bare majority of the voting power of the Association other than the vote of declarant.

We declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Dated: February 4, 1990

Rose J. Johnson
President

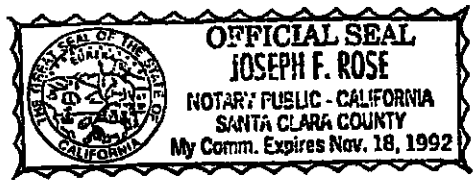
In Witness whereof, I have hereunto subscribed my name and seal of said Association on February 4th, ~~1989~~ 1990. *njj*

Mark Pasby
Secretary

[seal]

State of California)
) ss
County of Santa Clara)

On February 4, ¹⁹⁹⁰~~1989~~, before me, the undersigned, a Notary Public ~~in~~ and for said State, personally appeared ROSE J. JOHNSON and MARK M. PASBY, known to me to be the President and Secretary of the corporation that executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its Bylaws or a resolution of its Board of Directors.

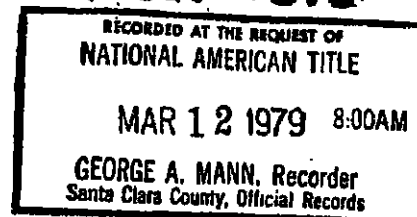


Joseph F. Rose
Notary Public, State of California

NATIONAL AMERICAN TITLE
125 S. WINCHESTER BLVD.
SANTA CLARA COUNTY, CA
95067 (TRACT 6326)

E 337-576

6308893
E 337-576



BY-LAWS OF

CREEKSIDE OF SAN JOSE HOMEOWNERS' ASSOCIATION

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BY-LAWS

OF

CREEKSIDE OF SAN JOSE HOMEOWNERS' ASSOCIATION

ARTICLE I

DEFINITIONS

The terms defined in this Article I shall, when used in these By-Laws, have the meanings herein specified.

1. "Association" means CREEKSIDE OF SAN JOSE HOMEOWNERS' ASSOCIATION, its successors and assigns.

2. "Common Area" and "Common Facilities" shall mean all real property owned, leased and controlled or occupied by the Association for the common use and enjoyment of the members of the Association.

3. "Community Services" shall include any and all of the purposes, duties, obligations, or acts of or to be performed or authorized by the Association, as set forth in the Articles of Incorporation of the Association, these By-Laws or the Declaration, or as the same may be amended hereafter, including, but not limited to, the landscaping and maintenance of the Common Area and the maintenance of the exterior of all residential dwellings (including exterior painting, exterior walls and roofs of such dwellings as originally constructed), driveways, sidewalks, and off-street parking areas within the service area.

4. "Conveyance" shall mean and refer to conveyance

of a fee simple title.

5. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions, as amended from time to time, applicable to the Properties, recorded or to be recorded against the Properties in the Office of the County Recorder, County of Santa Clara, State of California.

6. "Declarant" shall collectively mean and refer to FOREMOST DEVELOPMENT ASSOCIATES, INC., a California corporation, and DAIWA HOUSE CORPORATION OF AMERICA, INC., a California corporation, and their respective successors and assigns.

7. "Deed of Trust" shall mean the conveyance of any Lot or other portion of the Property to secure the performance of an obligation.

8. "Lot" shall mean and refer to a recorded Lot within the Properties, and each additional Lot annexed pursuant to the Declaration, upon which there has been or will be constructed a single-family residence, but shall not mean or include any Common Area Lot.

9. "Member" shall mean and refer to every person or entity who holds membership in the Association.

10. "Owner" shall mean and refer to one or more persons or entities who are the record Owner of a fee simple title to any Lot which is a part of the Properties, including contract

sellers, but excluding those having such interest merely as security for the performance of an obligation.

11. "Properties" shall mean and refer to all of the real property described in Article I of the Declaration, which is, by this reference, incorporated herein and made a part hereof, and any other additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

OFFICE

Section 1. Principal Office: The principal office for the transaction of the business of the Association is hereby fixed and located in the County of Santa Clara, State of California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within said Santa Clara County.

