

TREO MAINTENANCE ASSOCIATION
SPECIAL ASSESSMENT NOTICE TO MEMBERS

Information regarding your Special Assessment:

Dear Treo Maintenance Association Members,

On April 2, 2025, the Board of Directors approved the passage of an Emergency Special Assessment in the amount of \$669.58 per residence to fund an unanticipated increase in insurance premiums. This Emergency Special Assessment shall be due June 1, 2025.

Article VII, Section 5(c)(3) of the Association's CC&Rs and *Civil Code* §5610 authorizes the Board of Directors to levy an Emergency Special Assessment for an unanticipated expense without a vote of the members. More specifically, *Civil Code* section 5610 states:

“Section 5605 does not limit assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any of the follow: ...(c) an extraordinary expense necessary to repair or maintain the common interest development or any part of it for which the association is responsible that could not have been reasonably foreseen by the board in preparing and distributing the annual budget report under 5300.”

This language is reiterated Article VII, Section 5(c)(3) of the CC&Rs.

Treo Maintenance Association has the obligation to purchase insurance under Article XV of the CC&Rs. As you may know, there is currently an insurance crisis in California. At an unprecedented rate, insurance providers are significantly increasing premiums, not renewing policies, or pulling out of the state entirely. Homeowner Associations are not immune from this dramatic shift in acquiring insurance.

Prior to this year, Treo Maintenance Association's insurance annual premium was \$30,287.00, about \$2,500.00 a month. However, as a result of the industry's shift in coverage, the insurance premium for this current year has increased to \$126,771.00, about \$10,500.00 a month. There was no indication prior to the approval of the annual budget that our insurance would increase by more than three hundred percent (300%). Unfortunately, no insurance carriers' bid offered appropriate coverage at a similar rate to the previous year. The Board of Directors budgeted for an increase in premiums, however, such a significant increase was not foreseeable.

Should you have any questions regarding this Emergency Special Assessment, please contact Community Manager Rina Sagal at either (714) 395-5245 or Rina@StoneKastle.com.

TREO MAINTENANCE ASSOCIATION

BOARD RESOLUTION RE: EMERGENCY SPECIAL ASSESSMENT

WHEREAS, *Civil Code* section 5605 limits the imposition of a special assessment to no more than 5 percent (5%) of the budgeted gross expenses of the association for that fiscal year without the approval of a majority of a quorum of members;

WHEREAS, *Civil Code* section 5610 provides an exception to the limit imposed by *Civil Code* section 5605 in the event of an emergency situation where an expense is incurred for which the association is responsible, and that expense could not have been reasonably foreseen by the board when preparing and distributing the annual budget under *Civil Code* section 5300;

WHEREAS, Article XV, section 1(a) of the Supplemental Declaration of Covenants, Conditions and Restrictions, Reservation of Easements and Alternative Dispute Resolution Procedures for Treo ("CC&Rs") requires the Board of Directors to obtain and keep several forms of insurance which includes, but is not limited to, Casualty and Fire Insurance in an amount equal to one hundred percent (100%) of the then current replacement cost (without deduction for depreciation or co-insurance) for the entire Project;

WHEREAS, As part of the annual insurance renewal process, the Board of Directors requested that their insurance broker solicit insurance coverage packages from insurance carriers that meet the requirements defined in the CC&Rs Article XV, section 1(a);

WHEREAS, On or about November 18, 2024, the Board of Directors approved a draft budget reflecting the increase in insurance premiums. Based on the best received insurance package, the Association's 2025 insurance premium increased to \$126,771.00. The Association's 2024 total insurance premium was \$30,287.00. The Association's 2025 insurance premium is an increase of more than 300%; and

WHEREAS, Although, the annual budget takes into account an annual increase in insurance premiums, this dramatic increase in premiums was unknown and unforeseeable at the time of the 2025 annual budget; therefore

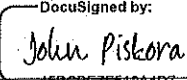
BE IT RESOLVED THAT, the Board of Directors hereby levies an Emergency Special Assessment, as defined in Article VII, section 5(c)(3) of the CC&Rs, in the amount of \$90,393.00 which amounts to \$669.58 per Residence, as an Emergency Special Assessment, as authorized by California *Civil Code* section 5610, for the purpose of obtaining the above described property insurance that satisfies the requirements and obligations imposed on the Association in Article XV, section 1(a) of the CC&Rs. Such Emergency Special Assessment shall become immediately due on June 1, 2025.

CERTIFICATE OF THE SECRETARY

I, John Piskora, hereby certify:

1. That I am the duly elected and acting Secretary of the Treo Maintenance Association; and
2. That the above Resolution constitutes the Resolution of the Board of Directors, as duly adopted by a vote of the Board.

IN WITNESS WHEREOF, I have hereunto set my hand this 2 day of APRIL, 2025.

By: 
Secretary

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