A Note to Residents Before You Read

We wrote this plan because Terramor deserves a Board that comes to the table with more than good intentions. You have been asked to trust that the community's finances are sound. You have been told that certain numbers are healthy and others are not, without being told what any of them means. You have been waiting for amenities you were promised when you bought your home, and you have been told the community cannot afford them.

This plan sets out what we believe the incoming Board can do, working together as five directors, to address the community's real financial obligations and to deliver on the community's real commitments. Every number in this plan is sourced. Every claim is either drawn from an Association-issued document or clearly identified as a forward-looking commitment. Where we cannot verify a fact, we say so. Where we cannot promise an outcome, we say what we will advocate for instead.

As two of five directors, we cannot deliver any of what follows alone. What we can do is bring these commitments to the Board table, advocate for them with data and documentation, work with the other three directors to build the consensus each of these actions requires, and report back to you quarterly on what happens. Every one of the recommendations that follows is designed to be adopted by a unified Board acting in the interest of the entire community.

The Situation

Terramor has three separate community funds. Each fund pays for its own obligations, as the recorded governing documents require [1]. The three funds are the Master Association, the Age-Qualified Special Benefit Area (the "AQ SBA," which serves the 55+ community), and the Skyview Front Yard Special Benefit Area (a small cost center serving 162 units). The three funds have very different financial positions.

The Master Association is currently reported as 131.60% funded against its ideal funding level, with a current replacement cost of $14,296,635 for its major components and a projected future replacement cost of $29,323,758 over the next 30 years [2]. That is a healthy funded position.

The Age-Qualified Special Benefit Area is 42.01% funded against its ideal funding level, with a current replacement cost of $3,893,663 and a projected future replacement cost of $7,471,819 [3]. Its 30-year funding plan projects the funded percentage to decline to 40.95% in 2027, to 38.30% in 2028, and to a low of 37.03% in 2029 — remaining below 45% for most of the following decade [4]. In 2034, a projected expenditure of $509,377 would consume approximately 41% of that year's projected reserve balance of $1,230,980 [5]. The AQ SBA is the fund in genuine near-term peril.

The Skyview Front Yard cost center is 116.49% funded, with a projected future replacement cost of $31,116 [6]. It is fully funded and immaterial to the community's overall financial position.

Combined, the three funds face $36,826,693 in projected future replacement costs over the next 30 years [7]. This figure is often misread as a deficit or a bill coming due. It is neither. It is the total projected cost, spread over three decades and adjusted for compounding inflation, to replace every major component of the community as those components wear out — some in three years, some in twenty-five. What matters is not the size of that number but whether each fund is on track to meet its obligations as they come due. That measure is the funded percentage. The Master is on track. The AQ SBA is not.

Two additional financial realities compound the AQ SBA problem. First, both funds are already scheduled to raise the reserve contribution component of their monthly assessment annually beginning in 2027. The Master Association's reserve contribution is set to increase 2.07% each year for 29 years. The AQ SBA's reserve contribution is set to increase 6.08% each year for the same period [8]. These escalators apply to the reserve portion of the assessment, not to the entire monthly amount. But the AQ SBA reserve contribution escalator is nearly three times steeper than the Master escalator, and over 29 years of compounding, the difference grows substantially. Owners in the AQ SBA are subject to both escalators — the Master escalator on the Master portion of their assessment, and the AQ SBA escalator on the SBA portion.

Second, the developer's DRE-approved budget — the financial framework the community has operated under during construction — sunsets when the developer completes build-out. As of December 31, 2025, 1,420 of 1,443 planned homes had been built [9]. The end of the DRE budget is a near-term event, and the community's first fully resident-authored operating and reserve budget has not yet been written.

These are the problems the incoming Board will inherit. This plan sets out how we intend to help address them.

The Plan: Nine Commitments to Bring to the Board

Commitment One — Competitive Bidding of Vendor Contracts With Performance Guarantees

We will bring to the Board a proposal to put every material vendor contract out to make a formal, competitive bid on a published schedule. This includes but is not limited to landscape services, janitorial services, pool service, security patrol, pest control, tree care, and management services.

Each new vendor contract will be structured as a three-year term with enforceable performance guarantees and a one-year no-cause termination right, consistent with Section 4.2.12 of the recorded Master Declaration [10]. The three-year term provides vendors with the stability they need to invest in the community and offer competitive pricing. The performance guarantees define measurable standards — response times, quality benchmarks, service levels, and financial remedies for failure to meet them. The one-year no-cause termination right is the enforcement mechanism: if a vendor is not performing to the standard, the Board can act.

The purpose is not to change vendors for the sake of change. The purpose is to ensure that every dollar the community spends on vendor services is a dollar validated by the market and protected by contractual accountability. Recovered savings will be tracked in a public quarterly report and directed to the Facilities Plan described in Commitment Six.

