

November 30, 2018

Dear Owner:

Attached are the draft Board of Directors Meeting Minutes from our most recent Board Meetings. These minutes are being distributed to Owners as outlined in the Newport Coast® Villas Master Association By-Laws, Article 6, Section 6.17 Minutes of Meetings; the Newport Coast® Villas Condominium Association Declaration of Conditions, Covenants and Restrictions (CCRs), Article VI Management, 6.2 Specific Powers and Duties of the Condominium Association, (l) Minutes, Agenda and Policies; and By-Laws, Article 6, Section 6.17 Minutes of Meeting; and the Newport Coast® Villas Timeshare Association Declaration of CCR's, Article IV. Management, 4.2 Specific Powers and Duties of the Timeshare Association, (p) Minutes, Agenda and Policies.

The Disclosure Statement is being distributed as required by California Civil Code 5975 and outlined in the Newport Coast Villas Master Association Declaration Article XII General Provisions, Section 12.4.

Consider opting-in to receive mailings required by the Association's governing documents or applicable law via electronic transmission through an email address. Examples of required mailings may include: notices of meetings, financial statements, budgets and amendments to the governing documents.

In order to receive these items by electronic transmission, Owners must first explicitly provide consent (or "opt-in"). Consent to receive required mailings by electronic transmission is effective unless it is revoked at a later time.

To opt-in, log into your Owner account on <https://owners.marriottvacationclub.com>. Click on "Account". Click on "Profile". Click on "Register for Online Document Notification". Click on "Edit Settings".

In order to expedite service to you, I ask that you contact Owner Services at (800) 845-4226 for any questions regarding your deed, address changes or reservations questions.

Inquiries about our operations should be directed to my assistant, Lisa Romero at Lisa.Romero@vacationclub.com.

For questions regarding minute content, please contact me at James.Marks@vacationclub.com.

Warmest regards,

Jim Marks

General Manager
Marriott's Newport Coast Villas

**Newport Coast Villas Master Association
Newport Coast Villas Condominium Association
Newport Coast Villas Timeshare Association**

Board of Directors Meetings

November 13, 2018

A regular meeting of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association was held concurrently on November 13, 2018, at Marriott's Newport Coast Villas, 23000 Newport Coast Drive, Newport Coast, California 92657.

Present from the Board of Directors were: John Albert, President; Don Baarman, Vice President; Bill Whelihan, Secretary; Vince Tobin, Treasurer and Keven Rowe, Director

Present from Marriott Vacation Club® International, representing the Management Company, were: Steve Belna, Director of Engineering; Jane Berg, Regional Vice President-West; Joanne Costello, Senior Director Program Management; Sean Ellison, Project Manager; Jennifer Kammerer, Market Director of Finance-Southwest; Jim Marks, General Manager; Cameron Queener, Assistant Controller; Eduardo Rodrigues, Director of Operations; Alessandra Williams, Senior Assistant Controller and Lisa Romero, Executive Assistant

Guests present were: Chris Van Ruiten and Genae Affrunti, Comerica Securities, Inc., and Jillian Van Dresser, Van Dresser Company

Owner present was: Murray Bryant

CALL TO ORDER

John Albert, President of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Associations, called the meetings to order at 9:01 a.m., Pacific time.

Overview of Senate Bill Section 4900, est. seq (Open Meeting Act) of California Civil Code
Mr. Albert reminded those present of Davis-Stirling Act, Section 4900, (Open Meeting Act).

Approval to run meetings concurrently

A motion was made by Keven Rowe to run the meetings of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association concurrently. The motion was seconded by Bill Whelihan and unanimously carried.

ESTABLISHMENT OF QUORUM

With all Board Members present from each Association, the quorum requirement for each Association was met.

APPOINTMENT OF RECORDING SECRETARY

Mr. Albert appointed Lisa Romero to serve as Recording Secretary.

PROOF OF NOTICE OF BOARDS OF DIRECTORS MEETING

Notice of Boards of Directors Meeting was emailed to all Board Members on November 17, 2017, as required by each Association's Bylaws.

APPROVAL OF AGENDA

A motion was made by Vince Tobin to approve the Agenda as presented. The motion was seconded by Don Baarman and unanimously carried.

APPROVAL OF BOARDS OF DIRECTORS MEETING MINUTES

A motion was made by Don Baarman to approve the May 15, 2018 Board Meeting Minutes of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association as presented. The motion was seconded by Keven Rowe and unanimously

carried.

A motion was made by Don Baarman to approve the August 23, 2018 Nominating Committee Meeting Minutes of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association as presented. The motion was seconded by Keven Rowe and unanimously carried.

A motion was made by Don Baarman to approve the September 11, 2018 Board of Directors Special Meeting Minutes of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association as presented. The motion was seconded by Keven Rowe and unanimously carried.

INVESTMENTS

Chris Van Ruiten and Genae Affrunti presented an investment update for each of the Associations.

A motion was made by Vince Tobin to continue the current Investment Policy for Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association with Comerica Securities, Inc. for 2019. The motion was seconded by Don Baarman and unanimously carried.

Refurbishment

Joanne Costello presented a review of refurbishment phases. Highlights included:

- Marriott Ownership Resorts, Inc., Refurbishment Services agreement for Phases 1A and 1B was reviewed
- Model villa tour and review

A motion was made by Don Baarman to approve \$30,000 from Newport Coast Villas Timeshare Association Reserve Funds to execute an alternate model of the master bathroom space. The motion was seconded by Keven Rowe and unanimously carried.

A motion was made by Keven Rowe to execute the Refurbishment Services Agreement with Marriott Ownership Resorts, Inc., for Phases 1A and 1B for Newport Coast Villas Timeshare Association. The motion was seconded by Vince Tobin. Keven Rowe, Don Baarman, Vince Tobin and Bill Whelihan voted in favor of the motion. John Albert abstained from voting due to a conflict of interest. The motion carried with a majority of Board Members voting in favor.

ACTION ITEMS

Jim Marks reviewed the action items.

FINANCIALS

2018 Financial Statement

Jennifer Kammerer and Cameron Queener reviewed 2018 financials. Highlights included:

- Newport Coast Villas Timeshare Association is under budget, anticipating an Operating Fund surplus of \$265,263 for 2018. Savings are attributed to lower Workers Compensation insurance premiums and increased bank investment interest being earned than anticipated in the budget.
- Mr. Queener reviewed energy savings in electricity consumption and rates which enabled the resort to achieve California Green Lodging Program certification.
- Newport Coast Villas Condominium Association is under budget, anticipating an Operating Fund surplus of \$97,988 for 2018. Savings are attributed to Loss Prevention, electricity and maintenance expenses.
- Newport Coast Villas Master Association is under budget, anticipating an Operating Fund surplus of \$3,959 for 2018. Savings are attributed to increased bank investment interest earned than anticipated in the budget.
- Life-to-date Operating Fund balance for all Associations is anticipated to be \$2,260,765 at year-end.

