Montevalle of Scotts Valley, Inc.
552 Bean Creek Road
Scotts Valley, CA 95066
Phone: 831.438.1309; Email: Montevalle@montevalle.org

July 1, 2026

To: Members of Montevalle of Scotts Valley, Inc.

Subject: Annual Budget Disclosure for Fiscal Year 2026/2027

Enclosed please find the annual budget disclosures for Montevalle of Scotts Valley, Inc, fiscal year 2026/2027.

This year our Bookkeeper worked closely with our CPA Allison and the Reserve Study Group to determine what budget value will be required to maintain Montevalle in the next fiscal year. After careful review of the operating and reserves expenses, we will not have an increase to the monthly assessment. The monthly assessment will remain at **$518.00,** (245.35 to reserves and 272.65 to operating) and will start on August 1, 2026 through July 31, 2027.

Sincerely,

Rachaell Milroy

Rachaell Milroy
Montevalle Bookkeeper

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Montevalle of Scotts Valley, Inc.

Annual Budget Report - 2026

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

Montevalle of Scotts Valley, Inc.
552 Bean Creek Road
Scotts Valley, CA 95066

July 2026

Dear Homeowner,

Living in a common interest 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. 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 with a site visit in 2021.

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 included in Exhibit "B". 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 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 on a "pooled cash flow" method. 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).

<u>The Board has determined the need for repair or replacement of the sewer system.</u>

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

<u>The Board does not anticipate the need to levy one or more special assessments for required repairs, replacement, or restoration of the above listed major components, instead will be funding a project each year.</u>

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 on a "cash flow" method. 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 "C".

> "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."

Montevalle of Scotts Valley, Inc.

2025-2026 BUDGET AND 2026-2027 FINAL

	2025-26 Approved Budget	2026-27 FINAL Budget
Ordinary Income/Expense		
4000 · Assessments		
4401 · Genl Assmnt	1,367,520	1,367,520
Total 4000 · Assessments	1,367,520	1,367,520
4050 · Interest Received		-
4053 · Interest on Arrears	-	-
4200 · Other Receipts		
4208 · Lodge	1,000	1,000
4209 · Lodge Bedrooms	6,000	7,000
4210 · Mill	2,800	2,000
4211 · Copier		-
4213 · Other Income		-
42138 · Collection Income	6,760	-
42136 · Utility Access (comcast)	18,720	13,000
42132 · Miscellaneous	800	600
42139 · Owners Fines		-
4213 · Other Income - Other		-
Total 4213 · Other Income	26,280	13,600
4217 · HOA Transfer Fee	6,000	4,000
4225 · Late Charges		-
49910 · Returned Check Charges	-	
Total 4200 · Other Receipts	42,080	27,600
Total Income	1,409,600	1,395,120
Gross Profit	1,409,600	1,395,120
Expense		
67214 · Bank charges	-	
6100 · Personnel		
Total 6110 · Wages & Seasonal Help	320,629	311,168
6114A · Landscape Contract Service	14,000	20,000
6114B · Seasonal Temp-Landscape	-	-
6291 · Bookkeeping	28,000	31,350
Total 6120 · Payroll Taxes - Employer	27,020	24,738
6130 · Mileage Allowance	800	800
6135 · Medical Expense - Stipends	5,270	5,280
6136 · Medical Expenses-Group Plan	20,710	40,169
6137 · Medical Expense - Other	250	250
6140 · Worker's Comp. Ins.	$ 14,500	$ 13,000
Total 6100 · Personnel	431,179	446,755

Montevalle of Scotts Valley, Inc.
2025-2026 BUDGET AND 2026-2027 FINAL

	2025-26 Approved Budget	2026-27 FINAL Budget
6200 · Administrative/Office		
6295.1 · Annual Governing Doc Review	-	-
6201 · Bad Debt Expense	-	-
6210 · Bank Service Charges	220	100
6220 · Computer	2,785	2,160
6230 · Copier	9,000	6,948
6235 · Equipment Deprn.		
6236 · Depreciation Expense	16,600	7,000
Total 6235 · Equipment Deprn.	16,600	7,000
6240 · Dues, Classes & Subscriptions	1,500	2,000
6250 · Fees & Penalties		
6252 · Finance Charges	-	-
6258 · Fees & Penalties	-	
Total 6250 · Fees & Penalties	-	-
6260 · Licenses and Fees	-	-
6265 · Miscellaneous		-
6270 · Office Supplies	2,500	2,500
6291.5 · Bookkeeping Supplies	850	845
6275 · Office Equipment	800	800
6285 · Postage and Delivery	500	500
6288 · Printing & Reproduction		
6290 · Accounting & Legal		
6292 · Audit/Review Cost	5,000	4,250
6293 · Reserve Study	750	750
Total 6295 · Legal Fees - Board	9,000	15,000
6298 · Professional Fees	-	
Total 6290 · Accounting & Legal	14,750	20,000
66900 · Reconciliation Discrepancies		-
Total 6200 · Administrative/Office	49,505	42,853
6300 · Taxes		
6302 · Penalties		
6301 · Income Taxes	9,000	7,500
Total 6300 · Taxes	9,000	7,500
6400 · Insurance		
6420 · Earthquake	13,800	11,586
6430 · Genl Liab Prop	15,650	17,539
6440 · Umbrella	1,337	1,337

