

THE KLAMAGRAM

PO Box 129 Hornbrook, CA 96044 Ph 530-475-3555 Fax 530-475-3002 www.krce.net

AN APOLOGY

Very first of all, we would like to apologise for the time it has taken to announce the results of the 2014 election. As you will see below in the announcement, the result was a new board. There has been a great deal of work to get through to get up to speed and to ensure we start out in the right direction.

2014 ANNUAL MEMBERSHIP MEETING

The quorum-only meeting of the 2014 Annual Membership Meeting was held on Wednesday September 3rd. Ballot Custodian/Inspector of Elections, Jeffery Chitwood, reported the results: Of the 2050 lots there were 1840 lots eligible to be voted with 421 represented. A 40% quorum was not met and the meeting was adjourned until Saturday, September 6th when the quorum requirements automatically dropped to 25% or 473 lots.

At Saturday's meeting, the turnout was excellent, and resulted in standing room only. Board President Robert Noel called the meeting to order, and announce the opening of voting. Whilst the many owners present voted, Treasurer Ann Noel gave a presentation on Reserve funding, and Director Susan Wallace gave a presentation on the roads program over the last 10 years. On completion of the voting phase, it was established that a quorum had been met, so the open forum section of the meeting proceeded whilst Jeff Chitwood prepared the proxy ballots. Dave Raumacher was elected as chairman for the meeting, and Ann Noel, secretary.

Many issues were brought up and discussed by the members present, and it was agreed that these would be noted and passed to the new board once elected, to form the agenda for the next meeting of the board.

Dates for the 2015 Quorum only and Annual meeting were set to Wednesday 9th September at 6pm and Saturday 12th September at 11am respectively.

Following a long count, Jeff Chitwood announced the following results:

Lots represented 538 – 28.5% (473 required)

Raymond Cirelli – 491 Votes	Elizabeth Eastlick – 123 Votes
Larry Frye – 90 Votes	Charles Gordon – 463 Votes
James Kenney – 430 Votes	Ann Noel – 215 Votes
Robert Noel - 152 Votes	Jim Saunders – 258 Votes
Susan Wallace – 310 Votes	Robert Wright – 156 Votes

NEW BOARD

New board members Raymond Cirelli, Charles G Gordon and James Kenney were elected, with Jim Saunders and Susan Wallace retaining their seats. The newly elected board immediately held an organization meeting and elected the following positions:

James Kenney – President
 Jim Saunders – Vice President
 Raymond Cirelli – Secretary / Treasurer
 Charles G Gordon – Webmaster
 Susan Wallace – Director

The position of webmaster is new for 2014, in response to calls from the membership to establish an online presence and digital communications. The new board also agreed to adopt www.krce.net as the official website of the association, this is donated by Charles Gordon.

2014/15 Board Meeting Schedule

The new board set the following schedule of quarterly meetings for the coming 12 months:

Saturday September 13th 2014 at 10:00 am
 Saturday November 22nd 2014 at 10:00 am
 Saturday March 21st 2015 at 10:00 am
 Saturday June 20th 2015 at 10:00 am
 Friday September 11th 2015 at 6:00 pm

All meetings to be held at the KRCE Campground, Whitefish Place, Hornbrook, CA.

If you wish to have any matters discussed on the agenda at regular meetings, please write in to the office at least 7 days in advance so that the items can be placed on the agenda.

THANK YOU

All candidates in this year's election would like to thank the members who participated, whether you voted for or against them, for your passion and commitment to the future of our association.

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SPECIAL MEETING OF THE BOARD

Following the election, the new board scheduled a special open meeting on September 13th to address the items raised by the members at the annual meeting's open forum section. The agenda was as follows:

Hunting on KRCE Lots

The hunting debate continues . The board agreed to research the matter further, as many owners were sold their lots by the original developer as "an ideal place to go hunting and fishing". However, it appears that the majority of hunting related incidents over the years may have been in breach of State hunting regulations, regardless of the presence or not of a ban on hunting in KRCE.

Campground Hours

There was much debate regarding the hours of operation of the campground facilities. The majority of owners felt that the current hours were too short and did not allow for longer days in the Summer. The board proposed to install an electronic access control system to provide 24hour access, with the system permitting access outside of the "normal hours of opening". In the interim, it was agreed that normal hours in summer months should be extended to approximately match daylight hours, and that the closing time for events at the Lodge would be extended from 10pm to midnight on Fridays and Saturdays. The board agreed to obtain pricing for the installation of the electronic access control system, and present this at the November quarterly meeting.

Roads Maintenance

Roads maintenance issues were brought to the attention of the board. The board also raised other issues with the roads, and resolved to take action to repair the damaged roads.