Commitment Two — Renegotiation of Non-Bid Vendors

For contracts that are not at renewal and cannot be put out to bid immediately, we will bring to the Board a formal renegotiation program with performance metrics, scope tightening, and volume leverage. This includes insurance, utilities, telecom, waste, banking, and reserve custody.

We are aware that Article X of the recorded Master Declaration requires the Master Association to carry specific insurance coverage and that the Board is required to annually review that coverage [11]. Any renegotiation of insurance will preserve the required coverage and comply with the standards in Article X.

Commitment Three — Independent Financial Advisor

This is the single most important structural change this plan proposes.

We will bring to the Board a proposal to retain an independent reserve analyst or financial advisor holding the Reserve Specialist (RS) credential administered by the Community Associations Institute [12], or the Professional Reserve Analyst (PRA) credential administered by the Association of Professional Reserve Analysts [13]. The advisor will be engaged directly by the Board and will be fully independent of the Association's management company, with no shared ownership, no referral fees, and no reciprocal business.

The advisor's scope of work will include: an independent reserve investment strategy consistent with California law; an annual review of the reserve study assumptions; benchmarking against comparable California homeowners associations; an independent read on any material financial recommendation coming from management; and analysis of contingent liabilities including the construction defect litigation disclosed in Note 9 of the 2025 Annual Audit [14].

Benchmarking work produced under this engagement will be made available to the Age-Qualified SBA at no additional cost.

The reason this commitment matters is simple. Under the current structure, the Board receives financial recommendations that are prepared or filtered by the same management company whose performance those recommendations often evaluate. That is a governance gap. An independent advisor closes it.

Commitment Four — Reserve Investment Strategy

Working with the independent advisor from Commitment Three, we will bring to the Board a reserve investment strategy consistent with the fiduciary standards of the Davis-Stirling Common Interest Development Act [15] and the limitations on reserve fund expenditures in California Civil Code Section 5510 [16].

The strategy will calibrate the investment approach to the reserve study's projected expenditure timeline, so that funds are available when specific replacements come due. We will not commit to a specific yield target in this plan, because that target must be set by the independent advisor based on the community's actual holdings and the current market. We will commit to pursuing improved yield within the fiduciary framework the law requires.

Commitment Five — DRE Transition Readiness

The developer's DRE-approved operating and reserve plan ends when the developer completes build-out. This is the single largest financial inflection point Terramor will face in the next three years, and no other candidate has named it in this election cycle.

We will bring to the Board, within the first six months, a documented DRE-to-resident transition analysis. The analysis will identify every operating line item currently supported by developer contributions, quantify the funding gap that will result when those contributions end, and propose a phased plan for absorbing those obligations without triggering emergency assessments.

The community's first fully resident-authored operating and reserve budget must be built from the ground up. That work should begin now, not after the developer is gone.

Commitment Six — The All-Ages Facilities Plan

The recorded Master Declaration contemplates a substantial set of amenities available to all residents. Section 1.46 of the Master Declaration describes the Master Association Property as intended to include, among other things, parks, recreation centers, a sports field, trails, and paseos [17]. Section 3.17 describes proposed parks that may include sports facilities and one or more recreation centers [18]. Section 3.8 references construction of one or more recreation centers in the Master Community [19]. Section 3.43 describes public trails connecting to a County-wide system [20].

Some of these amenities exist. Others do not. The community has never received a formal accounting of what was promised, what has been delivered, and what remains.

We will bring to the Board, within the first six months of the Board authorizing it, a written Facilities Plan for the amenities documented in the recorded governing documents. The Facilities Plan will include site assessments, cost estimates, funding sources, and delivery timelines. Delivery of the amenities themselves will be phased and funded from recovered operating dollars generated through Commitments One and Two, and from improved reserve yield generated through Commitment Four — not from new assessments and not from reserve draws that would compromise the Master Association's currently healthy funded status.

Commitment Seven — Construction Defect Litigation Recovery

Note 9 of the 2025 Annual Audit discloses construction defect litigation with no accrual recorded [21]. This is a contingent asset the community has not been told how to think about.

The recorded Master Declaration establishes specific procedures at Article XIV, Section 14.4 for the resolution of construction defect disputes under California's Right to Repair Law [22]. We will bring to the Board a policy that any net recovery from construction defect litigation flows first to the reserve components carrying the underlying deficiencies, and that the independent advisor from Commitment Three participates in evaluating the litigation posture. Recovery dollars are not general fund dollars. They belong to the reserves that carried the deficiency.

Commitment Eight — Assessment Discipline

We will bring to the Board a commitment to hold all-ages assessments at or below the current Master reserve contribution escalator of 2.07% per year [23]. Any increase to all-ages assessments beyond that baseline will require (a) a public gap analysis showing that Commitments One, Two, Four, and Seven have been fully deployed and are insufficient, and (b) a direct tie to a specific Facilities Plan deliverable.

