

Subject: Information Regarding 2026 Monthly Assessments

Dear Owners,

Management has received several inquiries from owners expressing concerns and confusion regarding the Association's monthly assessments for 2026.

Pacific Point is currently experiencing a few unique factors affecting the assessment structure this fiscal year. The Board has been working diligently with legal counsel to restate the Association's amended CC&Rs so the membership can review and vote on them. If approved by the membership, the restated CC&Rs would allow the Association to return to a variable assessment structure based on unit size, rather than the current fixed assessment structure.

Under the current fixed structure, some owners who previously paid lower assessments for smaller units have experienced an increase of approximately **19%**, while owners of larger units who historically paid higher assessments may not see as significant of an increase.

In general, HOA assessments consist of two primary components:

- **Operating Expenses** – These cover the day-to-day costs required to maintain and operate the common areas, including utilities, landscaping, insurance, and general maintenance.
- **Reserve Contributions** – These funds are set aside each month for the long-term repair and replacement of major common area components such as roofing, boilers, exterior siding, painting, SB 326 balcony repairs, parking lot resurfacing and other common area components in the reserve study.

The Association's most recent reserve study indicates the community is currently about **18% funded**, while a typical funding level for a stable association is closer to **60–80%**. As a result, the Board is working to address necessary repairs and strengthen the Association's long-term financial position.

We understand that increases in assessments can be frustrating, particularly when the community has limited amenities and several deferred maintenance projects to address. The Board is actively working to prioritize necessary repairs while also advancing the governing document updates that may affect how assessments are structured in the future.

We hope this information provides helpful context regarding the factors affecting the Association's 2026 assessments. If you have questions, please feel free to contact Management.

Sincerely,

Your Pacific Point Board of Directors

Visual Overview of Budget Components

HOA ANNUAL BUDGET