CCTV installation at the Campground

In order to better secure the campground against vandalism, theft, damage and to protect the safety of association employees , the board resolved to arrange for the installation of a CCTV system at the campground. A wish was further expressed to use the system to provide a webcam feed for the new website.

Electronic Communications

Following requests for the ability to receive regular association communications by email, it was announced that a new

board position of Webmaster has been created. This will be fulfilled by Charles Gordon. The board announced that the association had officially adopted the www.krce.net website as the website of the association. There is an electronic communications sign up form included with this edition of the Klamagram. Please see the article "Save the Planet, Sign up for Email" in this Klamagram.

Members also raised items from the floor, including:

Merged lots

This issue, which has previously been debated to great length, was raised. The board agreed to research the issue and place it on the agenda of the next meeting to determine the way forward.

Camping & Cultivation on KRCE Lots

The pre-existing ruling on camping and cultivation on KRCE lots was found to overly "absolute" and could pose some legal issues. The board resolved to return at the next meeting with proposed changes to better work with property owners and promote their use and enjoyment of their lots.

SAVE THE PLANET, SIGN UP FOR EMAIL

Did you know, that the association spends in the region of \$20,000 a year on sending out the Klamagram and other required membership communications and disclosures?

Every member receives around 60 pages of information from the association every year, totaling over 40,000 sheets of paper, printed on both sides, 11,000 envelopes, and 9,500 stamps. On top of this, of course, comes the task of folding all that paper and stuffing it into addressed envelopes.

Thanks to California legislation released in 2010, we are now able to communicate electronically for all regular mailings with the exception of the annual election materials. The law requires that the process for this be "Opt in" via a signed form, and members may choose to opt back out at any time by revoking their "opt in" in writing.

With this Klamagram, you will find the official Opt in form. If you wish to sign up to receive communications from KRCEOA via email, please complete the form and return - Continued

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it to the office via regular mail.

Privacy Policy:

As a result of initiating these electronic communications, we must also have in place a privacy policy. The full text can be found at www.krce.net, but for those just wondering what we are going to do with your email address once we have it, please be assured, that your personal information, including email address will only be used for official KRCEOA business and will not be passed on to anyone else. email addresses are not a matter of public record, and as such will not be passed on with the owner mailing list which is available to all owners on request.

QUARTERLY MEETING OF THE BOARD

The board met on 22nd November for the regularly scheduled open meeting. The items on the agenda were as follows:

Treasurer's 3rd Quarter Report

Treasurer Ray Cirelli reported that due to an error discovered recently in the association computer records, the third quarter report (July—September 2014) would be delayed until the error can be resolved by the association auditors. He was able to confirm however that the all other records tally correctly, and that the error in the system was a double entry of a funds transfer which occurred only once, resulting in the book-keeping system showing a lower account balance than is actually in the bank.

Camping and Cultivation Ruling

The board voted to change the camping and cultivation ruling as follows:

The Cultivation part of the ruling will only prohibit "Illegal" Marijuana growth. Other cultivation of undeveloped lots such as gardening, vegetable gardens, legal Marijuana cultivation with the appropriate certification and other agricultural growth were deemed permissible.

The camping part of the ruling reverts to the allowances and guidelines as set out by County Ordinances, with enforcement to be the responsibility of the county.

West End Bathroom

As regular readers will know, the west end bathrooms at the campground have been closed for several years, following further movement of the foundations. It was debated whether it was prudent to invest further funds in this facility given

the risk of further recurrence, as they were built in a location prone to flooding and subsidence. The board resolved to obtain further estimates of the cost of repair/replacement and the potential risk of re-occurrence. Should either the cost or risk be prohibitive, the board will return to the membership to place the issue to a vote.

Storage Container

As a consequence of the subsidence of the West End bathrooms, which also house the association record archives and other equipment, the board resolved to purchase a used shipping container to safeguard these archives and assets whilst the future of the bathrooms is decided.

Walk Bridge

The condition of the campground bridge was discussed at length, as repairs and a possible replacement of timbers are needed. Of main concern was the safety of contractors working on the bridge. The board resolved that the association will only accept contractors who are licensed, bonded, insured and appropriately qualified to work safely. Further requests for quotations for repair will be sought.

Hunting

Further to the item from the last meeting, the board stated that they have not yet had responses from authorities regarding the issue of hunting in KRCE.

Pro forma Budget

The proposed pro forma operating budget for 2015 was reviewed by the board. The CPAs preparing the budget recommended an increase in assessments for 2015. This was rejected by the board. As a result, the deadline for producing a pro forma budget will not be met, and the 2014 pro forma budget will be used as a baseline. Assessments will remain at \$158 per lot, and the board will seek to identify savings in the 2014 budget to provide funds for new initiatives.