ARTICLE III

MEMBERS

Section 1. Membership: Every person or entity (including Declarant), who is a record Owner or a fee or undivided fee interest in any Lot which is subject to covenants of record to assessment by the Association, shall be a member of the Association. Every member of this Association shall be subject to the provisions of the Articles of Incorporation and these By-Laws. The foregoing is not intended to

include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from the fee ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

Section 2. Transfer: The membership held by any Owner of Lot shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser or deed of trust holder of such Lot. Any attempt to make a prohibited transfer shall be void, and will not be reflected upon the books and records of the Association. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of such Lot, the Association shall have the right to record the transfer upon the books of the Association.

Section 3. Termination of Membership: Membership in the Association shall automatically terminate when, if such member is the fee Owner of the Lot, such member sells and transfers the Lot.

Section 4. Voting Rights: The classes of membership in the Association, the voting rights of members of each membership class, rules regarding use of proxies, the method

of resolving joint owner disputes, and the voting procedures shall be as set forth in Article IV of the Declaration.

Section 5. Membership Certificates: In its discretion, the Board of Directors of the Association may, but need not, issue appropriate membership certificates evidencing membership in the Association.

Section 6. Plural Memberships: A member may own more than one membership in this Association by complying with the qualifications of membership as set forth in Section 1 of this Article.

Section 7. Dues and Assessments: The members of the Association shall be jointly, severally and personally liable for the payment of such dues and assessments as may from time to time be fixed and levied by the Board of Directors pursuant to Article VI of the Declaration. Said assessments shall be assessed uniformly among all members. If such dues and assessments are not paid by the member when they are due, they shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Board of Directors may require the delinquent member to pay a late charge in accordance with Section 7.1 of the Declaration.

Section 8. Enforcement of Payment of Dues and Assessments: Should any member fail to pay his dues and assessments before delinquency, the Association, in the

discretion of the Board of Directors, shall have the right to enforce payment of such delinquent dues and assessments by (a) filing and maintaining legal action against such delinquent member, or (b) recording in the Office of the Recorder of Santa Clara County a claim of lien for such delinquent dues and assessments against the estate and improvements thereon owned by the delinquent member and by foreclosing such lien in accordance with the laws of the State of California then in effect governing the foreclosure of mortgages on real property. There shall be added to any claim hereunder the amount of such delinquent dues and assessments, the late charge, the costs of preparing and filing the complaint, and, in the event a judgment is obtained, such judgment shall include said interest and a reasonable attorney's fee, together with the costs of the action.

Section 9. Curing of Delinquency: Upon the timely curing of any delinquency for which a notice of claim of lien or any such action has been filed by the Association pursuant to Section 8, the officers of the Association shall file or record an appropriate release of such notice or dismissal of such action, as the case may be, upon the payment by the delinquent member of a fee, to be determined by the Board of Directors, to cover the costs of preparing or filing and recording such release, together with the payment of such other costs, interests or fees as shall have accrued

in connection with the delinquency.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Place of Meeting: All meetings of members shall be held at the principal office of the Association, or at a meeting place reasonably close thereto, but in any event within the County of Santa Clara, as such place may be fixed from time to time by the Board of Directors.

Section 2. Annual Meetings: The first annual meeting of the members shall be held in Santa Clara County, within thirty (30) days after fifty-one (51%) percent of the Lots have been sold, or not later than six months after the sale of the first Lot, whichever occurs first, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 8:00 o'clock p.m. in Santa Clara County, provided, however, that the Board by resolution may fix a date for the meeting no more than thirty (30) days before or after said date. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3. Special Meetings: A special meeting of the members shall be promptly called by the Board of Directors upon either:

- (a) The vote for such meeting by a majority of a quorum of the Board of Directors; or
- (b) Receipt by the Board of Directors of a written request therefor signed by members representing not less than twenty-five (25%) percent of the total voting power of the Association, or by members representing not less than fifteen (15%) percent of the voting power residing in members other than the Declarant.