A motion was made by Don Baarman to engage PricewaterhouseCoopers to conduct the 2018 Financial Audit for Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association. The motion was seconded by Bill Whelihan and

unanimously carried.

A motion was made by Keven Rowe to allow the Board Treasurer of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association to accept the 2018 Audited Financials on behalf of the Board of Directors. The motion was seconded by Bill Whelihan and unanimously carried.

Accounts Receivables

Cameron Queener reviewed Accounts Receivable. Highlights included;

- Current outstanding receivables represent 0.77% of the Associations billed maintenance fees.

Reserves

Ms. Kammerer and Mr. Marks reviewed Reserves. Highlights included a review of completed 2018 projects, projects in process, 2019 recommended projects and the cash flow plan for each Association.

2018/2019 Newport Coast Villas Timeshare Association Reserve Projects include:

▪ 5-year renovation – Phases 3B and 4	\$1,883,191
▪ Purchase attic stock	\$30,900
▪ Mini refurbishment – Phases 5 and 6	\$913,400
Total	\$2,827,491

A motion was made by Vince Tobin to approve the 2018 and 2019 Newport Coast Villas Timeshare Association Annual Reserve Projects in the amount of \$2,827,491, including each project and item thereof, as presented and attached to the minutes of record. The motion was seconded by Keven Rowe and unanimously carried.

2018/2019 Newport Coast Villas Condominium Association Reserve Projects include:

▪ Purchase backflow preventers	\$28,025
▪ Replace barbeque area umbrellas – Phases 1A and 1B	\$4,371
▪ Replace barbeque grill inserts – Phases 2 and 3A	\$16,542
▪ Replace signage in common areas – Phases 3B and 4	\$41,017
▪ Replace trash dumpsters – Phases 7 and 8	\$16,409
▪ Replace water heaters and pumps – Phase 9	\$119,631
Total	\$225,995

A motion was made by Bill Whelihan to approve the 2018 and 2019 Newport Coast Villas Condominium Association Annual Reserve Projects in the amount of \$225,995, including each project and item thereof, as presented and attached to the minutes of record. The motion was seconded by Don Baarman and unanimously carried.

2018/2019 Newport Coast Villas Master Association Reserve Projects include:

▪ Reseal/repair asphalt – Phase 8	\$18,870
▪ Replace backflow preventers	\$4,669
▪ Replace barbeque area umbrellas – Pacific Park	\$15,298
▪ Replace chemical feeders – all pools	\$15,943
▪ Replace control panel and auto fill system	\$9,855
▪ Replace pool drain covers	\$12,189
▪ Replace portable pool vacuum system – Canyon Pool	\$14,983
▪ Replace six golf carts	\$75,983
▪ Replace wave photo façade	\$48,292
▪ Catalina pool refurbishment design work	\$575,000
Total	\$791,082

A motion was made by Bill Whelihan to approve the 2018 and 2019 Newport Coast Villas Master Association Annual Reserve Projects in the amount of \$791,082, including each project and item thereof,

as presented and attached to the minutes of record. The motion was seconded by Keven Rowe and unanimously carried.

RESORT OPERATIONS REPORT

Mr. Marks and Eduardo Rodrigues presented the Resort Operations Report. Highlights included:

- Continued focus on guest experience, enhanced service, associate retention and recruitment and market conditions
- Overall Guest Satisfaction Score is 92.2%
- Tide pool pavilion and enhanced activity offerings

PROPOSED 2019 MAINTENANCE FEE AND BUDGET

Ms. Kammerer reviewed the proposed 2019 Maintenance Fee and Budget. Highlights included:

- Newport Coast Villas Timeshare Association: Operating Fund increase of 3.1% and Reserve Fund increase of 5.0%, for an overall increase to the 2019 Maintenance Fee of 3.7%
- Newport Coast Villas Condominium Association: Operating Fund increase of 6.3% and Reserve Fund increase of 5.2%, for an overall increase to the 2019 Maintenance Fee of 5.9%
- Newport Coast Villas Master Association: Operating Fund increase of 5.2% and Reserve Fund increase of 10%, for an overall increase to the 2019 Maintenance Fee of 7.2%
- The overall maintenance fee increase for all Associations combined on a per unit week basis is 4.4%

A motion was made by Keven Rowe to approve the 2019 Newport Coast Villas Timeshare Association budget, in the total amount of \$34,629,513, including each line item of such budget, which includes total Operating Fees of \$23,563,637 and Reserve Fees of \$11,065,876. Mr. Rowe further moved to approve the billing by Newport Coast Villas Timeshare Association of each unit week for the following amounts owed to Newport Coast Villas Timeshare Association: \$959.16 for each Owner of a 2-Bedroom unit. The motion was seconded by Don Baarman and unanimously carried.

A motion was made by Vince Tobin to approve the 2019 Newport Coast Villas Condominium Association budget, in the total amount of \$7,204,914, including each line item of such budget, which includes total Operating Fees of \$4,757,063 and Reserve Fees of \$2,447,851. Mr. Tobin further moved to approve the billing by Newport Coast Villas Condominium Association of each unit week for the following amounts owed to Newport Coast Villas Condominium Association; \$199.56 for each Owner of a 2-Bedroom unit. The motion was seconded by Don Baarman and unanimously carried.

A motion was made by Bill Whelihan to approve the 2019 Newport Coast Villas Master Association budget, in the total amount of \$5,839,461, including each line item of such budget, which includes total Operating Fees of \$3,409,662 and Reserve Fees of \$2,429,799. Mr. Whelihan further moved to approve the billing by Newport Coast Villas Master Association of each unit week for the following amounts owed to Newport Coast Villas Condominium Association; \$161.74 for each Owner of a 2-Bedroom unit. The motion was seconded by Keven Rowe and unanimously carried.

NEW BUSINESS

Announcement of Next Meeting Dates

- Board Meeting – May 14, 2019
- Board and Annual Meetings – November 12, 2019

California Statutes

A motion was made by Don Baarman to waive the collection of late fees for Newport Coast Villas Condominium Association and Newport Coast Villas Master Association and direct Marriott Resorts Hospitality Corporation management team to not collect late fees for Newport Coast Villas Condominium Association or Newport Coast Villas Master Association. The motion was seconded by Keven Rowe and unanimously carried.

A motion was made by Keven Rowe to approve the charges for documents provided for Newport Coast Villas Master Association and Newport Coast Villas Condominium Association, as required by Section 4528 of California Civil Code, as presented. The fee for each document is \$0.00. The motion was

seconded by Keven Rowe and unanimously carried.