No increases to fund routine operations. Each community pays for its own obligations, as Section 8.7.2 of the recorded Master Declaration requires [24].

Commitment Nine — Enhanced Transparency and Accountability

Article II, Section 2.15.6 of the Bylaws already requires the Board to conduct at least quarterly reviews of the Association's operating and reserve accounts, and requires two-signature authority for reserve withdrawals [25]. We will not claim to be introducing what is already required.

What we will bring to the Board is an enhancement to that existing framework: a quarterly public report to residents on the status of every commitment in this plan. The report will cover competitive bidding and contract performance status, dollars recovered, reserve yield, DRE transition progress, Facilities Plan progress, litigation status to the extent counsel permits, and assessment trajectory.

If the plan is not working, residents will know within 90 days. Not three years. This is a commitment we can keep whether the Board adopts every recommendation or not, because reporting back to residents on our advocacy is entirely within our own control.

A Note on What We Cannot Promise

We are two of five directors. We cannot unilaterally adopt any of these commitments. What we can do is bring them, advocate for them, document them, and report back to you on what happens.

If the Board adopts these commitments, this plan becomes the framework for the next three years. If the Board does not adopt them, this plan becomes the record of what we fought for. Either way, you will know where we stood.

As of the Date of This Plan

As of the date of this document, no other candidate on the Terramor ballot has published a plan at this level of specificity. Any plan published after today is a plan that was not there when residents needed it.

About the Authors

Michael W. Simmons and Renee Botello are both practicing risk and reserve professionals in their day-to-day work. Between them, they bring nearly seven decades of combined experience in Human Resources, Risk, and Legal Services, with responsibility for multi-million-dollar budgets and complex financial decisions in businesses substantially larger and more complex than a homeowners association. They currently work together at WKS Restaurant Group, a billion-dollar restaurant franchisee, where they have functioned as one of the highest-performing teams in the company. They served together previously in the Terramor community, with Renee as Chair of the Homeowners Review Committee and Michael concurrently serving as a voting Board member and as the Board's liaison to the HRC. They are running together because their skills are complementary and their working partnership is tested. As two of five directors, they will bring current, professional-grade financial judgment to the Board table.

Sources and Citations

[1] Recorded Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Terramor, recorded March 1, 2017, Section 8.7.2 (Special Benefit Area Assessment).

[2] Terramor Community Association, 2026 Budget Mailer (November 10, 2025), Master Association Reserve Summary; SCT Reserve Consultants, Inc., Reserve Study dated October 12, 2025.

[3] 2026 Budget Mailer, Age-Qualified SBA Reserve Summary; SCT Reserve Consultants, Reserve Study dated October 12, 2025.

[4] 2026 Budget Mailer, Age-Qualified SBA 30-Year Reserve Funding Plan Table.

[5] 2026 Budget Mailer, Age-Qualified SBA 30-Year Reserve Funding Plan Table, year 2034.

[6] 2026 Budget Mailer, Front Yard Special Benefit Area (Skyview) Reserve Summary.

[7] Terramor Community Association, 2025 Annual Audit (Newman Certified Public Accountant, PC, dated March 31, 2026), Supplementary Information on Future Major Repairs and Replacements.

[8] 2026 Budget Mailer, Master Association and Age-Qualified SBA Reserve Summaries, funding plan escalators.

[9] 2025 Annual Audit, Note 1 (Organization).

[10] Recorded Master Declaration, Section 4.2.12 (Contracts and Leases).

[11] Recorded Master Declaration, Article X (Insurance).

[12] Community Associations Institute, Reserve Specialist credential program.

[13] Association of Professional Reserve Analysts, Professional Reserve Analyst credential program.

[14] 2025 Annual Audit, Note 9 (Legal).

[15] California Civil Code, Section 4000 et seq. (Davis-Stirling Common Interest Development Act).

[16] California Civil Code, Section 5510 (limitations on expenditure of reserve funds).

[17] Recorded Master Declaration, Section 1.46 (Master Association Property).

[18] Recorded Master Declaration, Section 3.17 (Proposed Parks).

[19] Recorded Master Declaration, Section 3.8 (Recreation Center).

[20] Recorded Master Declaration, Section 3.43 (Public Trails).

[21] 2025 Annual Audit, Note 9 (Legal).

[22] Recorded Master Declaration, Article XIV, Section 14.4 (Dispute with Declarant Parties).

[23] 2026 Budget Mailer, Master Association Assessment and Reserve Funding Disclosure Summary, question 4.

[24] Recorded Master Declaration, Section 8.7.2 (Special Benefit Area Assessment).

[25] Terramor Community Association Bylaws, Article II, Section 2.15.6 (Accounts).