Section 4. Notices of Meetings: Written notice of meetings, annual or special, shall be given to each member entitled to vote, either personally or by sending a copy of the notice through the mail, postage prepaid, to his address appearing on the books of the Association, or supplied by him to the Association for the purpose of notice. All such notices shall be sent to each member entitled thereto not less than thirty (30) days nor more than sixty (60) days before each meeting, and shall specify the place, the day and the hour of such meeting, and in case of special meetings, the general nature of the business to be transacted.

When any meeting of members, either annual or special, is adjourned for thirty (30) days or more, notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall

not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than by announcement thereof at the meeting at which such adjournment is taken.

Section 5. Consent of Absentees: The transaction of any business at any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 6. Quorum: The presence either in person or by proxy, at the meeting of members entitled to cast fifty percent (50%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If any meeting cannot be held because a quorum is not present, the members present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called. Except where a greater portion of the

voting power is required by the Articles of Incorporation, the Declaration or these By-Laws a majority of the voting power of each class of votes present, in person or by proxy, shall prevail at all meetings.

Section 7. Proxies: Every member entitled to vote or execute consents shall have the right to do so either in person, or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of the eleven (11) months from the date of its execution.

Section 8. Cumulative Voting: Every member (both Class A and Class B members) entitled to vote at any election for directors shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

ARTICLE V

DIRECTORS

Section 1. Powers: Subject to limitations of the Articles of Incorporation, the Declaration, or these

By-Laws and of the California Corporations Code as to action to be authorized or approved by the members, and subject to the duties of the directors as prescribed by these By-Laws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, the directors are vested with and shall have the following powers, to wit:

- (a) To retain, appoint and remove all officers, to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and/or these By-Laws, to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.
- (b) To conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefor consistent with the law, with the Articles of Incorporation, the Declaration and/or these By-Laws, as the Board may deem necessary or advisable.
- (c) To adopt and use a corporate seal, and to prescribe the form of certificate of memberships to such persons as shall be eligible for membership,

as provided in Article III of these By-Laws.

- (d) As more fully set forth in the Declaration, to fix and levy from time to time regular dues and assessments upon the members of the Association; to fix and levy from time to time in any calendar year special assessments applicable to that year only for capital improvements with the vote or written assent of a majority of the voting power of the Association residing in members other than Declarant; to determine and fix the due date for the payment of such dues and assessments, and the date upon which the same shall become delinquent; provided, however, that such dues and assessments shall be fixed and levied only to provide for the payment of the expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its members,

including the obligations regarding repair and maintenance of the landscaping and/or exterior surfaces of the residence structures, and the Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its members; HOWEVER, the Association shall not incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Such assessments shall be fixed at a uniform rate for all Lots, should any member fail to pay such dues and assessments before delinquency, the Board of Directors in its discretion is authorized to enforce the payment of such delinquent dues and assessments as provided in Article III, Section 8, of these By-Laws.

- (c) To enforce the provisions of the Declaration applicable to the Properties, these By-Laws, the Rules and Regulations of the Association, as the same may be adopted or amended by the Board of Directors, or other agreements of the Association.

- (f) To contract for and pay fire and extended coverage, casualty, liability and other insurance insuring the unit Owners, including bonding of the members of any management body, if deemed advisable by the Board.
- (g) To contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area and the performance of the community services, to employ personnel necessary for the operation of the project, including legal and accounting services, and to contract for and pay for improvements and community facilities.
- (h) To delegate its powers according to law, and subject to the approval of the members, to adopt these By-Laws.
- (i) To grant easements where necessary for utilities and sewer facilities over the Common Area to serve the Common Areas and the lots.
- (j) To fix, determine and name from time to time, if necessary or advisable, the fund, foundation or corporation which is then or there organized or operated for charitable purposes to which the assets of this Association shall be distributed upon liquidation or dissolution according

to the Articles of Incorporation of this corporation. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

Section 2. Number and Qualification of Directors:

The Board of Directors shall consist of the number of directors named in the Articles of Incorporation until changed by amendment of the Articles, or by an amendment to this Section fixing or changing such number. Except for the initial Directors, only a person who is a member of the Association may serve as a Director.