Montevalle of Scotts Valley, Inc.
2025-2026 BUDGET AND 2026-2027 FINAL

	2025-26 Approved Budget	2026-27 FINAL Budget
6460 · Fire Insurance	18,575	18,575
Total 6400 · Insurance	49,362	49,037
6500 · Maintenance and Repair		
6510 · Buildings	4,500	4,500
6512 · Audio	500	500
6515 · Services & Supplies	4,500	4,500
6516 · Utility Carts	1,000	1,000
6520 · Equip Buy/Rental	5,000	5,000
6530 · Parks Service - Grounds	3,000	3,000
6531 · Trees	3,000	3,000
6532 · Lake Maintenance	1,250	1,400
6550 · Landscape Supplies & Equipment	1,500	1,300
6552 · Landscape Planting	1,700	1,700
6553 · Landscape Irrigation	1,000	1,000
6554 · Landscape Maintenance	1,400	1,400
6557 · Well Maintenance	250	250
6570 · Small Projects	400	400
6580 · Pools		
6581 · North Pool	760	803
6582 · South Pool	1,875	1,948
6583 · Pool Maintenance	8,000	6,500
Total 6580 · Pools	10,635	9,251
6590 · Streets and Sewers		
6591 · Streets	14,000	14,000
6592 · Sewers	1,000	
Total 6590 · Streets and Sewers	15,000	14,000
6745 · Janitorial Service Contract		
6745a · Annual Steam Clean/Other Misc	1,000	1,500
6745 · Janitorial Service Contract - Other	27,000	27,625
Total 6745 · Janitorial Service Contract	28,000	29,125
Total 6500 · Maintenance and Repair	82,635	81,326
6600 · Utilities		
Total 6610 · Gas	37,000	40,500
Total 6620 · Electric	40,000	48,500
6650 · Other Utilities		
6651 · Cable	3,780	3,600
6652 · Sewer	1,000	1,000
6653 · Street Light Reimbursement		-
6654 · Telephone	4,500	4,500
6655 · Trash	6,400	6,125
6656 · Water	7,800	7,800

Montevalle of Scotts Valley, Inc.

2025-2026 BUDGET AND 2026-2027 FINAL

	2025-26 Approved Budget	2026-27 FINAL Budget
Total 6650 · Other Utilities	23,480	23,025
Total 6600 · Utilities	100,480	112,025
6700 · Committees		
6715 · Board Discretionary	2,500	2,500
6717 · Budget & Finance	-	
6720 Bylaws	-	-
6730 Directory	-	-
6732 · Emergency Preparedness Com	-	-
6735 · Election	-	-
6740 · Housekeeping Supplies	1,500	1,500
6742 · Housekeeping Committee	500	500
6755 · Mirror		
6760 · Personnel	500	500
6770 · Recreation	400	400
6776 · Social	2,500	2,500
6780 · Senior Resource	-	-
Total 6700 · Committees	7,900	7,900
6850 · Reserve /pmt.	647,724	647,724
FUND OPERATING WITH EXCESS	31,815	-
Total Expense	1,409,600	1,395,120
Net Ordinary Income	(0)	0

EXECUTIVE SUMMARY

Association Name:	MONTEVALLE
Address:	552 Bear Creek Rd., Scotts Valley, CA 95066

Association Type:	Mobile Homes
Number of Units:	220
Year Built:	0
Fiscal Year Begins:	August 01
Starting Fiscal Year:	2026
Current Monthly Dues:	$518.00
End of Current Year Projected Reserves:	$1,806,452
Current Annual Reserve Contribution:	$647,724
Reserve Account Interest Rate %:	3.00
Annual Inflation Rate %:	3.00
Reserve Account Interest Tax Rate %:	25.00
Minimum Reserve Balance:	$0
Contingency %:	5.00

Current Year:	2025/2026
Current Year End Fully Funded Reserves:	$3,748,618
Current Year Annual Liability:	$352,921
Current Year End Percent Funded:	48.19%
Average Reserve Deficit (Surplus)/Unit:	$8,828.03

RECOMMENDED RESERVE CONTRIBUTION INCREASES

2026/2027	Reserve contribution increase by 0.00%
2027-2055	Reserve contribution increase by 0.60%

For full details see recommended 30-year reserve funding plan

Reserve Study Type:	Update, without site inspection
Site Inspection Date:	May 01, 2024 by RSS
Reserve Study Date:	Apr 27, 2026

RECOMMENDED FUNDING PLAN, SIX-YEAR SUMMARY

Year	2026	2027	2028	2029	2030	2031
Special assessments:	$0	$0	$0	$0	$0	$0
Recommended annual reserve contribution:	$647,724	$651,610	$655,520	$659,453	$663,410	$667,390
Contribution per unit/month:	$245.35	$246.82	$248.30	$249.79	$251.29	$252.80
Contribution increase on the year before per unit/month:	$0.00	$1.47	$1.48	$1.49	$1.50	$1.51
Recommended reserve contribution increase %:	0.00%	0.60%	0.60%	0.60%	0.60%	0.60%
Annual expenses:	$568,777	$272,388	$344,474	$2,380,241	$499,368	$175,855
End of year balance:	$1,933,331	$2,363,383	$2,734,981	$1,083,149	$1,279,025	$1,806,846
Accrued liability:	$3,668,810	$3,899,621	$4,077,065	$2,236,212	$2,233,520	$2,567,147
Percent funded:	52.70%	60.61%	67.08%	48.44%	57.26%	70.38%
Deficiency/(Surplus) per unit:	$7,888.54	$6,982.90	$6,100.38	$5,241.20	$4,338.61	$3,455.91