KRCE Lots — Sale

Following collection activities, the association now hold title to several lots which will be offered for sale by auction as detailed in the included list. Details of any outstanding liens or back taxes will also be included in future lot sales.

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Clubhouse & Space Rental Fees

In order to simplify the campground usage fee structure, and encourage more owners to enjoy the facilities, the board resolved to change the fees structures as follows:

Lodge use for will now be free to members, subject to a one reservation per owner per month limit . The cleaning deposit will remain.

RV & Tent space rental fees for owners will be \$10 per night, including hook up

RV & Tent space rentals for non owners will now be \$20 per night including hook-up.

All space rentals therefore now include hook-up whether used or not.

Trailer rental rates remain unchanged.

There is a 14 day continuous occupancy limit for all Trailer, RV & Tent space rentals at the campground.

Picnic Tables

The board resolved to replace more of the old picnic tables as funds allow.

RV Storage

A proposal was put forward to provide RV storage facilities for owners at a reasonable rate. Further research and costings are required, and this will be revisited at the next regular meeting.

Front Gate With Electronic Entry

Further to the last meeting quotations have been obtained to provide electronic security gates and door locks for the campground and facilities. Whilst all agreed that this was a significant benefit to the association, the figure quoted (\$27,500) exceeds the limit stated in the CC&Rs from 1974 for improvements. The board resolved to consult with association counsel on the process to continue with this improvement.

Lodge TV

The board resolved to obtain and install a new television with satellite service in the lodge. There has previously been a television service installed at the lodge, but this was not replaced when it failed.

Lot Merging

As tabled at the last meeting, the lot merger issue was discussed. It was determined that the high costs involved in

merging lots with the county would preclude mergers for the purpose of saving money on assessments. However this issue will require a membership vote to pass. The board resolved to consult association counsel and potentially put this matter to a vote of the membership in the future.

Digital Communications Incentives

A proposal was put forward to provide a small discount on assessments for owners who signed up to receive communications via email, and also paid their assessments early (prior to 1st January). There was some debate whether this should be per lot or per owner. It was agreed that the digital communications program would go ahead, and resulting savings examined to determine any potential future discount.

Playground Equipment

Many owners have voiced the desire to have the previously removed playground equipment replaced at the campground. The board resolved to research with the association insurers, what equipment would be covered, and to obtain quotations for supply and installation.

Defibrillator for Campground

The board resolved to obtain an automatic defibrillator for use at the campground.

Social Events

The board announced that they will seek to provide several social events and classes at the campground lodge, including CPR and first aid classes.

ROADS ISSUES

Several issues have been brought to the attention of the association, with roads which have received maintenance activities this year. The contractor has been asked to resolve these issues before continuing with further new works.

NEW CAMPGROUND HOST

Please join us in welcoming our new campground host, Mark. Mark has lived in Siskiyou county most of his life, and has a vast array of experience and local knowledge.

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MEET THE TEAM

The last couple of years have seen several changes in the association employees. As such we effectively have a completely new team looking after the campground and other association matters. The current team is as below:

Susan Abner - Association Office Administrator

Susan joined us in 2014 and has taken over office administration duties. Susan is a KRCE owner.

Cindy Gingrich - Campground Maintenance

Cindy took over grounds maintenance of the campground in 2012, and spends her time keeping the grounds looking amazing. We don't envy her the task of collecting up the fall leaves!

Mark Starr - Campground Host

Mark has recently taken over the duties of campground host. Mark has been a Siskiyou county resident for many years and has a wealth of local knowledge.

Debra Kluj - Janitorial Services

Debra is also a KRCE owner, and takes care of the cleaning of the campground facilities.

This is just a brief intro to the team, we hope to provide more detailed profiles in the future, on KRCE.net

FORECLOSED LOT SALE

We have a quantity of lots under the ownership of the association, following foreclosure actions. We intend to place these lots for sale to owners in the new year. Due to some issues experienced with past auctions, we will be creating new terms of sale for these lots. The terms and conditions of the sale will be posted on www.krce.net on 1st January 2015.

We have also found many owners getting a nasty surprise when winning an auction, to find that significant back taxes are due to the county. We have obtained this information from the county so that you can see clearly what you are bidding on.

The list of Lots can be found overleaf.

ADVERTISING IN THE KLAMAGRAM

If you would like to advertise your business or services in the Klamagram, please contact the office for rates. Any advertisement paid will also be placed on www.krce.net for the same duration as your printed advert.

