

**Mammoth Point Homeowners
Association**

**Forecasted Statement of Revenues
and Expenses for the Year
Ending December 31, 2014**

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**Assessment and Reserve Funding
Disclosures and Insurance
Disclosure as of November 9, 2013**

**Mammoth Point Homeowners Association
Forecasted Statement of Revenues and Expenses
For The Year Ending December 31, 2014**

	<u>Operating Fund</u>	<u>Replacem. Fund</u>	<u>Total</u>
Revenues:			
Maintenance Assessments	\$195,513	\$79,244	\$274,757
Late Charges	500		500
Interest Income	100		100
Total Revenues	196,113	79,244	275,357
Administrative Expenses:			
Accounting Services	8,800		8,800
Board & Meeting Expenses	700		700
Insurance - Earthquake	9,000		9,000
Insurance	14,278		14,278
Legal Services	400		400
Management	72,000		72,000
Office Supplies & Postage	2,000		2,000
Reserve Study	2,050		2,050
Taxes	625		625
Telephone	1,800		1,800
Total Administrative Expenses	111,653	0	111,653
Maintenance & Supplies:			
Buildings	8,000		8,000
Equipment Maintenance & Fuel	5,800		5,800
Grounds	3,700		3,700
Jacuzzi & Sauna	2,000		2,000
Snow Removal	15,379		15,379
Tools & Equipment	250		250
Trash Removal	8,000		8,000
Total Maintenance & Supplies	43,129	0	43,129
Utilities:			
Electricity	12,600		12,600
Propane	12,850		12,850
Water & Sewer	15,850		15,850
Total Utilities	41,300	0	41,300
Major Projects/Replacements:			
Wood Rail Fences		20,000	20,000
Retaining Wall & Landscaping Above		60,000	60,000
Fireboxes		2,072	2,072
Total Major Projects/Replacements	0	82,072	82,072
Total Expenses	196,082	82,072	278,154
Excess Revenues Over Expenses	31	(2,828)	(2,797)
Forecasted Fund Balance at Start of Year	0	230,360	230,360
Forecasted Fund Balance at End of Year	\$31	\$227,532	\$227,563

Mammoth Point Homeowners Association

Notes To Forecasted Statement of Revenues and Expenses

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS

This financial forecast presents, to the best of the Board of Governors knowledge and belief, the Association's expected results of operations and changes in operating and replacement fund balances for the forecast period. Accordingly, the forecast reflects the Board's judgement as of November 9, 2013, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that the Board believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

A. Income and Owner Assessments

Owner assessments for the year ending December 31, 2014 will remain at their current levels.

Owner assessments are the major source of Association income. In the event that actual expenses are significantly higher than those forecasted, it may be necessary to increase assessments or levy a special assessment during the forecast period.

Interest Income is based on current rates for each cash account.

B. Expenses

Insurance and on site management are two of the most significant expenses of the Association. The Board anticipates a slight decrease in the earthquake insurance expense, and a slight increase the fire, liability and fidelity insurance expense. The Board anticipates a slight increase in management fees.

Snow removal expense is difficult to forecast. The Board has assumed that the winter will have an average amount of snowfall. An unusually severe winter could necessitate a special assessment to pay for snow removal.

The Association actively pursues delinquent owners using a variety of available legal remedies.

Replacements and or major repairs to the common area components are based on the Board's plans for these items during the forecast period.

Other expenses are based on prior year's actual costs adjusted for minimal anticipated changes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial forecast has been prepared on the basis of the generally accepted accounting principles expected to be used in the financial statements covering the forecast period as described below.

A. Accounting Method

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future repairs and replacements, be classified separately for accounting and reporting purposes.

Mammoth Point Homeowners Association
Notes To Forecasted Statement of Revenues and Expenses

Disbursements from the operating fund are generally at the discretion of the Board of Governors and the property manager. Disbursements from the replacement fund are designated by the Board of Governors.

B. Operating Fund

The Board's policy is to allocate to the operating fund interest earned on all cash accounts, all income tax expense, and all delinquent or uncollectible receivables.