RESERVE COMPONENTS

MONTEVALLE

Inflation Rate	%	3	Current						
Fiscal Year End July 31		Repair	Replace	Forecast					
		%	Repair	Total	Rem			Unit	
Reserve Components			Cost	Life	Life	Quantity	Unit	Cost	Description
ASPHALT									
1- Asphalt Sealcoat			79568	6	4	195000	sq ft	0.41	Asphalt sealcoat, crack fill & striping budget every 6 years
2- Asphalt Cut & Patch, Minor		5	62063	6	4	195000	sq ft	6.37	Asphalt cut & patch, repairs, budget at 5% of total every 6 years
3- Asphalt Remove & Replace			1241253	30	4	195000	sq ft	6.37	Asphalt remove & replace or 100% overlay budget every 30 years
4- Striping			13000	6	2	1	budget	13000.00	Striping budget every 6 years
5- Speed Bumps			5000	12	12	1	budget	5000.00	Speed bumps replace budget every 12 years
6- Pathways			3448	6	6	1	budget	3448.00	Pathways repair & seal budget every 6 years
CONCRETE REPAIRS									
7- Concrete Curb & Gutter			31827	6	1	1	budget	31827.00	Concrete curb & gutter repair/replace budget every 6 years
8- Concrete Repairs			5305	5	1	1	budget	5305.00	Miscellaneous concrete repair budget every 5 years
WELL & PUMPS									
9- Well Replace			212180	20	4	1	each	212180.00	Well replacement budget every 20 years
10- Well Clean & Repair			5659	8	1	1	budget	5659.00	Well cleaning & repair budget every 8 years
11- Well Pump			5305	12	0	1	each	5305.00	Well pump replace budget every 12 years
MECHANICAL & ELECTRICAL									
12- Fire Sprinkler System			185658	50	28	1	budget	185658.00	Fire sprinkler system, Mill & Lodge, replace/install budget every 50 years
13- Security Cameras & Recording			5305	10	0	1	budget	5305.00	Security cameras & recording replace/upgrade budget every 10 years
14- Lighting, Common Area			21218	4	2	1	budget	21218.00	Common area lights & fixtures repair/replace budget every 4 years
15- Electrical Inspection & Repair			7426	10	0	1	budget	7426.00	Electrical & wiring inspection/evaluation/repair budget every 10 years
LANDSCAPING									
16- Softscape Renovation, Minor			3448	1	1	1	budget	3448.00	Softscape renovation budget every year
17- Landscape Upgrade, Major			4244	6	6	1	budget	4244.00	Landscape major upgrade/remodel budget every 6 years
18- Tree Maintenance			12380	1	1	1	budget	12380.00	Tree remove/replace & maintenance budget every year
19- Irrigation System Repair			12731	25	4	1	budget	12731.00	Irrigation system & tank at lower lake repair/upgrade every 25 years
20- Irrigation Pumps			3183	5	2	2	each	1591.50	Irrigation pressurization pumps replace budget every 5 years
RECREATION AREA									
21- Benches			5835	12	9	1	budget	5835.00	Benches replace/remodel budget every 12 years
22- Shuffle Board Area			2122	12	1	1	budget	2122.00	Shuffle board area outdoor equipment replace budget every 12 years
23- Outdoor Equip., Redwood Grove			31827	15	12	1	budget	31827.00	Outdoor equipment/furniture replace budget every 15 years
24- Golf Cart			2122	3	1	1	budget	2122.00	Golf cart maintenance & batteries replace budget every 3 years
25- Putting Green			12731	15	9	1	budget	12731.00	Putting green replace/recondition/repair budget every 15 years
26- Golf Driving Net			5305	12	1	1	budget	5305.00	Golf driving net replace budget every 12 years
27- Fire Break			11670	2	2	1	budget	11670.00	Fire break project budget every 2 years