NEW WEBSITE AND FACEBOOK GROUP

With the appointment of a webmaster, the association now has an official website : www.krce.net

The website is planned to provide not only an archive of association communications, but many other resources to help owners gain more enjoyment from their property, and to take out some of the headaches of developing your lots.

We have also set up a Facebook group for owners, search on Facebook for KRCE.net, and request to join. If your facebook name does not match your recorded ownership name (which is fairly common), please contact webmaster@krce.net with your recorded name, and your facebook name for approval.

NEW LOOK KLAMAGRAM

You may have noticed a new look for the Klamagram and other documents.

If you sign up for electronic communications, these will be provided in LIVING COLOR!!! OK, so it's not all that exiting just yet, but future electronic Klamagrams will include pictures and possibly some extra exclusive content which joining the digital millenium enables.

Just complete and return the enclosed opt-in form to receive digital communications from KRCEOA, and don't worry, we will not divulge your email address to anyone.

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LOT SALE

The following lots will be offered for sale in the new year:

APN #	LOT#	2015 TAXES	OUTSTANDING TAXES
103-330-210-000	2-016	\$ 29.50	\$ 188.65
103-310-020-000	2-045	\$ 79.56	\$ 696.40
104-340-150-000	4-644	\$ 29.14	\$ 239.53
103-400-090-000	3-140	\$ 43.47	\$ 352.46
104-400-210-000	5-097	\$ 81.52	\$ 378.67
103-050-020-000	1-240	\$ 54.34	\$ 298.96
104-140-180-000	4-466	\$29.50	\$258.43
103-180-070-000	1-416	\$ 29.86	\$ 311.06
104-340-220-000	4-645	\$ 50.00	\$ 487.56
104-210-170-000	4-106	\$ 29.50	\$ 259.43
103-120-070-000	1-323	\$ 32.61	\$ 271.46
104-270-030-000	4-559	\$ 33.60	\$ 386.93
104-010-110-000	4-227	\$ 65.52	\$ 161.39
103-430-250-000	3-103	\$ 43.47	\$ 397.33
103-080-230-000	1-382	\$ 66.80	\$ 444.36
103-120-110-000	1-325	\$ 48.90	\$ 374.00
104-310-390-000	4-059	\$ 29.35	\$ 239.53
103-210-280-000	1-025	\$ 48.90	\$ 706.54
103-360-070-000	3-128	\$43.47	\$270.46
104-140-130-000	4-471	\$ 65.22	\$ 291.99
104-090-070-000	4-282	\$ 77.72	\$ 1,062.93
104-210-070-000	4-507	\$ 65.22	\$ 220.00
104-280-090-000	4-675	\$ 31.08	\$ 336.37
103-380-210-000	3-206	\$ 43.47	\$ 397.33

LOT SALE

The following lots will be offered for sale in the new year:

APN #	LOT#	2015 TAXES	OUTSTANDING TAXES
104-390-110-000	5-128	\$ 86.96	\$ 908.83
103-310-130-000	2-146	\$ 43.47	\$ 667.93
103-120-120-000	1-324	\$ 54.34	\$ 429.01
103-150-290-000	1-129	\$ 36.07	\$ 304.51
103-200-090-000	1-478	\$ 30.05	\$ 210.83
104-310-380-000	4-058	\$ 29.86	\$ 239.53
104-440-110-000	5-069	\$ 29.25	\$ 241.43
104-190-140-000	4-338	\$ 29.50	\$ 258.43
104-280-080-000	4-678	\$ 70.64	\$ 348.64
104-190-020-000	4-308	\$ 30.63	\$ 73.00
103-090-210-000	1-115	\$ 19.57	\$ 389.99
104-310-410-000	4-061	\$ 32.73	\$ 0
104-180-160-000	4-490	\$ 86.96	\$ 802.96
103-080-220-000	1-383	\$ 48.90	\$540.27
104-330-110-000	4-032	\$ 29.14	\$ 239.53
104-310-370-000	4-057	\$ 29.14	\$ 239.53
103-250-330-000	1-004	\$32.73	\$ 0
104-190-120-000	4-340	\$ 29.50	\$258.43
104-210-060-000	4-506	\$ 29.06	\$ 122.18
103-370-030-000	3-119	\$ 43.47	\$ 253.79
103-330-220-000	2-015	\$ 43.47	\$ 586.04

Please check www.krce.net after January 1st 2015 for terms and conditions of sale

KLAMATH RIVER COUNTRY ESTATES OWNERS ASSOCIATION

PO Box 129 Hornbrook, CA 96044 Ph 530-475-3555 Fax 530-475-3002

ELECTRONIC COMMUNICATIONS CONSENT FORM

The Board of Directors of the Klamath River Country Estates Owners Association have resolved to promote changing our means of communicating with all property owners to be more in line with today's electronic age. The forms of communication we will use are e-mail and community web site postings. This will include all regular communications except for annual voting materials which are still required to be sent by regular mail.