C. Recognition of Assets and Depreciation Policy

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statement because those properties are owned by the individual unit owners in common and not by the Association. Any real or personal property purchased by the Association to which the Association holds title and which could be disposed of for cash or claims to cash is capitalized at cost and depreciated over its estimated useful life using the straight-line method of depreciation. Personal property purchased for the replacement fund is expensed in the year of acquisition.

**Mammoth Point Homeowners Association
Assessment and Reserve Funding Disclosures
As of November 9, 2013**

A. Current Assessments

Regular monthly common area assessment rates effective as of January 1, 2014 are shown on page 6. There is no change from the prior year's rates.

No special or emergency assessments have been scheduled to be imposed and/or have been approved by the members at this time.

B. Reserve Study

The Board of Governors commissioned a study of the major components of the common areas in October 2011. The study was performed by Stone Mountain Corporation, a firm that specializes in reserve studies. The list of major components, estimated replacement cost of each component and total and remaining useful life of each component data which appear on page 7 is based on that study. The board has commissioned a new study as required by law to be completed in 2014. A complete copy of the reserve study is available to any owner upon request.

C. Projected Reserve Account Balances and Funding Policies

Based upon the most recent information available to the Board, projected reserve account balances will be sufficient at the end of each year to meet the association's obligation to repair and/or replace the major components of the common areas without additional assessments provided the association continues to fund the reserves in accordance with the reserve study. This year, the Board has allocated \$79,244 as the contribution to the reserve fund; the reserve study recommendation is \$85,053. Due to savings in the snow removal expense this past year, the Board may be able to transfer additional funds from the operating account next spring to make up for the shortfall in the 2014 funding.

D. Replacement Fund Components

The major components of the common areas which have been identified are listed on page.

There are no components which have been identified which are not included in the funding data listed above. However, there may be components of the common areas which were not included because no replacement or major repair of the item is contemplated in the next thirty years.

At this time, the Board does not plan to defer the repair or replacement of any major components that are in need of replacement.

E. Current Funding Levels

As of December 31, 2013, the projected cash balance in the replacement fund is \$230,360. As of the same date, the balance required in the replacement fund to be 100% funded would be \$811,518. Therefore, the replacement fund is 28% funded. ($\$230,360/\$811,518$). The unfunded liability per unit is approximately \$16,143.

**Mammoth Point Homeowners Association
Assessment and Reserve Funding Disclosures
As of November 9, 2013**

Assuming the Association continues to set aside \$79,244 per year to replacement fund, the estimated percent funded for the next five years is listed below:

Fiscal Year Ending:	2014	2015	2016	2017	2018
Estimated Amount to be 100% Funded	\$798,388	\$824,835	\$805,743	\$870,474	\$970,701
Projected Replacement Fund Cash	\$227,532	\$241,177	\$203,772	\$269,590	\$344,469
Projected Percent Funded Estimate	28%	29%	25%	31%	35%

This information should not be construed to require the Board to fund reserves to any specific level.

F. Outstanding Loans

As of the above date, the association has no outstanding loans to third parties.

Notes:

- A. "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement. Replacement costs have been increased annually by an inflation rate of 3.6%.
- B. The data included herein contains projected costs thirty years into the future. There will be differences between these projected costs and actual costs because circumstances do not always occur as expected.
- C. For the purposes of this report, the amount of reserves needed to be accumulated for a component at a given time is 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.

**Mammoth Point Homeowners Association
Regular Monthly Common Area Assessments as of January 1, 2014**

Unit No.	Regular Assessment
101	\$756.02
102	\$756.02
103	\$756.02
104	\$756.02
105	\$540.01
106	\$540.01
107	\$540.01
108	\$540.01
109	\$540.01
110	\$540.01
111	\$540.01
112	\$540.01
113	\$540.01
114	\$540.01
115	\$540.01
116	\$540.01
117	\$540.01
118	\$540.01
119	\$756.02
120	\$756.02
121	\$756.02
122	\$756.02
123	\$756.02
124	\$756.02
125	\$756.02
126	\$756.02
127	\$540.01
128	\$540.01
129	\$540.01
130	\$540.01
131	\$540.01
132	\$540.01
133	\$756.02
134	\$756.02
135	\$756.02
136	\$756.02
Total	\$22,896.52

**Mammoth Point Homeowners Association
Forecasted Replacement Fund Activity
For the Year Ending December 31, 2014**

Replacement Fund Activity

The following forecasted information is based on the component study and the Board's funding policies.