Board Expense Reimbursement Policy

Ms. Kammerer reviewed the current Board Expense Reimbursement Policy with several items to be considered for revision. Highlights included:

- Each member will be reimbursed up to \$40.00 per day for meals.
- Each member may also be reimbursed for long distance telephone and postage charges upon submission of an expense report with receipts attached.
- Receipts will be required for reimbursements of all items except auto mileage.

Proposed revisions to the Policy include:

- Each member is eligible for the IRS Meals and Incidentals per diem at the prevailing rate for Los Angeles, California, established on an annual basis.
- There will be no reimbursement for telephone or postage.
- Receipts will be required for airfare, lodging and car rental reimbursement.

A motion was made by Don Baarman to amend the current Board Expense Reimbursement Policy to modify the meal reimbursement and required receipts language. The motion was seconded by Vince Tobin and unanimously carried.

ADJOURNMENT

There being no further business to come before the Board, a motion was made by Bill Whelihan to adjourn the meeting at 1:04 p.m. The motion was seconded by Don Baarman and unanimously carried.

Submitted by:

Approved by:

Lisa Romero Date
Executive Assistant

John Albert Date
President, Newport Coast Master Association
President, Newport Coast Condominium Association
President, Newport Coast Timeshare Association

These minutes are subject to approval at the next Board of Directors Meeting

**Newport Coast Villas Master Association
Newport Coast Villas Condominium Association
Newport Coast Villas Timeshare Association**

Organizational Meeting

November 13, 2018

An Organizational Meeting of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association Board of Directors was held concurrently on November 13, 2018 at Newport Beach Marriott Hotel & Spa, 900 Newport Center Drive, Newport Beach, California 92660.

Present from the Board of Directors were: John Albert, President; Don Baarman, Vice President; Bill Whelihan, Secretary; Vince Tobin, Treasurer and Keven Rowe, Director

Present from Marriott Vacation Club® International, representing the Management Company, was: Lisa Romero, Executive Assistant

CALL TO ORDER

John Albert called the meeting to order at 4:50 p.m., Pacific time.

Approval to run meetings concurrently

A motion was made by Bill Whelihan to run the Organizational Meetings of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association concurrently. The motion was seconded by Vince Tobin and unanimously carried.

ESTABLISHMENT OF QUORUM

With all the Board Members present from each Association, the quorum requirement was met for each Association.

APPOINTMENT OF RECORDING SECRETARY

Mr. Albert appointed Lisa Romero to serve as Recording Secretary.

ELECTION OF OFFICERS

A motion was made by Keven Rowe to elect John Albert as President of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association for 2018-2019 year. The motion was seconded by Don Baarman and unanimously carried.

A motion was made by Keven Rowe to elect Don Baarman as Vice President of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association for 2018-2019 year. The motion was seconded by Bill Whelihan and unanimously carried.

A motion was made by Bill Whelihan to elect Keven Rowe as Treasurer of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association for 2018-2019 year. The motion was seconded by Don Baarman and unanimously carried.

A motion was made by Keven Rowe to elect Bill Whelihan as Secretary of Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association for 2018-2019 year. The motion was seconded by Don Baarman and unanimously carried.

ADJOURNMENT

A motion was made by Bill Whelihan to adjourn the meeting at 5:01 p.m. The motion was seconded by Keven Rowe and unanimously carried.

Submitted by:

Approved by:

Lisa Romero Date
Recording Secretary

John Albert Date
President, Newport Coast Master Association
President, Newport Coast Condominium
Association
President, Newport Coast Timeshare Association

These minutes are subject to approval at the next Board of Directors Meeting

ANNUAL BUDGET REPORT DISCLOSURES

INSURANCE SUMMARY

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.

Newport Coast Villas Master Association
SECTION 5300(b) (10) CALIFORNIA CIVIL CODE
Federal Housing Administration

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is not a condominium project. The association of this common interest development is not certified by the Federal Housing Administration.

Newport Coast Villas Condominium Association
SECTION 5300(b) (10) CALIFORNIA CIVIL CODE
Federal Housing Administration

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is a condominium project. The association of this common interest development is not certified by the Federal Housing Administration.

Newport Coast Villas Master Association
SECTION 5300(b) (11) CALIFORNIA CIVIL CODE
Veterans Affairs

Certification by the federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is not a condominium project. The association of this common interest development is not certified by the federal Department of Veterans Affairs.

Newport Coast Villas Condominium Association
SECTION 5300(b) (11) CALIFORNIA CIVIL CODE
Veterans Affairs

Certification by the federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is a condominium project. The association of this common interest development is not certified by the federal Department of Veterans Affairs.

Newport Coast Villas Master Association
SECTION 5300(b) (12) CALIFORNIA CIVIL CODE

Charges for Documents Provided.

In accordance with Section 4528 of the California Civil Code, attached is the completed "Charges for Documents Provided" setting forth the billing disclosures required pursuant to Section 4530 of the California Civil Code.

Newport Coast Villas Condominium Association
SECTION 5300(b) (12) CALIFORNIA CIVIL CODE

Charges for Documents Provided.

In accordance with Section 4528 of the California Civil Code, attached is the completed "Charges for Documents Provided" setting forth the billing disclosures required pursuant to Section 4530 of the California Civil Code.

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525 OF THE CALIFORNIA CIVIL CODE*

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.

A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Property Address: 23000 Newport Coast Drive, Newport Coast, California 92657

Owner of Property:

Owner's Mailing Address (If known or different from property address.):

Provider of the Section 4525 Items:

Print Name: Jim Marks

Position or Title: General Manager

Association or Agent: Newport Coast Villas Master Association and Newport Coast Villas Condominium Association

Date Form Completed:

Check or Complete Applicable Column or Columns Below:

<u>Document:</u>	<u>Civil Code Section Included:</u>	<u>Fee for Document:</u>	<u>Not Available (N/A), Not Applicable (N/App) or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP):</u>
<input type="checkbox"/> Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	\$0	
<input type="checkbox"/> CC&Rs	Section 4525(a)(1)	\$0	
<input type="checkbox"/> Bylaws	Section 4525(a)(1)	\$0	
<input type="checkbox"/> Operating Rules	Section 4525(a)(1)	\$0	
<input type="checkbox"/> Age restrictions, if any	Section 4525(a)(2)	\$0	
<input type="checkbox"/> Rental restrictions, if any	Section 4525(a)(9)	\$0	
<input type="checkbox"/> Annual budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)	\$0	
<input type="checkbox"/> Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	\$0	
<input type="checkbox"/> Financial statement review	Sections 5305 and 4525(a)(3)	\$0	
<input type="checkbox"/> Assessment enforcement Policy	Sections 5310 and 4525(a)(4)	\$0	
<input type="checkbox"/> Insurance summary	Sections 5300 and 4525(a)(3)	\$0	
<input type="checkbox"/> Regular assessment	Section 4525(a)(4)	\$0	