In order to do this we are required by California civil code 1350.7 to have your written consent and maintain this authorization on file.

You are within your rights to continue to only receive communication in hard copy written form. If you so desire, you do not need to return the form. If you opt in to electronic communication and later change your mind, you may use the bottom of the form to opt out of the electronic communication consent request outlined in this notification.

If you want to receive association communication via email, please complete the lower portion of this consent form and return it to the association office at **PO Box 129 Hornbrook, CA 96044**, or by electronic scan and e-mail to the association webmaster, Charles Gordon, at **webmaster@krce.net** or by fax to **(530) 475-3002**.

Please retain the remainder of this form should you wish to opt out in the future, please complete and send in the opt out section below. Your email address will only be used for the purposes of official KRCEOA communications, and any bulk communications will be done so by "Blind Copy", meaning only the recipient will be able to see their email address.

ELECTRONIC COMMUNICATIONS OPT-OUT FORM

Please sign and return this section only if you wish to opt out of receiving electronic communications after having opted in.

I/we opt **out** of the electronic communication option offered by Klamath River Country Estates Owners Association. Please send my notices and documents via US mail

PROPERTY OWNER NAME: _____

DATE: _____

MAILING ADDRESS _____

SIGNATURE: _____

ELECTRONIC COMMUNICATIONS OPT-IN CONSENT FORM

Please sign and return this section if you wish to receive electronic communications from Klamath River Country Estates Owners Association

I/we consent to receiving Klamath River Country Estates Owners Association communications via e-mail in accordance with California civil code 1350.7 effective 2/1/2011

PROPERTY OWNER NAME: _____

DATE: _____

EMAIL ADDRESS: _____

ADDITIONAL EMAIL ADDRESS _____

SIGNATURE: _____

KRCEOA INC. ANNUAL POLICY STATEMENT

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The 2015 Annual Assessment will remain at \$158.00

The assessment will be billed January 1st 2015.

See Pro-Forma Operating Budget on Pages 5 & 6 for more information

CURRENT BOARD OF DIRECTORS

James Kenney	Director / President
James Saunders	Director / Vice President
Raymond Cirelli	Director / Secretary / Treasurer
Charles G Gordon	Director / Webmaster
Susan Wallace	Director

The position of webmaster is new for 2014, in response to calls from the membership to establish an online presence and digital communications.

Send official communications to the Association via first class, certified, express, or overnight mail addressed to:
Mr. James Kenney, President, P.O. Box 129 Hornbrook, CA 96044

Meeting Agendas are posted on the bulletin board at the Office, on the KRCE.net website and 7 other locations within KRCE as a courtesy

Regularly scheduled Board meetings are: 11/22/14; 3/21/15; 6/20/15; and 9/11/15. Special meetings, if any, will be scheduled as needed.

**OFFICIAL GENERAL NOTICE POSTING LOCATION:
OFFICE BULLETIN BOARD
4710 WHITEFISH PLACE
HORN BROOK, CA 96044**

INDIVIDUAL DELIVERY

Members may request to receive general notices by individual delivery via first-class mail addressed to the recipient at the address last shown on the books of the Association, or via email. Please see *Record Requests Which Must Be Delivered to KRCEOA, Inc. in Writing & Signed*.

NOTICE

Copies of the Reserve Study, the 2015 Pro Forma Operating Budget, and the insurance policies are on file at the office. Members may obtain copies by contacting the office in writing or in person with their request. Copy or mailing charges for the Reserve Study and/or the insurance policies apply. These documents are available to be viewed at the office. please make an appointment.

CURRENT OFFICE HOURS

Monday - Thursday
12:00 noon - 4:00 pm

If you call at other times, you may leave a message on our telephone and we will return your call as soon as possible. Office hours are subject to change. Please feel free to call to verify current hours.

DO YOU HAVE MORE THAN ONE ADDRESS?

Members have a right to submit a secondary address to the Association. If you wish to have mailings sent to a second person on the deed or to yourself at a second address, you may submit such a request to the Association. For the protection of both KRCEOA and the property owner, all requests must be submitted in writing and signed by an individual named on the deed. If you have any questions, as always, you may call the office for further clarification.