RESERVE COMPONENTS

MONTEVALLE

Inflation Rate	%	3	Current						
Fiscal Year End July 31		Repair	Replace	Forecast					
		%	Repair	Total	Rem			Unit	
Reserve Components			Cost	Life	Life	Quantity	Unit	Cost	Description
FENCES, RAILS & WALLS									
28- Metal Rails Paint, Stairs			26523	10	1	1	budget	26523.00	Stairs metal rails repair & paint budget every 10 years
29- Chain Link Fences			3448	10	1	1	budget	3448.00	Chain link fences repair/replace as needed budget every 10 years
30- Retaining Walls			6896	4	1	1	budget	6896.00	Wood retaining walls repair/replace budget every 4 years
31- Masonry Walls			6896	4	1	1	budget	6896.00	Masonry walls repair/replace as needed budget every 4 years
32- Gabion Baskets			25462	40	5	1	budget	25462.00	Gabion baskets at well retaining wall replace budget every 40 years
33- Metal Fences Replace , South Pool			48801	20	16	400	ft	122.00	Metal fences, south pool, replace budget every 20 years
34- Metal Fences Paint, South Pool			3183	10	6	400	ft	7.96	Metal fences, south pool, repair & paint budget every 10 years
35- Metal Fences Replace , North Pool			26841	20	17	220	ft	122.00	Metal fences, north pool, replace budget every 20 years
36- Metal Fences Paint, North Pool			1751	10	7	220	ft	7.96	Metal fences, north pool, repair & paint budget every 10 years
STRUCTURAL & DECKS									
37- Stairs, Concrete			71611	50	38	1	budget	71611.00	Concrete stairs, common area, replace budget every 50 years
38- Stairs Repair, Concrete			7426	10	4	1	budget	7426.00	Concrete stairs, common area, repair budget every 10 years
39- Foundation, Gardener Shed			21218	50	1	1	budget	21218.00	Wood foundation & retaining wall replace budget every 50 years
40- Bridge, Lakeview Drive			9018	12	1	1	each	9018.00	Bridge repair/maintenance budget every 12 years
41- Bridge, Old Mill Road			9018	12	2	1	each	9018.00	Bridge repair/maintenance budget every 12 years
42- Bridge Structural Inspection			7957	10	7	1	budget	7957.00	Structural inspection/evaluation of bridges budget every 10 years
43- Foot Bridges			3713	8	1	1	budget	3713.00	Foot bridges between lakes repair & maintenance budget every 8 years
44- Wood Deck, Redwood Grove			11670	7	4	1	budget	11670.00	Wood deck repair/replace budget every 7 years
ROOFING									
45- Roof, Pond Equipment Houses			1931	30	14	130	sq ft	14.85	Roofing system replace every 30 years
46- Metal Roof, Gardener Shed			3713	40	32	1	budget	3713.00	Meta roof replacement budget every 40 years
47- Roof Inspection & Repair			3183	4	4	1	budget	3183.00	Roof inspection & repair budget every 4 years
FOUNTAINS, LAKES & PONDS									
48- Fountains Aeration & Lights, Part 1			3713	6	6	1	budget	3713.00	Fountain aeration & lights replace budget every 6 years
49- Fountains Aeration & Lights, Part 2			3713	6	1	1	budget	3713.00	Fountain aeration & lights replace budget every 6 years
50- Pumps			1327	1	1	1	budget	1327.00	Filter pumps replace budget every year
51- Dredging, Lake			58350	15	3	1	budget	58350.00	Lake dredging budget every 15 years
52- Flume			18035	15	0	1	budget	18035.00	Flume repair/replace/maintenance budget every 15 years
53- Lake Walls & Retainers			23340	12	2	1	budget	23340.00	Lake walls & retainers repair/maintenance budget every 12 years
54- Lake Chems, Clarification/Filtration			5000	1	1	1	budget	5000.00	Lake chemicals, clarification & filtration budget every year
55- Pump Housing			4244	15	0	1	each	4244.00	Pump housing/shed repair/replace budget every 15 years
56- Power Conditioning Building			4244	15	0	1	each	4244.00	Power conditioning building repair/replace budget every 15 years

RESERVE COMPONENTS

MONTEVALLE

Inflation Rate %	3	Current						
Fiscal Year End July 31	Repair	Replace	Forecast					
	%	Repair	Total	Rem			Unit	
Reserve Components		Cost	Life	Life	Quantity	Unit	Cost	Description
OLD MILL, EXTERIOR								
57- Window Replace		7426	5	2	1	budget	7426.00	Window replace as needed budget every 5 years
58- Siding & Trim Repair	20	12901	12	12	3040	sq ft	21.22	Wood siding & trim repair/replace budget at 20% every 12 years
59- Stone Façade		4244	6	3	1	budget	4244.00	Stone façade repair budget every 6 years
60- Exterior Paint, Old Mill		28500	12	12	3040	sq ft	9.38	Old mill exterior paint budget every 12 years
61- Exterior Paint, Storage Shed		1591	12	12	1	budget	1591.00	Storage shed exterior paint budget every 12 years
62- Wood Stairs		3713	15	7	1	budget	3713.00	Wood stairs repair/replace budget every 15 years
63- Doors		12731	35	5	8	each	1591.38	Exterior doors replace budget every 35 years
64- Structural Repair		12360	12	12	1	budget	12360.00	Structural building wood repair budget every 12 years
65- Roofing System		104499	40	25	4925	sq ft	21.22	Roofing system, gutters & downspouts replace budget every 40 years
66- Water Wheel Repair		37132	20	1	1	budget	37132.00	Water wheel repair budget every 20 years
67- Storage Shed		4244	25	13	1	each	4244.00	Storage shed repair/replace budget every 25 years
68- Termite Inspection & Repair		4774	10	8	1	budget	4774.00	Termite inspection & repair budget every 10 years
OLD MILL, INTERIOR								
69- Restrooms Remodel		21218	12	9	4	each	5304.50	Restrooms remodeling budget every 12 years
70- Kitchen Remodel		53045	20	8	1	budget	53045.00	Kitchen remodeling budget every 20 years
71- Kitchen Appliance, Oven		5570	22	1	1	each	5570.00	Kitchen appliance, oven, replace/upgrade budget every 22 years
72- Kitchen Appliance, Dish Washer		5570	22	1	1	each	5570.00	Kitchen appliance, dish washer, replace/upgrade budget every 22 years
73- Gym Exercise Machines		12731	8	1	1	budget	12731.00	Gym exercise machine replace/upgrade budget every 8 years
74- Furniture & Fixtures		13261	6	2	1	budget	13261.00	furniture & fixtures replace/remodel budget every 6 years
75- Wall Coverings		6365	20	16	400	sq ft	15.91	Interior wall coverings, texture & paint budget every 20 years
76- Carpet		7957	15	8	1	budget	7957.00	Pool & Gym carpet replace/remodel budget every 15 years
77- Hardwood Resurface		2240	6	6	2900	sq ft	0.77	Hardwood flooring resurface budget every 6 years
78- Hardwood Replace		38458	40	3	2900	sq ft	13.26	Hardwood flooring replace/remodel budget every 40 years
79- Flooring Others		11670	12	1	1	budget	11670.00	Flooring others, excluding wood & carpet, replace/remodel every 12 years
OLD MILL, EQUIPMENT								
80- HVAC, 2nd Floor		17505	25	4	1	each	17505.00	HVAC unit, 2nd floor, replace/upgrade budget every 25 years
81- HVAC, 1st Floor		14853	25	10	1	each	14853.00	HVAC unit, 1st floor, replace/upgrade budget every 25 years
82- Ducting, HVAC		74263	30	11	1	budget	74263.00	HVAC ducting repair/replace budget every 30 years
83- Emergency Generator		12731	25	16	1	each	12731.00	Emergency generator replace/upgrade budget every 25 years
84- Water Heater		1591	10	1	1	each	1591.00	Water heater replace/upgrade budget every 10 years
85- Plumbing		15914	20	17	1	budget	15914.00	Plumbing repair/replace budget every 20 years