<input type="checkbox"/>	Special assessment	Section 4525(a)(4)	\$ <u>0</u>
<input type="checkbox"/>	Emergency assessment	Section 4525(a)(4)	\$ <u>0</u>
<input type="checkbox"/>	Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)	\$ <u>0</u>
<input type="checkbox"/>	Approved changes to assessments	Sections 5300 and 4525(a)(4), (8)	\$ <u>0</u>
<input type="checkbox"/>	Settlement notice Regarding common area defects	Sections 4525(a)(6), (7) and 6100	\$ <u>0</u>
<input type="checkbox"/>	Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100	\$ <u>0</u>
<input type="checkbox"/>	Notice(s) of violation	Sections 5855 and 4525(a)(5)	\$ <u>0</u>
<input type="checkbox"/>	Required statement of fees	Section 4525	
<input type="checkbox"/>	Minutes of regular board meetings conducted over the previous 12 months , if requested	Section 4525(a)(10)	\$ <u>0</u>
<u>Total fees for these documents:</u>			\$<u>0</u>

* The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 shall be charged separately.

ANNUAL POLICY STATEMENT DISCLOSURES

Capitalized terms used herein without definition shall have the meaning given to such terms in the Declaration of Covenants, Conditions and Restrictions for Newport Coast Villas Condominiums.

(1) Designated Contact Person for Association Communications.

Below is the name and contact information for the person designated to receive official communications on behalf of Newport Coast Villas Master Association and Newport Coast Villas Condominium Association (hereinafter, the "Associations"), pursuant to Section 4035 of the California Civil Code. **Please submit all requests for copies of policies and meeting minutes in writing to the address below.**

Marriott's Newport Coast Villas
Attn: Lisa Romero
23000 Newport Coast Drive
Newport Coast, California 92657
Email: lisa.romero@vacationclub.com

(2) Request for Notices to Two Addresses.

A member may submit a request to the Associations to have notices sent to up to two different specified addresses pursuant to subdivision (b) of Section 4040 of the California Civil Code.

(3) Location for Posting General Notices.

The following is the location for the posting of a general notice by the Associations, pursuant to paragraph (3) of subdivision (a) of Section 4045 of the California Civil Code: Newport Coast Villas/Lower Lobby.

(4) Right to Receive General Notices by Individual Delivery.

An Owner may request to receive general notices by individual delivery, pursuant to subdivision (b) of Section 4045 of the California Civil Code, by submitting a written request to the Associations.

(5) Right to Receive Meeting Minutes.

An Owner is entitled to receive copies of meeting minutes, pursuant to subdivision (b) of Section 4045 of the California Civil Code. Any such request should be made in writing to the address provided above.

(6) Statement of Assessment Collection Policies.

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the Associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay Association assessments may result in the loss of an

owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, Association(s) may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an Association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the Association(s) may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the Associations. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code) If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

(7) Statement of Policies and Practices in Enforcing Lien Rights and Other Legal Remedies.

California Civil Code Section 5310(a)(7) requires that each Association describe its current policies and practices for enforcing lien rights or other legal remedies for default in payment of its assessments. We certainly encourage and appreciate prompt payment to avoid our valued Owners being subject to the actions described below.

Assessments and other amounts payable to each Association by the Owners are deemed delinquent if not paid within 15 days of the date due and shall bear interest at a rate of 12% per annum and be subject to a late fee equal to the greater of \$10 or 10% of the delinquent amount. Each Association is also entitled to receive its costs of collection from the delinquent Owner. If such delinquency is not paid within 10 days of the delivery of notice of such delinquency to the Owner, the Association to which such amount is owed may elect to pursue recordation of a notice of delinquent assessment and claim of lien on behalf of such Association and thereafter seek foreclosure of the Association's lien, subject to such Association's compliance with the applicable statutory requirements, including providing at least 30 days' notice prior to such recordation. Each Association also has the right to pursue other legal remedies, including, but not limited to, suspension of an owner's privileges and/or the owner's right to participate in any vote in accordance with the terms and conditions set forth in the governing documents for each Association. For example, the governing documents of Newport Coast Villas Master Association and Newport Coast Villas Condominium Association provide that all Owners, exchange users, or permitted users may be refused occupancy of their unit if their assessments are delinquent.

Newport Coast Villas Master Association Bylaws. Article 3 Membership Assessments and Lien Rights. Section 3.2 ENFORCEMENT; LIEN RIGHTS. For the purpose of enforcing and collecting Assessments, this Association shall have the lien rights and other enforcement powers set forth in the Master Declaration, including, without limitation, the rights set forth in Article 10

of the Master Declaration, which rights shall be enforceable by the Board in the manner set forth in the Master Declaration. The Board shall also have and be entitled to exercise all other rights and remedies set forth in the Master Declaration or otherwise provided for at law or in equity.

Newport Coast Villas Condominium Association Bylaws. Article 3 Membership Assessments and Lien Rights. Section 3.2 ENFORCEMENT; LIEN RIGHTS. For the purpose of enforcing and collecting Assessments, this Association shall have the lien rights set forth in Article 7 of the Declaration, which lien rights shall be enforceable by the Board in the manner set forth in Article 8 of the Declaration. The Board shall also have and be entitled to exercise all other rights and remedies set forth in the Declaration or otherwise provided for at law or in equity. We encourage you to review the provisions of the Bylaws, Master Declaration and Declaration noted above for further detail regarding the enforcement powers and remedies afforded to each Association.

(8) Statement of Association’s Discipline Policy and Schedule of Penalties for Violations of Governing Documents.

The Board of each Association expects all owners and their guests to adhere to the covenants, agreements and requirements set forth in the governing documents, including the applicable Rules and Regulations and Declaration. To assist the Board of Directors in the enforcement of the provisions of the governing documents, the Board has delegated enforcement authority to the Manager. Any owner or guest who has been advised by the Manager that they are in violation of the governing documents, including the Rules and Regulations and/or the Declaration, will be required to immediately cease and desist any prohibited activity or otherwise take such actions as may be needed to correct such violation. If an owner or his guest, after being notified by the Manager that they are in violation of the governing documents, fails to comply with the Manager’s direction, the matter will be referred to the Board for consideration of the assessment of penalties by reason of such person’s non-compliance. The owner against whom such action is proposed to be taken has the right to appear before the Board at its next regularly scheduled meeting to contest such action, all as more particularly provided in the Bylaws and the Declaration.

Furthermore, any assessments and other amounts payable to each Association by the Owners are deemed delinquent if not paid within 15 days of the date due and shall bear interest at a rate of 12% per annum and be subject to a late fee of the greater of \$10 or 10% of the delinquent amount.