Section 3. Election and Term of Office: Until the holding of the organizational meeting of the members referred to in Section 2, Article IV, of these By-Laws, the Board of Directors shall consist of those Directors who constituted the incorporators of this Association. The Directors shall be elected at each annual meeting of members and shall serve for the terms specified below, but if any such annual meeting is not held, or if the Directors are not elected thereat, the Directors may be elected at any special meeting of members held for that purpose. All Directors shall hold office until their respective successors are elected.

At the first annual meeting two (2) Directors shall be elected to serve for one (1) year or until the next annual meeting, and three (3) Directors shall be elected to serve for two (2) years. At each annual meeting after the first, the Directors to be elected shall be elected to serve for two (2) years. It is intended hereby to stagger the terms of Directors so that the Association is assured of continuity of leadership.

Section 4. Vacancies: Vacancies on the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, and each Director so elected shall hold office until his or her successor is elected at an annual meeting of members, or at a special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Director. If the members shall increase the authorized number of Directors but shall fail to elect the additional Directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the members fail to at any time elect the full number of the authorized Directors, a vacancy or vacancies shall be deemed to exist.

The members may at any time elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the

number of Directors.

If any Director tenders his or her resignation to the Board of Directors, the Board shall have power to elect a successor to take office when the resignation becomes effective. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

Section 5. Organization Meeting: Immediately following each annual meeting of the members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 6. Other Regular Meetings: Other regular meetings of the Board of Directors may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board of Directors; provided that notice of the time and place of regular meetings shall be posted at a prominent place or places within the Common Area; provided further that should the day of any regular meeting fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice to the Directors of the time and place of regular meetings of the Board is hereby dispensed with.

Section 7. Special Meetings - Notices: Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman or by the President, or if they are unable or refuse to act, by the Vice-President or by any two Directors.

Written notice of the time and place of special meetings and the nature of the special business to be considered shall be delivered personally to the Directors or sent to each Director by letter or by telegram, postage or charges prepaid, addressed to him or her at his or her address as it is shown upon the records of the Association, and posted in the manner prescribed for notice of regular meetings. In case such notice is mailed or telegraphed to the Directors, it shall be deposited in the United States Mail or delivered to the telegraph company at or near the place in which the principal office of the Association is located at least seventy-two (72) hours prior to the scheduled time of the holding of the meeting. Such mailing, telegraphing or delivery as provided herein shall be due, legal and personal notice to each such Director.

Section 8. Notice of Adjournment: Notice of adjournment of any Directors' meeting, either regular or special, need not be given to absent Directors, if the time and place are fixed at the meeting adjourned.

Section 9. Quorum: A majority of the number of Directors as fixed by the Articles of Incorporation or

these By-Laws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 10. Adjournment: A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 11. Fees and Compensations: No Director or Officer shall receive any salary for his services as such Officer or Director. Nothing herein contained shall be construed to preclude any Director or Officer from serving the Association as agent, counsel, or any capacity other than as such Director or Officer, and receiving compensation therefor, provided that the vote of any Director who is selected to so serve and receive compensation shall not be counted when such selection is made.

Section 12. Presiding Officer: The members of the Board of Directors shall elect one of their number to act as Chairman and one of their number to act as Secretary. The Chairman shall preside at all meetings and the Secretary

shall record the Minutes of all Meetings of the Board of Directors and of the members.