RESERVE COMPONENTS

MONTEVALLE

Inflation Rate % 3

Fiscal Year End July 31

Reserve Components	Repair %	Current Replace Repair Cost	Forecast Total Life	Rem Life	Quantity	Unit	Unit Cost	Description
OLD MILL, ELECTRICAL								
86-Exterior Lights		5305	25	1	1	budget	5305.00	Exterior light fixtures replace budget every 25 years
87- Interior Lights		4244	10	3	1	budget	4244.00	Interior light fixtures replace budget every 10 years
88- Computer Equipment		3000	2	2	1	budget	3000.00	Computer equipment replace/upgrade budget every 2 years
89- Electrical Repair		5305	6	0	1	budget	5305.00	Electrical repair budget every 6 years
90- Electrical Panel		9018	30	20	1	budget	9018.00	Electrical panel replace budget every 30 years
LODGE, EXTERIOR								
91- Window Replace		3713	7	5	1	budget	3713.00	Window replace as needed budget every 7 years
92- Stucco Repair & Seal	20	5771	10	8	1360	sq ft	21.22	Stucco repair & seal budget at 20% of total every 10 years
93- Stucco Paint		10100	10	8	1360	sq ft	7.43	Stucco paint budget every 10 years
94- Doors, Part 1		4774	40	36	3	each	1591.33	Exterior doors replace budget every 40 years
95- Doors, Part 2		7957	40	38	5	each	1591.40	Exterior doors replace budget every 40 years
96- Roofing System		30820	30	21	2905	sq ft	10.61	Roofing system, gutters & downspouts replace budget every 30 years
97- Termite Inspection & Repair		4774	10	8	1	budget	4774.00	Termite inspection & repair budget every 10 years
98- BBQ	33.33	2122	4	2	3	each	2122.00	Lodge & Redwood Grove BBQ's replace at 1 out of 3 every 4 years
99- Patio Canvas Cover		15000	12	5	700	sq ft	21.43	Patio canvas cover replace/remodel budget every 12 years
LODGE, INTERIOR								
100- Restrooms Remodel, Part 1		10609	10	1	2	each	5304.50	Restrooms remodeling budget every 10 years
101- Restrooms Remodel, Part 2		10609	10	3	2	each	5304.50	Restrooms remodeling budget every 10 years
102- Kitchen Remodel		20000	20	2	1	budget	20000.00	Kitchen remodeling budget every 20 years
103- Guest Units		9548	15	8	2	each	4774.00	Guest units remodeling budget every 15 years
104- Furniture & Fixtures		9548	15	2	1	budget	9548.00	furniture & fixtures replace/remodel budget every 15 years
105- Hardwood Resurface		5150	5	3	700	sq ft	7.36	Hardwood flooring resurface budget every 5 years
106- Hardwood Replace		22000	40	1	700	sq ft	31.43	Hardwood flooring replace/remodel budget every 40 years
LODGE, EQUIPMENT								
107- HVAC		5835	15	5	1	each	5835.00	HVAC unit replace/upgrade budget every 15 years
108- Water Heater		4200	10	1	1	each	4200.00	Water heater replace/upgrade budget every 10 years
109- Plumbing		7957	25	1	1	budget	7957.00	Plumbing repair/replace budget every 25 years
LODGE, ELECTRICAL								
110- Lighting		5305	25	8	1	budget	5305.00	Exterior & interior light fixtures replace budget every 25 years
111- Electrical Panel		3713	30	11	1	each	3713.00	Electrical panel replace budget every 30 years
112- Electrical Repair		5305	12	0	1	budget	5305.00	Electrical repair budget every 12 years