Newport Coast Villas Master Association Rules and Regulations - NON-SMOKING Smoking is prohibited everywhere on the Master Association Property, except where designated by Manager in its sole discretion, as may be changed from time to time. Failure to comply with this Non-Smoking Policy by an Owner or an Owner’s guests, family or invitees may result in a cleaning fee in an amount equal to the lesser of \$250.00 or the maximum amount permitted by applicable law, which shall be a personal charge assessed to the Owner following any applicable procedural requirements.

First Amendment to the Rules and Regulations for Newport Coast Villas Master Association – Section 1, “NON SMOKING”, of the Rules and Regulations shall be amended to add the following new sentence to the end of such section as follows: “As used in these Rules and Regulations, the term ‘smoking’ shall include the use of tobacco based products, electronic cigarettes, vaporizers and other alternative nicotine products.”

Newport Coast Villas Master Association Rules and Regulations - VIOLATION OF RULES AND REGULATIONS. Violations of the Rules and Regulations should be reported in writing to the Manager or President of the Master Association. Violations needing follow-up action may be presented to the Board of the Master Association for appropriate action at its next regularly scheduled meeting or at a special meeting called for this purpose.

Newport Coast Villas Master Association Declaration. Article IV. Assessments. 4.8 PERSONAL CHARGES. Pursuant to the Master Declaration, the Board may levy a Personal Charge against any Subdivision Interest to reimburse the Master Association for costs incurred in bringing such Subdivision Interest and its Owner into compliance with the provisions of the Master Declaration or the Rules and Regulations. Personal Charges shall be due ten (10) days after the Board gives written notice thereof to the Owner subject thereto. Personal Charges are not Assessments and the remedies available to the Master Association against any Owner for nonpayment of such Owner's Personal Charges are those remedies provided in Section 10.1 and subsection 10.2(a), of the Master Declaration, and, with respect to Personal Repair Charges, those remedies provided in Section 10.1, Section 10.2(a) and Section 10.2(b) of the Master Declaration.

Newport Coast Villas Condominium Association Rules and Regulations - NON-SMOKING Smoking is prohibited everywhere on the Property, including within the Units and on any adjacent or connecting balcony or patio, except where designated by the Managing Agent, as may be changed from time to time in the sole discretion of the Managing Agent. Failure to comply with this Non-Smoking Policy by an Owner or an Owner's guests, family or invitees may result in a cleaning fee in an amount equal to the lesser of \$250.00 or the maximum amount permitted by applicable law, which shall be a personal charge assessed to the Owner following any applicable procedural requirements.

Second Amendment to the Rules and Regulations for Newport Coast Villas Condominium Association – Section 15 of the Rules and Regulations, “Non-Smoking Policy”, shall be amended to add the following new sentence to the end of such section as follows: “As used in these Rules and Regulations, the term ‘smoking’ shall include the use of tobacco based products, electronic cigarettes, vaporizers and other alternative nicotine products.”

Newport Coast Villas Condominium Association Rules and Regulations - VIOLATIONS OF RULES AND REGULATIONS. Violations of the Rules and Regulations should be reported in writing to the Managing Agent or President of the Condominium Association. Violations needing follow-up action will be presented to the Board of Condominium Association for appropriate action at its next regularly scheduled meeting or at a special meeting called for this purpose.

Newport Coast Villas Condominium Association Declaration. Article VII. Assessments. 7.8 PERSONAL CHARGES. Pursuant to the Condominium Declaration, the Board may levy a Personal Charge against any Residential Condominium to reimburse the Condominium Association for costs incurred in bringing such Residential Condominium and its Owner into compliance with the provisions of the Condominium Declaration or the Rules and Regulations. Personal Charges shall be due ten (10) days after the Board gives written notice thereof to the Owner subject thereto. Personal Charges are not Assessments and the remedies available to the Condominium Association against any Owner for nonpayment of such Owner's Personal Charges are those remedies provided in Section 8.1 and subsection 8.2(a), of the Condominium

Declaration, and, with respect to Personal Repair Charges, those remedies provided in Section 8.1, Section 8.2(a) and Section 8.2(b) of the Condominium Declaration.

(9) Summary of Dispute Resolution Procedures.

Pursuant to Sections 5310(a)(9) and 5920 of the Davis-Stirling Common Interest Development Act, each Association has adopted the following internal dispute resolution process:

(a) Either party to a dispute within the scope of Article 2 of the Davis-Stirling Common Interest Development Act (as described in Section 5900 of the Civil Code) may invoke the following procedure:

(1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

(2) A member of an association may refuse a request to meet and confer. The association shall not refuse a request to meet and confer.

(3) The board shall designate a director to meet and confer.

(4) The parties shall meet promptly 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. The parties may be assisted by an attorney or another person at their own cost when conferring.

(5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

(b) A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the common interest development or association.

(2) The agreement is either consistent with the authority granted by the board to its designee or the agreement is ratified by the board.

(c) A member shall not be charged a fee to participate in the process.

Pursuant to Sections 5310(a)(9) and 5965 of the Davis-Stirling Common Interest Development Act, below is a summary of Article 3 of the Act with respect to alternative dispute resolution as a prerequisite to the filing of a civil action.

Neither an association nor a member may file an enforcement action in superior court for declaratory, injunctive or writ relief or for such relief in connection with a claim for monetary damages not in excess of the jurisdictional limits unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to Article 3 of the Davis-Stirling Common Interest Development Act. The provisions of this Article do not apply to a small claims action or to an assessment dispute. Any party to a dispute may initiate the process by serving a Request for Resolution on the other party which includes the items described in Section 5935 of the Civil Code including a brief description of the dispute and a request for alternative dispute resolution. If the party served fails to respond within 30 days of receipt, the request is deemed rejected. If the party served accepts the request, the parties must complete the alternative dispute resolution within 90 days of the initiating party's receipt of such acceptance, unless otherwise extended by written stipulation signed by the parties. At the time of commencement of an enforcement action, the party commencing the action is required to file a certificate with the initial pleading stating that (i) alternative dispute resolution has been completed in compliance with Article 3; (ii) one of the other parties did not accept the terms offered for alternative dispute resolution; and/or (iii) preliminary or temporary injunctive relief is necessary. After an enforcement action is commenced, the matter may still be referred to dispute resolution by written stipulation of the

parties. If attorneys' fees may be awarded, the court may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable. Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

(10) Summary of Requirements for Association Approval of Physical Changes to the Property.

Newport Coast Villas Master Declaration, Article VI. Architectural Control. Section 6.3

DUTIES. It shall be the duty of the Architectural Control Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof to insure that any Improvements constructed on the Master Project by anyone other than the Declarant conform to plans approved by the Architectural Control Committee, to adopt Architectural Control Committee Rules, to perform other duties delegated to it by the Declarant within the time periods set forth herein and thereafter by the Board, and to carry out all other duties imposed upon it by this Master Declaration. The Architectural Control Committee, in its own name or on behalf of the Master Association, may exercise all available legal and equitable remedies to prevent or remove any unauthorized and unapproved construction or Improvements on the Master Project or any portion thereof.