Component	Useful Life (Yrs.)	Remaining Life (Yrs.)	Replacement Cost	Annual Expense	Replacement Liability	Replacement Fund Cash & Investments	Unfunded Liability	Average Per Unit Unfunded Liability	Percent Funded
Composite Shingle Roof	25	7	165,577	6,623	119,216				
Roof Preventative Maintenance	3	3	4,637	1,546	0				
Chimney Caps/Spark Arresters	25	10	9,660	386	5,796				
Wood Trim/Siding - Paint	6	2	80,497	13,416	53,665				
Wood Trim/Siding Exposed Sides	6	2	6,976	1,163	4,651				
Wood Siding \$5K Repl w/ Paint	6	2	5,366	894	3,578				
Balconies - Replace (All)	35	27	183,534	5,244	41,951				
Wood Stairs & Rails 2011	35	32	35,419	1,012	3,036				
Wood Entry Decks 2012	35	34	26,832	767	767				
Wood Rail Fences - Parking Lot	35	0	20,000	571	20,000				
Asphalt Seal/Crackfill 2011	2	2	7,835	3,918	0				
Asphalt Patch (Partial Areas)	2	2	4,111	2,055	0				
Asphalt Petromat Overlay - Streets	22	5	75,410	3,428	58,271				
Asphalt Overlay - Upper Parking	22	10	15,949	725	8,700				
Asphalt Paths near Spa - (2011)	20	17	3,418	171	513				
Asphalt Paths (Other) - Replace	20	6	5,613	281	3,929				
Spa Resurface (2009)	12	7	12,880	1,073	5,366				
Spa Heater (2009)	10	5	3,649	365	1,825				
Spa Filter (2009)	10	5	1,181	118	590				
Spa Pumps (2009)	8	3	2,147	268	1,342				
Spa Chemical Feeder	10	5	3,005	301	1,503				
Spa Skimmer - Replace	30	25	1,932	64	322				
Spa Restrooms & Floor Drains	50	1	48,298	966	47,332				
Spa Restrooms Renovate	25	1	6,440	258	6,182				
Spa Iron Gates - Replace	25	12	2,147	86	1,116				
Interior Residence Plumbing	45	10	371,919	8,265	289,270				
Manager's Unit Flooring 2010	15	11	5,313	354	1,417				
Manager's Unit - Appliances	20	8	3,220	161	1,932				
Manager's Unit - Interior Paint	10	6	2,147	215	859				
Manager's Unit - Renovate	30	13	9,123	304	5,170				
Case Skip Loader 621D - Used	27	17	139,099	5,152	51,518				
Snowblowers (2)	6	3	3,220	537	1,610				
Tree Trim/Remove	4	1	3,757	939	2,817				
Irrigation Backflow Valve	22	14	1,073	49	390				
Concrete Block Retaining Wall Repl.	45	0	57,000	1,267	57,000				
Landscaping/Irrigation Above Ret Wall	one time	0	3,000	3,000	3,000				
RR Tie Retaining Walls (10%)	5	1	2,753	551	2,202				
Custom "Mammoth Point" Sign	20	4	1,717	86	1,374				
Laundry - Washer (1) & Dryer (1)	15	2	537	36	465				
Fire Extinguishers - Replace 2011	5	2	1,288	258	773				
Unscheduled Capital Expense - Fireboxes*	1	0	2,072	2,072	2,072				
Forecasted Balance at 01-01-14					\$811,518	- \$230,360 =	\$581,158	\$16,143	28%
Annual Wear & Tear				68,942	68,942	- 0 =	68,942		
Budgeted Additions During Year					0	- 79,244 =	(79,244)		
Budgeted Reductions During Year					(20,000)	- (20,000) =	0		
					(60,000)	- (60,000) =	0		
					(2,072)	- (2,072) =	0		
Forecasted Balance at 12-31-14					\$798,388	- \$227,532 =	\$570,856	\$15,857	28%

*Per order of the ML Fire Dept., all built in fireboxes must be replaced, upgraded or approved to be in compliance with the current regulations by 2022, or prior to the unit being sold. This forecast assumes one box will be done per year. This requirement applies to 4 remaining units at Mammoth Point.

