

Police Report: Suspected HOA Fraud and Financial Mismanagement

Reporting Party: Shane Hill

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

Date: May 20, 2025

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

I am formally requesting that the Citrus Heights Police Department investigate serious and ongoing financial mismanagement, misrepresentation, and potential fraud by the Board of Directors of the Edgewood Homeowners Association (Edgewood HOA), located at Spyglass Lane, Citrus Heights, CA 95610.

This community includes 108 homes, many of which are occupied by elderly, disabled, or low-income residents-including my father, who owns one of the units. I serve as a community advocate on behalf of those affected by the Board's mismanagement.

In July 2024, the HOA Board claimed that the Association's reserves were 55% funded. However, the 2024/2025 Reserve Study conducted by the Browning Reserve Group indicates the true funded level was closer to 8%-a shortfall of over \$450,000. Despite being informed of the discrepancy, the Board continued to present false financial statements to the community.

Public records confirm the reserve fund held only \$158,380 as of March 31, 2024. Despite this, the Board-approved financial forecast claimed a balance of \$606,149, which was based on fictitious future special assessments of \$4,167 per unit-assessments that have never been approved, disclosed, or collected.

The HOA Board instructed the reserve study firm and its accounting vendor to include these fictional assessments in the budget, without informing the membership. This constitutes a material misrepresentation of the Association's financial health.

The financial risk is significant. Even with increased dues of \$474/month beginning in 2025, the reserve fund is projected to collapse into deficit by 2026/27, with

negative balances exceeding \$366,000 by 2028/29. Urgent capital repairs are scheduled (including roofing, asphalt, drainage, and structural systems), yet the Association lacks the funds to cover them.

The Board has failed to notify residents of these deficits. Instead, they have suppressed dissent by issuing cease-and-desist letters through legal counsel to those organizing recall efforts or public websites, including www.birdcageheights.com. These threats appear to be SLAPP tactics-Strategic Lawsuits Against Public Participation-intended to silence public oversight.

These actions represent a failure of fiduciary duty, and potentially violate California elder financial abuse statutes. Many of the affected homeowners are especially vulnerable due to age and income. They are now at risk of losing access to needed repairs or being burdened by unexpected special assessments.

We believe the following criminal statutes may be implicated: misappropriation of funds, falsification of public documents, failure to disclose material financial obligations, and elder financial abuse.

The following documentation is available upon request:

- The complete 2024/2025 Reserve Study by Browning Reserve Group
- HOA financial disclosures and budget documents
- Board meeting minutes and public statements referencing false financial health
- Cease-and-desist letters sent to residents
- A timeline of reporting inconsistencies
- Archived content from www.edgewoodhoa.org
- Community member correspondence and sworn declarations

We respectfully request that the Citrus Heights Police Department accept this report for investigation and assess whether criminal wrongdoing has occurred. Homeowners deserve transparency and accountability from their elected board.

Please contact me directly at (279) 252-8072 or shanehill@edgewoodhoa.org to coordinate further documentation or testimony.

Sincerely,

Shane Hill

Community Advocate, Edgewood Townhomes