Newport Coast Villas Master Declaration, Article VI. Architectural Control. Section 6.4

OPERATION OF COMMITTEE. The Architectural Control Committee shall function as follows:

- (a) The Committee may require the submission to it of any or all of the following documents and such additional documents which it determines to be reasonably appropriate to the activity for which consent is requested:
- (1) a written description;
 - (2) plans and specification
 - (3) schematics
 - (4) elevations
 - (5) a plot plan showing the location of the proposed structure or improvements

All submittals to the Architectural Committee shall be made in accordance with Section 6.4(b) of the Master Declaration. The Architectural Committee may require changes to the matters for which their approval is sought in accordance with Section 6.4(c) of the Master Declaration.

Newport Coast Villas Condominium Declaration, Article XII. Architectural Control. Section

12.2(a) GENERAL PROVISIONS. The Architectural Committee may establish reasonable procedural rules in connection with review of plans and specifications including, without limitation, the number of sets of plans to be submitted; however, the Architectural Committee may delegate its plan review responsibilities to one or more members of such Architectural Committee. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Architectural Committee. Unless any such rules are complied with, such plans and specifications shall be deemed not submitted.

Newport Coast Villas Condominium Declaration, Article XII. Architectural Control. Section

12.3 APPROVAL AND CONFORMITY OF PLANS. Except as required to prevent damage or injury to persons or property in an emergency, no improvements, alterations or repairs to the Common Area shall be commenced, constructed or otherwise performed nor shall there be any improvements, alterations or repairs to any Condominium Unit as described in Section 12.3(c) of the Condominium Declaration (collectively "Improvements") except in compliance with plans and specifications therefor which have been submitted to and approved by the Architectural Committee; provided, however, that in no case shall the Architectural Standards require

Architectural Committee review for any improvements, alterations or repairs to the Condominium Units performed by Declarant, the Condominium Association or, with respect to the Commercial Units, the Commercial Owners, so long as such improvements, alterations and repairs are limited to such Units and do not impact any common area and do not fall within the scope of Section 12.3(c) of the Condominium Declaration.

(11) Mailing Address for Overnight Payment of Assessments.

In accordance with Section 5655 of the California Civil Code, an Owner may direct overnight payments of Assessments to the following address:

Marriott Resorts Hospitality Corporation
Attn: 382056
500 Ross Street 154-0460
Pittsburgh, Pennsylvania 15250-8056

Note: This summary is not intended to contain all matters relating to California Civil Codes which are described herein, and care should be taken to review the entire California Civil Codes.

SCHEDULE OF INSURANCE

Insured: MARRIOTT OWNERSHIP RESORTS, INC. CALIFORNIA LOCATIONS

Coverage	Perils/Hazards Insured	Limit or Amount	Policy Term Company/Policy No.	Deductibles
<p>COMMERCIAL PROPERTY Real and Personal Property, Business Income Including Extra Expense</p>	<p>Maximum Limit of Liability – Any One Occurrence, Except as Sub-limited</p> <p>Sublimits Earthquake - Annual Aggregate Flood – Annual Aggregate Named Windstorm</p> <p>Perils: All Risk of Direct Physical Loss or Damage including Boiler & Machinery</p>	<p>\$ 500,000,000</p> <p>\$ 200,000,000 \$ 250,000,000 \$ 250,000,000</p>	<p>June 1, 2018 – June 1, 2019</p> <p>Multiple carriers provide the coverage under a Layered Participation Program.</p> <p>A list of participating carriers is available upon request.</p>	<p>All perils - \$25,000, Except:</p> <ul style="list-style-type: none"> ▪ CA Earthquake: 5%, \$250,000 minimum ▪ Flood Zones A or V, 3% \$500,000 minimum,
<p>GENERAL LIABILITY</p>	<p>General Aggregate Products – Comp. Ops. Aggregate Personal & Adv. Injury Each Occurrence Fire Damage (Any one fire) Medical Expenses (Any one person)</p>	<p>\$ 15,000,000 \$ 2,000,000 \$ 1,000,000 \$ 1,000,000 \$ 100,000 \$ 2,500</p>	<p>October 1, 2018 – October 1, 2019 Liberty Mutual Ins. Co. Policy No. TB2651283929128</p>	<p>BI/PD Liability Combined - \$500 Per Occurrence</p>

Property coverage excludes unit owner’s and tenant’s personal property, improvements and betterments. Coverage applies to the condominium property, including common elements and limited common elements, as required under the condominium documents.

Liability coverage applies to the areas owned by the Condominium Association including the common elements and limited common elements (or similarly defined terms) as outlined in the condominium documents. Coverage does not apply under any circumstances for an individual Owner’s negligent or willful acts or the actions of the Owner’s renters, guests or invitees including but not limited to damage caused by the renters, guests or invitees.

Please refer to the condominium documents for detailed information on the areas covered.

All insurance coverage references and descriptions contained in this Account Summary are intended only to identify the types of coverages and generally describe specific coverage features of your insurance policies. Refer to policies for actual coverage terms and conditions. *This summary contains confidential and proprietary information. Do not copy or distribute this information without prior consent of the MVCI Insurance Department.*

SCHEDULE OF INSURANCE

Insured: MARRIOTT OWNERSHIP RESORTS, INC. CALIFORNIA LOCATIONS

Coverage	Perils/Hazards Insured	Limit or Amount	Policy Term Company/Policy No.	Deductibles
<u>AUTO LIABILITY</u>	Combined Single Limit (BI/PD) Medical Payments	\$ 2,000,000 \$ 5,000	October 1, 2018 – October 1, 2019 Liberty Mutual Ins. Co. Policy No. AS2651283929118	Physical Damage - \$500
<u>EXCESS LIABILITY</u>	Limit of Liability	\$ 25,000,000	October 1, 2018 – October 1, 2019 American Guarantee & Liability Ins Co Policy No. AUC-9318982-07	

Property coverage excludes unit owner’s and tenant’s personal property, improvements and betterments. Coverage applies to the condominium property, including common elements and limited common elements, as required under the condominium documents.

Liability coverage applies to the areas owned by the Condominium Association including the common elements and limited common elements (or similarly defined terms) as outlined in the condominium documents. Coverage does not apply under any circumstances for an individual Owner’s negligent or willful acts or the actions of the Owner’s renters, guests or invitees including but not limited to damage caused by the renters, guests or invitees.

Please refer to the condominium documents for detailed information on the areas covered.