RESERVE COMPONENTS

MONTEVALLE

Reserve Components	Repair %	Current Replace Repair Cost	Forecast Total Life	Forecast Rem Life	Quantity	Unit	Unit Cost	Description
Inflation Rate %	3							
Fiscal Year End July 31								
SOUTH POOL BUILDING								
113- Restroom Remodel		12731	10	3	2	each	6365.50	Restroom remodeling budget every 10 years
114- Restroom Code Compliance		84872	40	3	2	each	42436.00	Restroom code/ADA compliance budget every 40 years
115- Trellis Paint		5305	10	10	1	budget	5305.00	Trellis repair & paint budget every 10 years
116- Flat Roof		15914	15	6	1	budget	15914.00	Flat roof, solar panels, replace budget every 15 years
117- Composition Shingles Roof		22809	40	31	1	budget	22809.00	Composition shingles roof replace budget every 40 years
118- Roof Inspection & Repair		1591	3	3	1	budget	1591.00	Roof inspection & repair budget every 3 years
119- Pool Deck		58350	30	4	1	budget	58350.00	Pool deck repair/resurface/replace budget every 30 years
120- Sauna Remodel		8487	25	13	2	each	4243.50	Sauna remodeling budget every 25 years
121- Sauna Heaters		3713	20	3	2	each	1856.50	Sauna heaters replace/upgrade budget every 20 years
122- Dressing Room Exterior		3183	14	3	1	budget	3183.00	Dressing room exterior maintenance budget every 14 years
123- Water Heater		1327	12	3	1	each	1327.00	Water heater replace budget every 12 years
124- Electrical Panel		10609	30	20	1	each	10609.00	Electrical panel replace budget every 30 years
SOUTH, POOL & SPA								
125- Pool Resurface		50393	15	8	1	budget	50393.00	Pool replastering & tiles replace budget every 15 years
126- Pool Heater		13261	10	2	1	each	13261.00	Pool heater replacement budget every 10 years
127- Pool Pumps, Part 1		2122	10	1	1	each	2122.00	Pool pumps replacement budget every 10 years
128- Pool Pumps, Part 2		2122	10	1	1	each	2122.00	Pool pumps replacement budget every 10 years
129- Solar Panels		16974	15	8	1	budget	16974.00	Solar panels replace budget every 15 years
130- Lighting		11670	15	6	1	budget	11670.00	Pool area lighting replace budget every 15 years
131- Pool Area Furniture		2060	3	1	1	budget	2060.00	Pool area furniture replace/remodel budget every 3 years
132- Spa Resurface		35010	12	4	1	budget	35010.00	Spa replastering & tiles replace budget every 12 years
133- Spa Heater		5305	12	6	1	each	5305.00	Spa heater replacement budget every 12 years
134- Spa Pumps, Part 1		2122	10	0	1	each	2122.00	Spa pumps replacement budget every 10 years
135- Spa Pumps, Part 2		2122	10	9	1	each	2122.00	Spa pumps replacement budget every 10 years
NORTH POOL BUILDING								
136- Restroom Remodel		15000	10	2	2	each	7500.00	Restroom remodeling budget every 10 years
137- Wood Bench		4774	15	2	1	budget	4774.00	Wood bench repair/replace budget every 15 years
138- Metal Roof		8487	50	8	400	sq ft	21.22	Metal roof replacement budget every 50 years
139- Water Heater		4200	12	3	1	each	4200.00	Water heater replace budget every 12 years
140- Shower Tiles		5000	30	2	1	budget	5000.00	Shower tiles replace/remodel budget every 30 years

RESERVE COMPONENTS

MONTEVALLE

Inflation Rate %	3	Current	Forecast					
Fiscal Year End July 31	Repair %	Replace Repair Cost	Total Life	Rem Life	Quantity	Unit	Unit Cost	Description
NORTH, POOL & SPA								
141- Pool Resurface		37132	15	12	1	budget	37132.00	Pool replastering & tiles replace budget every 15 years
142- Pool Heater		7000	12	2	1	each	7000.00	Pool heater replacement budget every 12 years
143- Pool Pump		2122	10	10	1	each	2122.00	Pool pump replacement budget every 10 years
144- Lighting		3000	7	7	1	budget	3000.00	Pool & pool-area lights replace budget every 7 years
145- Wind Shield		2122	15	6	1	budget	2122.00	Wind shield replace budget every 15 years
146- Spa Resurface		24931	12	9	1	budget	24931.00	Spa replastering & tiles replace budget every 12 years
147- Spa Heater		5305	10	6	1	each	5305.00	Spa heater replacement budget every 10 years
148- Spa Pumps		4244	10	1	2	each	2122.00	Spa pumps replacement budget every 10 years
SEWER SYSTEM								
149- Lift Station Panel, North Pool		7426	20	3	1	each	7426.00	North pool lift station electrical panel replace budget every 20 years
150- Lift Station Pumps, North Pool		15914	5	3	2	each	7957.00	North pool lift station sewer pumps replace budget every 5 years
151- Sewer Trestle		29705	25	2	1	budget	29705.00	Sewer trestle repair, replace & paint budget every 25 years
152- Sewer Line Repair		2652	1	1	1	budget	2652.00	Sewer line repair budget every year
153- Sewer Line Major Repair, Part 1		556973	50	41	1	budget	556973.00	Sewer line major repair/replace budget every 50 years
154- Sewer Line Major Repair, Part 2		556973	50	42	1	budget	556973.00	Sewer line major repair/replace budget every 50 years
155- Sewer Line Major Repair, Part 3		556973	50	43	1	budget	556973.00	Sewer line major repair/replace budget every 50 years
156- Sewer Line Major Repair, Part 4		556973	50	44	1	budget	556973.00	Sewer line major repair/replace budget every 50 years
157- Sewer Line Major Repair, Part 5		556973	50	45	1	budget	556973.00	Sewer line major repair/replace budget every 50 years
158- Sewer Line Major Repair, Part 6		556973	50	46	1	budget	556973.00	Sewer line major repair/replace budget every 50 years
159- Sewer Line Major Repair, Part 7		556973	50	47	1	budget	556973.00	Sewer line major repair/replace budget every 50 years
160- Sewer Line Major Repair, Part 8		556973	50	48	1	budget	556973.00	Sewer line major repair/replace budget every 50 years
161- Sewer Line Major Repair, Part 9		180250	50	1	1	budget	180250.00	Sewer line major repair/replace budget every 50 years
162- Sewer Line Major Repair, Part 10		309000	50	4	1	budget	309000.00	Sewer line major repair/replace budget every 50 years
163- Sewer Line Major Repair, Part 11		309000	50	5	1	budget	309000.00	Sewer line major repair/replace budget every 50 years
OTHERS								
164- Mailboxes, Old Mill		14004	30	3	220	each	63.65	Mailboxes replace budget every 30 years
165- ADA Door Operators		6365	10	8	2	each	3182.50	ADA door operators replace/upgrade budget every 10 years
166- HVAC Systems Maintain/Service		2000	1	1	1	budget	2000.00	HVAC systems maintenance/service/repair budget every year
167- Monument Sign		6365	25	22	1	each	6365.00	Monument sign replace/remodel budget every 25 years
168- Reserve Study Update		773	1	1	1	budget	773.00	Reserve study update budget every year
169- Reserve Study Site Inspection		796	3	1	1	budget	796.00	Reserve study site inspection budget every 3 years
170- Unplanned Project Fund	5	17646	1	1	1	budget	17646.05	5% of Annual liability for unplanned or emergency projects