Record Requests Which Must Be Delivered to KRCEOA, Inc. In Writing & Signed

1. Requests to change the member's information on the membership list.
2. Requests for individual delivery of general notices or a request to cancel a prior request for individual delivery of general notices.
3. Requests to opt out of the membership list or a request to cancel a prior request to opt out of the membership list.
4. Requests to receive a full copy of a specified annual budget report or annual policy statement.
5. Requests to receive all reports in full , or a request to cancel a prior request to receive all reports in full.

MEMBERS RIGHT TO RECEIVE MINUTES

Within 30 days of a Board meeting members have the right to receive approved minutes, an unapproved draft, or a summary of the minutes. Please contact the Office at 530-475-3555 if you wish to request copies of a particular meeting or you may view the minutes on file at the Office at 4710 Whitefish Place, Hornbrook, CA. Copy costs and any postage fees apply.

KRCEOA INC. ANNUAL POLICY STATEMENT

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COLLECTION POLICY*

An Annual Assessment will be charged each lot on January 1 of each year and is delinquent if not paid by February 15.

A Late Fee of \$15.00 per delinquent lot will be applied on February 16. 12% Interest per annum will be charged on any remaining unpaid balances on March 1.

If any portion of the Annual Assessment, including applicable late charges and interest, remain unpaid by March 16 of that fiscal year the Association, its collection company, or any other authorized agent shall send a Pre-Lien Notice by certified mail, to the delinquent record owner(s) at the Owner(s) last mailing address provided to the Association.

At the option of KRCEOA any accounts that are delinquent on May 16 will either be handled by the Association's collection company for foreclosure action with an administrative collection fee of \$117.45 added or the Association may file a Small-Claims Action with a \$185.00 Small Claims Collection Fee added. If Court action is taken all court, attorney, and collection costs will be charged to the property owner.

Unless the property owner has entered into a signed Payment Agreement with the Klamath River Country Estates Owners' Association, Inc., account balances, including prior year's charges and fees, must be paid in full. Partial payments on accounts will not be accepted without the signed Payment Agreement.

A Payment Processing Fee of \$3.00 will be applied to each payment for one lot on a Payment Agreement. A \$1 .00 Payment Processing Fee will be added for each additional lot that an owner has under Payment Agreements. All payments must be made on time per the Payment Agreement and in US Funds payable through a US bank. Each lot payment under a Payment Agreement must include the Payment Coupon to insure proper posting to the Lot account(s). If payments are doubled up, please include the appropriate coupons with it.

Transfer Fees are \$53.00 per lot.

A Returned Check fee of \$25.00 will be applied if any payment is rejected by the bank for any reason.

**Note: All above dates refer to the year in which the assessment is levied.*

INTERNAL DISPUTE RESOLUTION PROCEDURE

Either KRCEOA, Inc. or a Member may invoke this Internal Dispute Resolution Procedure (IDR) by requesting the other party to meet and confer in an effort to resolve the dispute involving a member's rights, duties, or liabilities.

The request shall be in writing, signed, and shall briefly describe the dispute, and shall be mailed to the last known address of the other party by Certified Mail.

A Member of the Association may refuse a request to meet and confer. KRCEOA, Inc. may not refuse a request to meet and confer.

The Association's Board of Directors shall designate a member or members of the Board to meet and confer.

The parties shall meet within 30 days at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

If the Member participates but the dispute is resolved other than by agreement of the member, the member shall have the right of appeal to the full Board.

An agreement or a resolution of a dispute, pursuant to the procedure, which is not in conflict with the law or the governing documents and is within the authority of the board designee(s), binds the parties and is judicially enforceable. The resolution or the agreement by the parties shall be memorialized in writing and signed by the parties, including the Board designee(s) on behalf of KRCEOA, Inc.

A Member of the Association shall not be charged a fee to participate in the process.

See Page 3 for Alternative Dispute Resolution

PAYMENT PLAN

A Payment Agreement is available to Members who request one unless the Member has defaulted on a previous Payment Agreement. The standard terms will require payment in three monthly installments per lot. All amounts due from the Member must be paid in full before the end of the current year. A Payment Processing Fee will be applied to each payment received. (See Collection Policy for fee amount).

If you are unable to pay your assessments in a timely manner, please call the office to make arrangements to enter into a Payment Agreement.

KRCEOA INC. ANNUAL POLICY STATEMENT

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ALTERNATIVE DISPUTE RESOLUTION (ADR)

The Association, or member of the Association, may not file an action in Superior Court seeking either: (a) declaratory or injunctive relief to enforce the governing documents, the Davis-Stirling Common Interest Development Act, or the Corporations Code, or (b) in conjunction with a claim for \$7500 or less (other than assessments), unless the parties have endeavored to submit their dispute to Alternative Dispute Resolution (ADR), which includes mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The ADR process may be binding or non-binding.

