

Police Report: Suspected HOA Fraud and Financial Mismanagement

Reporting Party: Shane Hill

Affiliation: Community Advocate for Edgewood Townhomes, Citrus Heights, CA

Date: May 19, 2025

Subject: Suspected Fraud and Deliberate Financial Mismanagement by Edgewood Homeowners Association Board

Narrative:

I am requesting that a formal report be taken regarding suspected fraud, misrepresentation, and financial misconduct committed by the Board of Directors of the Edgewood Homeowners Association (Edgewood HOA), located at Spyglass Lane, Citrus Heights, CA 95610. I am acting on behalf of numerous residents, including my elderly father who owns a home in the development, as well as many other senior, disabled, and low-income residents who are affected by the Association's actions.

In July 2024, the Board publicly claimed that Edgewood's reserve fund was 55% funded. However, documents obtained later-specifically the 2024/2025 Reserve Study conducted by the Browning Reserve Group-show the true funding level was approximately 8% at that time. This amounts to a misrepresentation of over \$450,000 in available funds to homeowners, in a community of only 108 units where average home values are under \$350,000. In response to community inquiries, Board members acknowledged the discrepancy but offered no accountability.

This has serious financial implications, including the risk of large emergency special assessments, property value loss, and insufficient funds for urgent repairs (roofs, roads, drainage, etc.). The Board's continued misstatements and refusal to correct false public financial claims raise the question of deliberate deception, not merely mismanagement.

Further, after community members began organizing a recall petition and created an informational website (www.birdcageheights.com), Board attorneys sent cease-and-desist letters, which we believe to be improper threats of SLAPP lawsuits (Strategic Lawsuits Against Public Participation) intended to intimidate and silence critics. These letters were sent to my father and others, though they have not been followed up by legal action.

We believe these actions, taken together-falsifying financial disclosures, threatening residents for speaking out, and allowing continued deterioration of HOA property-may constitute criminal fraud or fiduciary abuse.

Documentation available includes:

- The full 2024/25 Reserve Study (proving underfunding)
- Public statements and board meeting minutes citing inaccurate financials
- Cease-and-desist letters received from the HOA's law firm
- Correspondence from concerned homeowners
- A timeline of financial reporting inconsistencies
- Archived web content from www.edgewoodhoa.org

We respectfully ask that the Citrus Heights Police Department investigate this matter and determine whether fraud, elder financial abuse, or other violations of California law have occurred. Residents are fearful, financially harmed, and without sufficient internal recourse.

Please contact me directly at (279) 252-8072 or shanehill@edgewoodhoa.org to coordinate a report and share documentation.

The Association indicated in its financial disclosures for the fiscal year ending 2025/2026 that the projected reserves will be insufficient at the end of each year to meet the Association's repair and replacement obligations. The Board informed the reserve study firm that a \$1,389 budget shortfall per unit would be covered by special assessments to be collected from members. The accounting firm, Browning, was instructed to prepare financial documents under the assumption that these assessments would be collected. However, the Association has not informed its membership that these assessments are required. This demonstrates that the Board continues to mislead members about the true financial condition of the Association and is perpetuating ongoing mismanagement.

Sincerely,

Shane Hill

Community Advocate, Edgewood Townhomes