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Newport Coast Villas
 Condominium Reserve - Newport Coast Villas
 Cash Flow Report, FY2019

<u>Period</u>	<u>Beginning</u>	<u>Income</u>	<u>Special</u>	<u>Expenses</u>	<u>Interest</u>	<u>Ending</u>	<u>Avg. Fee/</u>	<u>% Fee</u>	<u>Fully Funded</u>	<u>Percent</u>
	<u>Balance</u>		<u>Assessment/</u>			<u>Balance</u>				
			<u>Loans</u>				<u>Unit/Week</u>	<u>Change</u>	<u>Balance</u>	<u>Funded</u>
FY2019	9,966,020	2,447,851	0	(225,995)	138,308	12,326,184	67.67	5.2%	32,507,430	37.9%
FY2020	12,326,184	2,565,339	0	(4,667,414)	142,514	10,366,623	71.05	5.0%	31,864,587	32.5%
FY2021	10,366,623	2,693,605	0	(2,034,458)	131,379	11,157,149	74.60	5.0%	33,965,335	32.8%
FY2022	11,157,149	2,828,286	0	(3,115,901)	135,816	11,005,350	78.34	5.0%	35,131,274	31.3%
FY2023	11,005,350	2,969,700	0	(3,403,226)	127,891	10,699,714	82.25	5.0%	36,127,072	29.6%
FY2024	10,699,714	3,118,185	0	(3,492,206)	125,607	10,451,300	86.36	5.0%	37,178,354	28.1%
FY2025	10,451,300	3,274,093	0	(1,678,519)	145,914	12,192,788	90.68	5.0%	40,239,628	30.3%
FY2026	12,192,788	3,437,798	0	(5,820,313)	140,539	9,950,813	95.22	5.0%	39,296,975	25.3%
FY2027	9,950,813	3,609,688	0	(3,783,986)	129,999	9,906,514	99.98	5.0%	40,509,588	24.5%
FY2028	9,906,514	3,790,173	0	(6,799,936)	101,414	6,998,165	104.98	5.0%	38,775,380	18.0%
FY2029	6,998,165	3,979,682	0	(1,214,556)	115,429	9,878,720	110.23	5.0%	42,826,144	23.1%
FY2030	9,878,720	4,178,666	0	(5,484,632)	118,483	8,691,237	115.74	5.0%	42,757,611	20.3%
FY2031	8,691,237	4,387,598	0	(1,316,619)	139,767	11,901,983	121.52	5.0%	47,076,742	25.3%
FY2032	11,901,983	4,606,979	0	(4,471,108)	158,817	12,196,670	127.60	5.0%	48,438,261	25.2%
FY2033	12,196,670	4,837,327	0	(4,051,501)	159,110	13,141,607	133.98	5.0%	50,380,791	26.1%
FY2034	13,141,607	5,079,194	0	(2,369,430)	191,196	16,042,567	140.68	5.0%	54,253,449	29.6%
FY2035	16,042,567	5,333,155	0	(11,260,454)	177,134	10,292,401	147.71	5.0%	49,343,655	20.9%
FY2036	10,292,401	5,599,811	0	(4,502,115)	134,647	11,524,745	155.10	5.0%	51,266,768	22.5%
FY2037	11,524,745	5,879,802	0	(6,758,388)	148,142	10,794,301	162.85	5.0%	51,127,796	21.1%
FY2038	10,794,301	6,173,793	0	(8,097,421)	120,500	8,991,172	171.00	5.0%	49,742,965	18.1%
FY2039	8,991,172	6,482,482	0	(2,816,264)	155,272	12,812,662	179.55	5.0%	53,906,133	23.8%
FY2040	12,812,662	6,806,607	0	(11,698,996)	149,501	8,069,774	188.52	5.0%	49,318,045	16.4%
FY2041	8,069,774	7,146,937	0	(2,194,773)	157,850	13,179,787	197.95	5.0%	54,445,342	24.2%
FY2042	13,179,787	7,504,283	0	(10,099,983)	158,735	10,742,823	207.85	5.0%	51,817,483	20.7%
FY2043	10,742,823	7,879,497	0	(4,825,721)	171,318	13,967,916	218.24	5.0%	54,674,540	25.5%
FY2044	13,967,916	8,273,471	0	(8,882,402)	170,023	13,529,008	229.15	5.0%	53,626,927	25.2%
FY2045	13,529,008	8,687,146	0	(5,075,764)	200,860	17,341,251	240.61	5.0%	56,636,696	30.6%
FY2046	17,341,251	9,121,503	0	(10,571,985)	219,630	16,110,399	252.64	5.0%	54,347,141	29.6%
FY2047	16,110,399	9,577,579	0	(4,818,185)	257,868	21,127,662	265.27	5.0%	58,082,554	36.4%
FY2048	21,127,662	10,056,458	0	(14,464,720)	231,533	16,950,932	278.53	5.0%	52,240,151	32.4%

Long Term before tax interest Rate:

2.00%

Long Term Inflation Rate:

3.00%

The 2019 Contribution per bedroom type is: \$67.80 for a Two-Bedroom

The foregoing financial projections apply only as of the date of this report. These projections are subject to risks, uncertainties, estimates and assumptions based on information currently available. Some assumptions and estimates inevitably will not be accurate, and unanticipated events may occur. Therefore, actual financial results will vary, and such variations may be material. The Board of Directors should not place undue reliance on these projections in making budgeting or other financial decisions for the Association. Neither the management company nor any of its affiliates assumes any liability, or extends any guarantee or warranty, express or implied, with respect to these financial projections or actual results achieved.

Newport Coast Villas
Master Reserve - Newport Coast Villas
Cash Flow Report, FY2019