This requirement does not apply to disputes within the jurisdiction of the Small Claims Court or disputes over assessments.

ADR is commenced by one party serving the other party with a Request for Resolution which must contain (a) a brief description of the dispute; (b) a request for ADR; (c) a notice that the party receiving the Request for Resolution must respond within 30 days or the Request will be deemed rejected; and (d) if the person on whom the Request for Resolution is served is an owner, a copy the statutes governing ADR, Civil Code sections 5925 - 5965.

Service of the Request for Resolution may be made by personal delivery or by certified mail. If the Request for Resolution is accepted, ADR must be completed within 90 days from the date of acceptance. The deadline can be extended by a written agreement among all parties.

Costs of ADR shall be shared by the parties.

The time to file a civil action is suspended while ADR is pending.

Refusal to accept ADR may result in the loss of the right to recover attorney fees in a subsequent Superior Court action.

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

OVERNIGHT PAYMENTS

Overnight payments made to KRCEOA, Inc. at: P.O. Box 129, Hornbrook, CA 96044 will be picked up from the Post Office the next business day. Hand delivered payments may be brought to the Office at 4710 Whitefish Place, Hornbrook, Ca 96044 Mondays - Thursdays 12:00 pm to 4:00 pm.

DISCLOSURE OF MONETARY PENALTIES

There is no hunting in KRCE, a residential only subdivision. First offense fine is \$500 and then a \$1000 for any subsequent offenses by any member. Such fines, if assessed, shall be due and payable 30 days after the fine is charged. Until any such fines are paid, the members rights and privileges shall be suspended.

CAMPGROUND RULES VIOLATIONS

Members or guests may be removed from the Campground for: Using threatening or abusive language; Violating the posted rules; or Willfully damaging the Campground assets. Campground and Pool Rules are posted and noticed in the Owners' Manual.

ELECTRONIC DOCUMENT COPIES

In Line with the digital communications initiative, we are working to make member accessible documents available via electronic means. Some of these documents are very large, and this could take some time to complete. It will be announced in the Klamagram and on www.krce.net when these become available.

ROAD DAMAGE DURING CONSTRUCTION

Owners undertaking construction during the wet season that results in road surface damage to KRCEOA's commonly maintained roads will be required to smooth the surface an, if necessary, to provide the addition of sufficient approved base material to meet residential traffic needs. Failure to make the required repairs will result in action by the Association to make such repairs and to bill the responsible lot owner.

CHANGES OF ADDRESS: It is the responsibility of the lot owner to keep the Association informed regarding his/her mailing address. Address changes must be made in writing and signed by the lot owner-of-record to change the Association's records. Please submit your written request including your unit and lot number; the old mailing address; and the new mailing address. If you wish confirmation of the address change, please so state and we will be happy to confirm the change in writing.

KRCEOA INC. ANNUAL POLICY STATEMENT

PO Box 129 Hornbrook, CA 96044 Ph 530-475-3555 Fax 530-475-3002 www.krce.net

INSURANCE SUMMARY

This summary of the associations' 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.

Commercial Package and Umbrella

Philadelphia Insurance Co. PHPKI073444

PROPERTY:

Building Limit	\$342,750
Deductible	\$1,000
Perils: Special form excluding flood & earthquake	

CRIME- EMPLOYEE DISHONESTY:

Limit of Insurance	\$10,000
Deductible	\$500

COMPREHENSIVE GENERAL LIABILITY:

Bodily injury/Property Damage Limit:	\$1,000,000		CSL
Aggregate	\$2,000,000	Aggregate	
Premises Medical Payments:	\$5,000		

UMBRELLA LIABILITY:

Limit of Liability	\$1,000,000
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Directors and Officers Liability Insurance

Great Divide Insurance Company #CM000000441-01

Combined Limit of Liability	\$1,000,000
Policy Aggregate	\$2,000,000
Defense Costs	\$1,000,000
Deductible- Each Wrongful Act	\$5,000
Deductible- Employment Practices- Each	\$25,000

NOTICE

In the 2015 Pro-Forma budget & assessment and reserve funding disclosures summary, the terms "Replacement fund" and "reserves" are used inter-changeably to refer to funds set aside for repair, maintenance and replacement of certain assets.