**Mammoth Point Homeowners
Association**

Insurance Disclosure

Mammoth Point Homeowners Association

November 2013

Dear Owner:

Attached are summaries of the association's insurance policies.

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 their individual insurance broker or agent for appropriate additional coverage.

StateFarm



STATE FARM INSURANCE
LINDA WRIGHT AGENT
P.O. BOX 2369/437 OLD MAMMOTH RD STE J
MAMMOTH LAKES, CA 93546
(760) 934-7575

INSURANCE DISCLOSURE

Mammoth Point Homeowners Association

The following policies are held with State Farm Insurance:

General Liability:

Policy # 90-WG-4942-2 G
1) Policy Limits \$2,000,000 per occurrence/\$4,000,000 aggregate
2) Deductible None
3) Year Issued 1989
4) Policy Period Mar 15, 2013 – Mar 15, 2014
5) Annual Premium \$13,641

Building Property:

Policy # 90-WG-4942-2 G
1) Policy Limits \$6,598,600 + \$659,860 (10% Building Ord/Law Cov) +
\$1,319,720 (20% Extra Replacement Cov) = **\$8,578,180 total building cov blanket end**
2) Deductible \$5,000 per occurrence
3) Year Issued 1989
4) Policy Period Mar 15, 2013 – Mar 15, 2014
5) Annual Premium Included

Directors & Officers

Liability:

Policy # 90-WG-4942-2 G
1) Policy Limits \$2,000,000
2) Deductible None
3) Year Issued 1989
4) Policy Period Mar 15, 2013 – Mar 15, 2014
5) Premium Included

Inland Marine

Coverage:

Policy #90-WG-4942-2 G 2003 621 D Case Loader
1) Policy Limits \$92,000
2) Deductible \$1,000
3) Year Issued 2006
4) Policy Period Mar 15, 2013 – Mar 15, 2014
5) Annual Premium Included

<u>Fidelity Bond:</u>	Policy # 90-36-8157-6 F
1) Policy Limits	\$70,000
2) Deductible	\$250
3) Year Issued	1989
4) Policy Period	May 24, 2012 – May 24, 2013
5) Annual Premium	\$278

In accordance with Section 1365 of the Civil Code: "This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 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 their individual insurance broker or agent for appropriate coverage."

If you should have any questions, please feel free to contact our office. Our toll-free number for long distance callers is (877)267-4439.

Sincerely,

Linda Wright
Agent, Lic # 0753641



FINANCIAL AND INSURANCE SERVICES, INC.
~PROFESSIONAL INSURANCE ADVISORS~

Confirmation Coverage Bound

August 30, 2013

Insured: Mammoth Point
% Butner Homeowners Assoc. Services
PO Box 5038
Mammoth Lakes CA 93546

Policy Number: RADP000590-02

Insurer: Rockhill Insurance Company (Rated A by A.M. Best, NAIC # 28053)

Policy Period: 09/06/2013 to 09/06/2014
(12:01 AM standard time at the address of the Named Insured)

Perils: Primary DIC Including Earthquake Only
Location: Per schedule of locations on file with insurer (see attached)
Occupancy: Condominium

Coverages: Buildings, Fences/Gates, Ordinance or Law A,B,C Pool(s), Spa(s),
Underground Utilities, Walks, Patios, Paved Surfaces, Walls (attached)

Limit: \$5,897,800 Per Occurrence and Annual Aggregate
\$ 500,000 Combined Sublimit Ordinance or Law Parts B & C

Deductible: 10% per unit of insurance, per building
Subject to a \$50,000 Minimum Earthquake Deductible
\$25,000 All Other Peril (AOP) Deductible

Total Insured Values: \$ 5,897,800
Valuation: Replacement Cost
Coinsurance: N/A

Premium: \$7,919.00 (25% Minimum Earned Premium)
Policy Fee: \$ 200.00
Broker Fee: \$ 500.00
Taxes: \$ 259.81

Total: \$ 8,878.81