Section 13. Indemnification of Directors, Officers, and Employees: . Except to the extent prohibited by then applicable law, this Association shall defend, reimburse, indemnify and hold harmless each present and future Director, officer, and member of any standing committee of this Association, from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by him, including reasonable settlement payments, in connection with any claim, action, suit, or proceeding, or threat thereof, made or instituted, in which he or she may be involved or be made a party by reason of his or her being or having been a Director, Officer, or member of any standing committee of this Association, or by reason of any action alleged to have been taken or omitted by him or her in such capacity, if a disinterested majority of the Board of Directors of this Association (or, if a majority of the Board of Directors is not disinterested, then independent legal counsel) determines in good faith that such person was: (a) acting in good faith; (b) within what he or she reasonably believed to be the scope of his authority, and (c) for a purpose which he or she reasonably believed to be in the best interests of the Association.

The right of indemnification provided in this section shall inure to each person referred to in this

section, and in the event of his death, shall extend to his legal representatives. The right of indemnification provided in this section shall not be exclusive of any other rights to which any such person, or any other individual, may be entitled as a matter of law (including, without limitation, his rights under Section 830 of the California Corporations Code).

ARTICLE VI

OFFICERS

Section 1. Officers: The Officers shall be a President, Vice-President, a Secretary, and a Treasurer, which Officers shall be elected by and hold office at the pleasure of the Board of Directors. Each of the Officers may, but need not, be a member of the Board of Directors. Any two or more of such offices, except those of President and Secretary, may be held by the same person. No person shall hold office unless he or she is a member of the Association.

Section 2. Election: The Officers of the Association, except such Officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors and each shall hold said office until he or she shall resign or shall be removed or otherwise disqualified to serve, or until his or her successor shall be elected and qualified.

Section 3. Subordinate Officers: The Board of Directors may appoint such other Officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these By-Laws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation: Any Officer may be removed, either with or without cause, by the vote of a majority of all the Directors then in office at any regular or special meeting of the Board of Directors at which a quorum is present.

Any Officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary of the Association. Subject to the provisions of Section 4 of this Article, any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified herein; and, unless otherwise specified therein, the exceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies: A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

Section 6. President: The President shall be

the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and Officers of the Association. The President may, but need not be, the Chairman of the Board of Directors. He shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these By-Laws.

Section 7. Vice-President: In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all of the restrictions upon the office of President. The Vice-President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board of Directors or the By-Laws.

Section 8. Secretary: The Secretary shall keep, or cause to be kept, a book of Minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and members, with the time and place of the holding of the same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented

at members' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office, a membership register showing the following: (1) The names and addresses of all members of the Board of Directors; (2) The names of the members and their addresses; (3) The property to which each membership relates; (4) The number of memberships held by each member; (5) The number of votes represented to each member; (6) The Number and date of membership certificates issued, if any; and (7) The number and date of cancellation of membership certificates, if any.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by the By-Laws or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these By-Laws.

Section 9. Treasurer: The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the Properties and business transactions of the Association. The books of account shall at all reasonable times be open to inspection by any Director, member, or agent of a member.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association

with such depositories as may be designated by the Board of Directors, shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

ARTICLE VII

MISCELLANEOUS

Section 1. Record Date and Closing Membership

Register: The Board of Directors may fix a time, in the future, not exceeding fifteen (15) days preceeding the date of any annual or special meeting of the members, as a record date for the determination of the members entitled to notice of and to vote at such meeting, and in such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer of any membership on the books of the Association after any record date so fixed. For the purpose of determining such record date, the Board of Directors may close the books of the Association against transfer of membership during the whole, or any part of any such period.

Section 2. Inspection of Corporate Records: The membership register, the books of account, and minutes of

meetings of the members' and directors' meetings shall be open to the inspection of the Directors and members at reasonable times from time to time and in the manner provided in the Corporations Code of the State of California relating thereto.

Section 3. Checks, Drafts, etc. All checks, drafts, or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such officer or officers and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Contracts, etc., How Executed: The Board of Directors, except as in these By-Laws otherwise provided, may authorize any officers or officer, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to tender it liable for any purpose or for any amount.