FULL PRO FORMA OPERATING BUDGET OR RESERVE STUDY AVAILABLE

KRCEOA, Inc, contracted with Levy, Erlanger & Company to prepare the 2015 Pro-Forma Operating Budget. This budget was rejected by the Board . As a result, the 2014 operating budget will be used as a baseline for 2015 also. The complete budget is available to members on request. Please contact the office if you wish to have the complete Pro -Forma budget mailed to you at association expense. To have the reserve study sent, copy & mailing costs apply. You may also make arrangements to view both items at the office

KRCEOA INC. ANNUAL POLICY STATEMENT

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ASSESSMENT AND RESERVE FUNDING DISCLOSURES SUMMARY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014 (RE-USED FOR FISCAL YEAR ENDING DECEMBER 31, 2015)

- The current assessment per unit is **\$158.00 per year**.
- Additional 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 Due	\$Per Lot per year	Purpose
January 1, 2015	\$158.00	2015 operations and reserve funding

- Based on 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?

| X | Y E S I I N O This answer is based on the reserve study dated November 2013 prepared by Facilities Advisors of Ventura and the November 2013 replacement reserve funding plan prepared by Levy, Erlanger & Company, CPAs. The reasonableness of the reserve funding plan is dependent upon the data contained in the reserve study, including the completeness of the major component list, and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components. It is also dependent on certain significant assumptions, including but not limited to an average interest earnings rate before tax of 3/4% per annum, an average cost inflation factor of 2% per annum, and the approval of regular and/or special assessments by the Board of Directors and/or owners during the 30 year projection period.

- If the answer to #3 above 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. N/A

- All major components are included in the reserve study and are included in its calculations.

- As of the last reserve study or update, the current balance in the reserve fund is \$ 515,000. Based on the method of calculation in paragraph (4) of subdivision (b) of section 1365.2.5, the required amount in the reserve fund is \$ 395,000, (100% funded) and if an alternate, but generally accepted method of calculation is also used, the required amount is \$ n/a , pursuant to the n/a study prepared by n/a of n/a dated n/a

- Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the required amount in the reserve fund for the next five years and the projected percent funded for the next five years based upon existing reserve assessments is as follows:

Year	Required Reserves	Cash Reserves—Existing Assmnts	Percent Funded
2014	\$389,000	\$476,000	100%
2015	\$342,000	\$394,000	100%
2016	\$364,000	\$377,000	100%
2017	\$386,000	\$356,000	100%
2018	\$398,000	\$322,000	93%

The projected percent funded for the next five years based upon projected reserve assessments is as follows:

Year	Required Reserves	Cash Reserves—Existing Assmnts	Percent Funded
2014	\$389,000	\$476,000	100%
2015	\$342,000	\$399,000	100%
2016	\$364,000	\$392,000	100%
2017	\$386,000	\$385,000	100%
2018	\$398,000	\$371,000	93%

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. For the purposes of preparing a summary pursuant to this section [California Civil Code Section 1365.2.5]:

- "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- "Major component" has the meaning used in Section 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.
- The form set out in subdivision (a) [items #1-#7] shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) [items # 1 -#7] is provided.
- 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.

KRCEOA INC. ANNUAL POLICY STATEMENT

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KLAMATH RIVER COUNTRY ESTATES OWNERS ASSOCIATION, INC 2014 PRO-FORMA OPERATING BUDGET (RE-USED FOR 2015) FORECASTED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDING DECEMBER 31, 2015

	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
REVENUES			
Assessments	\$188,300	\$135,600	\$323,900
Late charges and other income	7,750		7,750
Campground Income	2,400		2,400
Interest Income		3,900	3,900
Transfer Fees	1,600		1,600
Total Revenues	<u>200,050</u>	<u>139,500</u>	<u>339,550</u>
EXPENSES			
<u>Maintenance & Operations</u>			
Major Component Replacement			
Provision (Notes 3 & 5)		160,000	160,000
Campground Maintenance	36,100		36,100
Roads	5,000		5,000
Special Events	500		500
	<u>41,600</u>	<u>160,000</u>	<u>201,600</u>
<u>Administration</u>			
Payroll & Mileage	60,200		60,200
Legal, Professional & Accounting	11,500		11,500
Office, Supplies & Election	29,750		29,750
Insurance	28,200		28,200
Property Taxes	1,300		1,300
Income Tax Provision		900	900
	<u>146,750</u>	<u>900</u>	<u>147,650</u>
<u>Utilities</u>			
Electricity, Propane, Communication	10,200		10,200
Refuse	1,500		1,500
	<u>11,700</u>	-	<u>11,700</u>
Total Expenses	<u>200,500</u>	<u>160,900</u>	<u>360,950</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	(21,400)	(21,400)
FUND BALANCE (DEFICIT) BEGINNING OF YEAR (NOTE 5)	<u>8,000</u>	<u>120,000</u>	<u>128,000</u>
FUND BALANCE (DEFICIT) END OF YEAR	<u>\$8,000</u>	<u>\$98,600</u>	<u>\$106,600</u>