<u>Period</u>	<u>Beginning Balance</u>	<u>Income</u>	<u>Special Assessment / Loans</u>	<u>Expenses</u>	<u>Interest</u>	<u>Ending Balance</u>	<u>Avg. Fee/ Unit/Week</u>	<u>% Fee Change</u>	<u>Fully Funded Balance</u>	<u>Percent Funded</u>
FY2019	2,219,731	2,429,799	0	(731,082)	45,255	3,963,704	67.30	10.0%	12,722,135	31.2%
FY2020	3,963,704	2,672,953	0	(537,479)	71,760	6,170,937	74.03	10.0%	14,173,543	43.5%
FY2021	6,170,937	2,940,248	0	(8,123,241)	27,824	1,015,767	81.44	10.0%	7,927,732	12.8%
FY2022	1,015,767	3,028,455	0	(2,032,836)	24,830	2,036,217	83.88	3.0%	8,122,641	25.1%
FY2023	2,036,217	3,119,309	0	(1,280,553)	44,159	3,919,132	86.40	3.0%	9,379,787	41.8%
FY2024	3,919,132	3,212,888	0	(622,019)	74,891	6,584,892	88.99	3.0%	10,843,825	60.7%
FY2025	6,584,892	2,891,600	0	(2,004,394)	93,567	7,565,665	80.09	-10.0%	10,996,786	68.8%
FY2026	7,565,665	2,602,439	0	(707,177)	110,592	9,571,519	72.08	-10.0%	12,532,624	76.4%
FY2027	9,571,519	2,342,195	0	(1,644,300)	122,205	10,391,619	64.87	-10.0%	13,209,429	78.7%
FY2028	10,391,619	2,107,976	0	(952,186)	138,364	11,685,773	58.38	-10.0%	14,682,856	79.6%
FY2029	11,685,773	2,002,577	0	(1,586,739)	148,627	12,250,238	55.47	-5.0%	15,615,958	78.4%
FY2030	12,250,238	1,902,448	0	(1,720,899)	148,974	12,580,761	52.69	-5.0%	16,492,583	76.3%
FY2031	12,580,761	1,959,522	0	(999,018)	160,512	13,701,777	54.27	3.0%	18,202,174	75.3%
FY2032	13,701,777	2,018,307	0	(2,970,970)	155,220	12,904,334	55.90	3.0%	18,004,803	71.7%
FY2033	12,904,334	2,078,857	0	(2,246,330)	154,841	12,891,702	57.58	3.0%	18,618,549	69.2%
FY2034	12,891,702	2,141,222	0	(713,690)	168,757	14,487,992	59.31	3.0%	20,892,353	69.3%
FY2035	14,487,992	2,205,459	0	(1,167,344)	185,739	15,711,846	61.08	3.0%	22,846,387	68.8%
FY2036	15,711,846	2,271,623	0	(1,704,903)	194,645	16,473,211	62.92	3.0%	24,379,805	67.6%
FY2037	16,473,211	2,339,772	0	(3,943,331)	191,009	15,060,661	64.80	3.0%	23,759,393	63.4%
FY2038	15,060,661	2,409,964	0	(7,096,204)	132,062	10,506,483	66.75	3.0%	19,931,123	52.7%
FY2039	10,506,483	2,482,264	0	(760,392)	144,256	12,372,611	68.75	3.0%	22,587,880	54.8%
FY2040	12,372,611	2,556,732	0	(1,269,227)	163,565	13,823,681	70.81	3.0%	24,890,243	55.5%
FY2041	13,823,681	2,633,433	0	(13,914,349)	57,107	2,599,872	72.94	3.0%	14,357,883	18.1%
FY2042	2,599,872	2,712,436	0	(2,709,662)	34,561	2,637,207	75.13	3.0%	15,110,129	17.5%
FY2043	2,637,207	2,793,809	0	(1,428,541)	46,154	4,048,630	77.38	3.0%	17,288,278	23.4%
FY2044	4,048,630	2,877,624	0	(406,539)	75,042	6,594,757	79.70	3.0%	20,680,632	31.9%
FY2045	6,594,757	2,963,952	0	(5,208,000)	63,347	4,414,056	82.09	3.0%	19,351,800	22.8%
FY2046	4,414,056	3,052,872	0	(1,567,417)	68,515	5,968,026	84.56	3.0%	21,810,464	27.4%
FY2047	5,968,026	3,144,457	0	(3,327,874)	71,080	5,855,690	87.09	3.0%	22,640,166	25.9%
FY2048	5,855,690	3,238,791	0	(2,324,976)	84,715	6,854,220	89.70	3.0%	24,643,389	27.8%

Long Term before tax interest Rate:

2.00%

Long Term Inflation Rate:

3.00%

The 2019 Contribution per bedroom type is: \$67.30 for a Two-Bedroom

The foregoing financial projections apply only as of the date of this report. These projections are subject to risks, uncertainties, estimates and assumptions based on information currently available. Some assumptions and estimates inevitably will not be accurate, and unanticipated events may occur. Therefore, actual financial results will vary, and such variations may be material. The Board of Directors should not place undue reliance on these projections in making budgeting or other financial decisions for the Association. Neither the management company nor any of its affiliates assumes any liability, or extends any guarantee or warranty, express or implied, with respect to these financial projections or actual results achieved.

Assessment and Reserve Funding Disclosure Summary

Association name: **Newport Coast Villas Condominium Association, Inc.**

For Fiscal Year Beginning: 1/1/2019 **# of Ownership Interests:** 697

Regular budgeted assessments:	Total	Per Ownership Interest	
Reserve Contributions	\$2,447,851	\$3,511.98	per: Year
Total Assessment Income	\$7,204,914	\$10,337.04	per: Year

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	Amt per Ownership Interest per month or year	Purpose of Assessment
N/A		
N/A		

Total: \$0.00

3) 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? **Yes**

4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate date assessment will be due	Amt per Ownership Interest per month or year
N/A	
N/A	
N/A	
N/A	

Total: \$0

5) All major components are included in the reserve study and are included in its calculation.

6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code:

All computations/disclosures are based on the fiscal year start date of:	1/1/2019
Fully Funded Balance:	\$32,507,430
Projected Reserve Fund Balance:	\$9,966,020
Percent Funded:	30.7%

From the 5/6/2016 Reserve Study by Armstrong Consulting, Inc. and any minor changes since that date.

7) See attached 30 Year Reserve Plan Summary Table, showing the fiscal year, projected reserve funding, estimated reserve expenses and interest, reserve balances and percent funded which is based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code.

Note: The financial representations set forth in this summary is based on the best estimates of the preparer at that time. The estimates are subject to change.

Assessment and Reserve Funding Disclosure Summary

Association name: **Newport Coast Villas Master Association, Inc.**

For Fiscal Year Beginning: 1/1/2019 **# of Ownership Interests:** 697

Regular budgeted assessments:	Total	Per Ownership Interest
Reserve Contributions	\$2,429,799	\$3,486.08
Total Assessment Income	\$5,839,461	\$8,377.99

per: Year
per: Year

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	Amt per Ownership Interest per month or year	Purpose of Assessment
N/A		
N/A		

Total: \$0.00

3) 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? **Yes**

4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate date assessment will be due	Amt per Ownership Interest per month or year
N/A	
N/A	
N/A	
N/A	

Total: \$0

5) All major components are included in the reserve study and are included in its calculation.

6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code:

All computations/disclosures are based on the fiscal year start date of:	1/1/2019
Fully Funded Balance:	\$12,722,135
Projected Reserve Fund Balance:	\$2,219,731
Percent Funded:	17.4%

From the 5/6/2016 Reserve Study by Armstrong Consulting, Inc. and any minor changes since that date.

7) See attached 30 Year Reserve Plan Summary Table, showing the fiscal year, projected reserve funding, estimated reserve expenses and interest, reserve balances and percent funded which is based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code.

Note: The financial representations set forth in this summary is based on the best estimates of the preparer at that time. The estimates are subject to change.

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