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY[1]

MONTEVALLE OF SCOTTS VALLEY, INC. April 27, 2026, For the Fiscal Year Ending July 31, 2026

(1) The regular assessment per ownership interest is **$518.00** per **month**
Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ________ of the attached summary.

(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 Month (If Assessments are variable, see note immediately below):	Purpose of the Assessment
	Total:	

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ________ of the attached 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 X **No** ______

NOTE: If the association does not adopt the recommended 30-year funding plan in this reserve study the answer to the question #3 could be NO.

(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 Month:
	Total:

[1] Civil Code. Section 5570 effective January 1, 2014

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

MONTEVALLE OF SCOTTS VALLEY, INC. April 27, 2026, For the Fiscal Year Ending July 31, 2026

(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, the estimated amount required in the reserve fund at the end of the current fiscal year is **$3,748,618** , based in whole or in part on the last reserve study or update prepared by **Reserve Study Specialists** as of **April 27, 2026** The projected reserve fund cash balance at the end of current fiscal year is **$1,806,452** , resulting in reserves being **48.19%** percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **$1,806,452** . (See attached explanation)

(7) 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 (SEE ATTACHED 30 YEAR FUNDING PLAN) and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is (SEE ATTACHED 30 YEAR FUNDING PLAN) leaving the reserve at (SEE ATTACHED 30 YEAR FUNDING PLAN) percent funding. If the Reserve Funding Plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be (SEE ATTACHED 30 YEAR FUNDING PLAN) , leaving the reserve at (SEE ATTACHED 30 YEAR FUNDING PLAN) percent funding.

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 3.00 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00 percent per year.

(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 55530 [sic; s/b 5550]. 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.

[Civil Code Section 5570 (b)(4) referred to paragraphs (6) and (7) provides : "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 in accordance with this calculation."]

DISCLAIMER: The information contained in this disclosure is a PROJECTION ONLY. Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as (i) future inflation rates, (ii) levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement while others may cost more.