Section 5. Annual Report: The Board of Directors shall cause a copy of an annual report, which shall contain, without limitation, a balance sheet as of the last day of

the Association's fiscal year and an operating statement for the fiscal year treated by said report, to be sent to each member of the Association not later than ninety (90) days subsequent to the close of the fiscal or calendar year of the Association.

Section 6. Inspection of By-Laws: The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws as amended, certified by the Secretary, which shall be open to inspection by all of the members at all reasonable times.

Section 7. Annual Independent Audit: An annual independent audit of the account or accounts of the Association or any management body shall be made, a copy of such audit shall be available for the inspection of each member Officer, or Director of the Association within thirty (30) days of completion thereof, and a copy of such audit shall be mailed to each member within ninety (90) days after the end of each fiscal year.

Section 8. Singular Includes Plural: Wherever the context of these By-Laws requires the same, the singular shall include the plural and the masculine shall include the feminine.

ARTICLE VIII

AMENDMENTS

Section 1. Powers of Members: Amendment of these

By-Laws requires the vote or written consent of at least a bare majority of a quorum but not more than a bare majority of the voting power of the Association other than the vote of Declarant.

Section 2. Prohibited Actions: The Board of Directors is prohibited from taking any of the following actions, except with the vote or written assent of a majority of voting power of the Association residing in the members other than Declarant.

A. Enter into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one year with the following exception:

- 1) A management contract, the terms of which have been approved in writing by the Federal Housing Administration or Veteran's Administration;
- 2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission, provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated price;

3) Prepaid casualty and/or liability insurance policies of not to exceed three years' duration, provided that the policy permits for short rate cancellation by the insured.

B. Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expense of the Association for that fiscal year.

C. Selling during any fiscal year the property of Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expense of the Association for that fiscal year.

D. Paying compensation to members, Directors, or Officers of the Association for services performed in the conduct of the Association's business, provided, however, that the Board of Directors may, in its sole discretion, cause a member, Director, or Officer to be reimbursed for expenses reasonably incurred in carrying on the business of the Association.

Section 3. Record of Amendments: Whenever an amendment or new By-Law is adopted, it shall be placed in the books of By-Laws in the appropriate place. If any

By-Law is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said book.

Section 4. Conflicts: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the Directors of the aforementioned Association, hereby assent to the foregoing By-Laws and adopt them as the By-Laws of said Association, and that we have hereto ascribed our names this 7th day of MARCH, 1979.

GREENSIDE OF VAN ROSELAND HOMEOWNERS ASS

Hiro Kazu Saito

HIRO KAZU SAITO

Fumaiki Otani

FUMAIKI OTANI

Karel Wong

KAREL WONG

Jeffrey Kendali

JEFFREY KENDALI

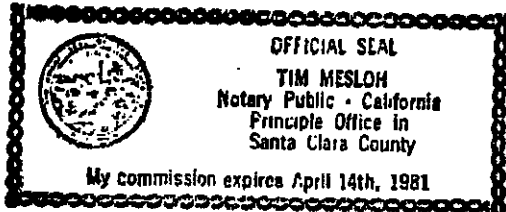
Ren Iwagaki

REN IWAGAKI

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CLARA) so.

On this 7 th day of MARCH, 1979, before me, a Notary Public in and for said State, personally appeared
HIROKAZU SAITO, JEFFREY KENDALL,
FUMAIKI OTANI, KEN IWAGAKI,
and KAREL WONG, known to me to be the Directors of the Association described in and that executed the written instrument and also known to me to be the persons who executed the written instrument on behalf of the Association therein named and acknowledged to me that such Association executed the same By-Laws by said persons.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Tim Mesloh

Notary Public in and for said State

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of CREEKSIDE OF SAN JOSE HOMEOWNERS' ASSOCIATION, a California corporation.

That the foregoing By-Laws constitute the official By-Laws of said Association as duly adopted at a meeting of the Board of Directors thereof held on the 7 th day of MARCH, 1979.

IN WITNESS WHEREOF, I have hereunto subscribed my