30 YEAR RESERVE FUNDING PLAN (WITH NO INCREASE IN CONTRIBUTION) MONTEVALLE

Calendar Year	Starting Reserve Balance	Total Annual Expenditure	Annual Reserve Contribution	Reserve Contribution Per Unit Per Month	Reserve Contribution Increase %	Contribution Increase Per Unit Per Month	Special Assessment	Interest Received	Tax on Interest	End of Year Balance	Fully Funded Balance	Percent Funded	Deficiency Surplus ( ) Per Unit
2026	$1,806,452	$568,777	$647,724	$245.35	0.00	$0	$0	$63,909	$15,977	$1,933,331	$3,668,810	52.70%	$7,889
2027	$1,933,331	$272,388	$647,724	$245.35	0.00	$0	$0	$67,716	$16,929	$2,359,453	$3,899,621	60.50%	$7,001
2028	$2,359,453	$344,474	$647,724	$245.35	0.00	$0	$0	$80,499	$20,125	$2,723,078	$4,077,065	66.79%	$6,154
2029	$2,723,078	$2,380,241	$647,724	$245.35	0.00	$0	$0	$91,408	$22,852	$1,059,118	$2,236,212	47.36%	$5,350
2030	$1,059,118	$499,368	$647,724	$245.35	0.00	$0	$0	$41,489	$10,372	$1,238,591	$2,233,520	55.45%	$4,522
2031	$1,238,591	$175,855	$647,724	$245.35	0.00	$0	$0	$46,874	$11,718	$1,745,615	$2,567,147	68.00%	$3,734
2032	$1,745,615	$145,222	$647,724	$245.35	0.00	$0	$0	$62,084	$15,521	$2,294,680	$2,954,689	77.66%	$3,000
2033	$2,294,680	$372,300	$647,724	$245.35	0.00	$0	$0	$78,556	$19,639	$2,629,021	$3,140,453	83.71%	$2,325
2034	$2,629,021	$200,665	$647,724	$245.35	0.00	$0	$0	$88,586	$22,147	$3,142,520	$3,517,508	89.34%	$1,704
2035	$3,142,520	$338,835	$647,724	$245.35	0.00	$0	$0	$103,991	$25,998	$3,529,402	$3,782,209	93.32%	$1,149
2036	$3,529,402	$290,536	$647,724	$245.35	0.00	$0	$0	$115,598	$28,899	$3,973,289	$4,118,021	96.49%	$658
2037	$3,973,289	$356,738	$647,724	$245.35	0.00	$0	$0	$128,915	$32,229	$4,360,961	$4,413,088	98.82%	$237
2038	$4,360,961	$300,969	$647,724	$245.35	0.00	$0	$0	$140,545	$35,136	$4,813,125	$4,788,622	100.51%	($111)
2039	$4,813,125	$243,522	$647,724	$245.35	0.00	$0	$0	$154,110	$38,527	$5,332,909	$5,249,188	101.59%	($381)
2040	$5,332,909	$88,162	$647,724	$245.35	0.00	$0	$0	$169,703	$42,426	$6,019,748	$5,895,819	102.10%	($563)
2041	$6,019,748	$566,319	$647,724	$245.35	0.00	$0	$0	$190,308	$47,577	$6,243,885	$6,101,007	102.34%	($649)
2042	$6,243,885	$292,055	$647,724	$245.35	0.00	$0	$0	$197,032	$49,258	$6,747,328	$6,604,448	102.16%	($649)
2043	$6,747,328	$385,848	$647,724	$245.35	0.00	$0	$0	$212,136	$53,034	$7,168,306	$7,047,569	101.71%	($549)
2044	$7,168,306	$169,887	$647,724	$245.35	0.00	$0	$0	$224,765	$56,191	$7,814,717	$7,738,864	100.98%	($345)
2045	$7,814,717	$220,759	$647,724	$245.35	0.00	$0	$0	$244,157	$61,039	$8,424,799	$8,419,513	100.06%	($24)
2046	$8,424,799	$544,159	$647,724	$245.35	0.00	$0	$0	$262,460	$65,615	$8,725,210	$8,796,497	99.19%	$324
2047	$8,725,210	$562,538	$647,724	$245.35	0.00	$0	$0	$271,472	$67,868	$9,014,000	$9,201,474	97.96%	$852
2048	$9,014,000	$396,740	$647,724	$245.35	0.00	$0	$0	$280,136	$70,034	$9,475,085	$9,805,502	96.63%	$1,502
2049	$9,475,085	$743,587	$647,724	$245.35	0.00	$0	$0	$293,968	$73,492	$9,599,699	$10,102,542	95.02%	$2,286
2050	$9,599,699	$585,149	$647,724	$245.35	0.00	$0	$0	$297,707	$74,427	$9,885,554	$10,589,320	93.35%	$3,199
2051	$9,885,554	$368,482	$647,724	$245.35	0.00	$0	$0	$306,282	$76,571	$10,394,508	$11,330,430	91.74%	$4,254
2052	$10,394,508	$385,826	$647,724	$245.35	0.00	$0	$0	$321,551	$80,388	$10,897,570	$12,100,182	90.06%	$5,466
2053	$10,897,570	$1,221,846	$647,724	$245.35	0.00	$0	$0	$336,643	$84,161	$10,575,930	$12,081,472	87.54%	$6,843
2054	$10,575,930	$250,682	$647,724	$245.35	0.00	$0	$0	$326,994	$81,748	$11,218,217	$13,058,565	85.91%	$8,365
2055	$11,218,217	$257,279	$647,724	$245.35	0.00	$0	$0	$346,262	$86,566	$11,868,359	$14,084,329	84.27%	$10,073

Montevalle of Scotts Valley Inc.

To all Montevalle owners:

California Civil Code Section 5300 requires that your Association provide annual notice of the following information regarding the Association's insurance coverage, as well as the disclosure below:

General Liability 04/05/2026 to 04/05/2027
Insurance Company: Hardon Specialty Insurance
Policy Limits: $1,000,000 Per Occurrence $2,000,000 Aggregate

Property 04/20/2026 to 04/20/2027
Insurance Company: CA Fair Plan – Fire Only
Policy Limits: 4,770,000
Deductible: $5,000 for property

Fidelity (Crime) Coverage 04/04/2026 to 04/01/2027
Insurance Company: The Hartford
Policy Limits: $800,000
Deductible: $2,500

Directors and Officers Liability 04/04/2026 to 04/01/2027
Insurance Company: Philadelphia Indemnity
Policy Limits: $2,000,000
Retention: $1,000

Earthquake Insurance 04/04/2026 to 04/01/2027
Insurance Company: QBE Specialty & Lloyds of London
Policy Limits: $6,143,700
Retention: 10%, 50,000 Min

Workers Compensation: 7/15/2026 to 7/25/2027
Insurance Company: Truck Insurance Exchange
Policy Limits: $1,000,000

Umbrella Liability NO COVERAGE

Flood Insurance NO COVERAGE

"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."

APTOS INSURANCE AGENCY, License #0620908
9500 Soquel Drive, Aptos, CA 95003