

EUCALYPTUS GROVE HOMEOWNERS' ASSOCIATION

FINANCIAL & BUDGET

	2006 BUDGET	"Projected" 2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL
-- REVENUES --					
OWNER ASSESSMENTS	\$622,920.00	\$579,960.00	\$526,765.71	\$506,110.44	\$425,474.27
SPECIAL ASSESSMENT	0.00	537,000.00	0.00	0.00	0.00
INTEREST INCOME	12,000.00	10,000.00	7,375.08	7,172.17	7,281.16
OTHER INCOME	0.00	1,900.00	1,510.75	1,446.60	1,576.04
TOTAL REVENUE	\$634,920.00	\$1,128,860.00	\$535,651.54	\$514,729.21	\$434,331.47
-- EXPENDITURES --					
CLEANING	\$9,000.00	\$9,000.00	\$9,587.00	\$6,850.00	\$7,835.00
ELECTRIC	19,000.00	18,800.00	17,761.53	18,778.94	19,357.60
LANDSCAPING	57,000.00	56,000.00	55,499.64	57,543.12	56,197.14
LANDSCAPING SUPPLY/EXTRAS	24,000.00	27,000.00	3,342.04	10,670.08	4,971.64
MANAGEMENT	22,668.00	21,696.00	20,856.00	20,244.00	19,656.00
PAINTING	1,000.00	500.00	864.61	702.47	1,093.36
POOL MAINT & SUPPLIES	12,000.00	11,000.00	11,215.47	10,906.53	9,476.88
POOL HEATING (GAS)	11,000.00	8,000.00	7,626.71	6,368.37	6,580.61
REPAIRS & MAINT	130,000.00	420,000.00	135,030.57	174,021.42	130,818.34
RUBBISH REMOVAL	49,000.00	47,000.00	45,066.48	43,230.59	42,511.91
PATROL/ALARM SERVICES	5,000.00	300.00	2,278.85	1,120.00	0.00
SUPPLIES	2,500.00	3,000.00	1,846.98	3,812.96	1,898.62
WATER & SEWER	18,000.00	17,000.00	15,564.47	11,861.43	11,962.60
INSURANCE	82,000.00	75,100.00	63,329.32	62,102.77	55,456.65
PEST CONTROL	2,000.00	2,000.00	1,673.00	926.00	2,430.00
PROFESSIONAL FEES	1,200.00	15,000.00	2,621.00	925.00	910.00
TELEPHONE (ENTRY GATE)	500.00	500.00	478.16	471.87	460.02
TAXES	3,000.00	3,217.00	450.00	923.00	1,705.00
MISCELLANEOUS	4,000.00	6,000.00	7,138.67	2,098.93	3,521.64
TOTAL	\$452,868.00	\$741,113.00	\$402,230.50	\$433,557.48	\$376,843.01
Reserve Expenditures	55,700.00	168,000.00	192,555.06	8,256.23	60,403.42
TOTAL EXPENDITURES	\$508,568.00	\$909,113.00	\$594,785.56	\$441,813.71	\$437,246.43
RESERVE Increase (Decrease)	126,352.00	219,747.00	(59,134.02)	72,915.50	(2,914.96)
TOTAL FUNDS NEEDED	\$634,920.00	\$1,128,860.00	\$535,651.54	\$514,729.21	\$434,331.47

Item #1. **MONTHLY FEES:** In order to meet this budget, the monthly fees (assessments) will be:

(179 Units)

\$290.00 EFFECTIVE JANUARY 1, 2006

Note: Units paying fees after the 15th day of the Month, will be charged a late charge of 10% of the amount due.

Item #2. **SPECIAL ASSESSMENT:** No Special Assessment is anticipated in 2006.

Item #3. **FUNDS AVAILABLE:**

"Projected"				
12/31/05	Community West Bank	\$455,000.00		
	CDAR's Accounts	80,000.00		
	Los Padres Nat Bank	54,000.00		
	Operating Account	5,000.00	TOTAL	\$594,000.00

EUCALYPTUS GROVE (Cont)

Item 4. MAJOR REPAIRS AND REPLACEMENTS: The following cost estimates and reserve analysis is based on a reserve study which is reviewed by the Board of Directors each year to account for inflation and planning changes:

ITEM-Expected Life	EXPECTED		REQUIRED	BALANCE NEEDED	2006 ADDITIONS	PROJ. BAL. 12/31/06
	DATE DUE	EXPECTED COST	IN RESERVE 12/31/05			
Stair Landing Reseal-4	2006	5,200	5,200	0	(3,900)	1,300
Pool Tile/Coping - 20	2006	2,500	2,500	0	(2,375)	125
Termite Fumigation (Bal)-20	2006	25,000	25,000	0	(23,750)	1,250
Tree Trimming -3	2006	16,000	16,000	0	(10,670)	5,330
Intercom -15	2006	3,000	3,000	0	(2,800)	200
Card Readers/Buzzers - 15	2006	4,000	4,000	0	(3,733)	267
Paint Metal Fence & Rail - 3	2007	4,000	2,666	1,334	1,333	3,999
Mailbox Pagodas - 15	2007	5,800	5,412	388	386	5,798
Paint Wood/Metal Trim -4	2008	52,500	26,250	26,250	13,125	39,375
Pool Pump - 8	2008	800	600	200	100	700
Stair Landing Resurface -20	2008	36,400	32,760	3,640	1,820	34,580
Gate Operator (Slide) - 10	2008	2,500	2,000	500	250	2,250
Pool Heater - 10	2008	2,200	1,760	440	220	1,980
Spa Pumps - 8	2008	1,600	1,200	400	200	1,400
Cabana Water Htr. - 12	2008	1,900	1,583	317	158	1,741
Asphalt Seal Coat/Repair-4	2009	32,000	8,000	24,000	8,000	16,000
Spa Retile-25	2009	3,000	2,640	360	120	2,760
Cabana Floor Tile-25	2010	2,300	1,932	368	92	2,024
Gate Operator (Slide) - 10	2010	2,500	1,500	1,000	250	1,750
Stair Rails (3.5') -25	2010	9,000	7,560	1,440	360	7,920
Asphalt Overlay-25	2010	96,000	80,640	15,360	3,840	84,480
Roof Shingle-25	2010	283,500	238,140	45,360	11,340	249,480
Cabana Sauna/Bath Remodl-30	2010	3,500	2,940	560	140	3,080
Lights-Street Fixtures - 25	2010	14,000	11,760	2,240	560	12,320
Pool Replaster -10	2011	5,500	2,750	2,750	550	3,300
Spa Heater - 8	2011	2,000	750	1,250	250	1,000
Paint - Wood Siding -8	2012	108,000	27,000	81,000	13,500	40,500
Paint Front Wood Fence - 8	2012	4,800	1,200	3,600	600	1,800
Paint Carports - 8	2012	54,000	13,500	40,500	6,750	20,250
Mailbox Pagodas - 15	2014	2,080	971	1,109	139	1,110
Pool Filter - 10	2014	1,300	260	1,040	130	390
Metal Pool Fence (6')-25	2014	4,900	3,332	1,568	196	3,528
Exercise Room Equip. - 15	2015	4,000	1,597	2,403	267	1,864
Split Rail Fence-30	2015	3,600	2,520	1,080	120	2,640
Cabana Wall Tile-30	2015	4,200	2,940	1,260	140	3,080
Slide Gates - 25	2016	5,000	3,000	2,000	200	3,200
Sauna Heater -15	2016	2,000	666	1,334	133	799
Front Wood Fence - 25	2016	14,400	8,640	5,760	576	9,216
Spa Filter - 12	2017	1,200	100	1,100	100	200
Termite Fumigation (7606)-18	2017	5,000	1,945	3,055	278	2,223
Bridge Repair-15	2017	10,000	2,667	7,333	667	3,334
Roof - Metal Carport-30	2018	84,000	50,400	33,600	2,800	53,200
Termite Fumigation (7630)-18	2018	5,000	1,667	3,333	278	1,945
Termite Fumigation (7634)-18	2019	5,000	1,389	3,611	278	1,667
Termite Fumigation (7620)-18	2020	5,000	1,111	3,889	278	1,389
Termite Fumigation (7632)-18	2021	5,000	834	4,166	278	1,112
Termite Fumig. (7602&10)-18	2022	10,000	1,112	8,888	556	1,668
Gutters/Downspouts-20	2024	31,500	3,150	28,350	1,575	4,725
Siding Replacement - 20	2025	900,000	45,000	855,000	45,000	90,000
Reserve Surplus (Shortage)			(69,544)	69,544	55,647	(13,897)
TOTALS		\$1,886,680	\$594,000	\$1,292,680	\$126,352	\$720,352

Item #5. Ratio of actual cash reserves on hand to estimated cash reserves currently required

89.5%

Projected Ratio
at Year-End

98.1%

EUCALYPTUS GROVE (Cont)

Item #6. INSURANCE: California Civil Code Section 1365 requires an annual insurance disclosure of the Association's insurance as follows:

GENERAL LIABILITY INSURANCE:

Company: Allstate Insurance Company
Coverage: \$2,000,000 Per Occurance
Umbrella: \$1,000,000 Per Occurance

Anniversary Date: November 15th

Deductible: None
Anniversary Date: March 5th

PROPERTY INSURANCE: Coverage: \$24,780,000

Company: Allstate Insurance Company

Anniversary Date: November 15th

Deductible: \$10,000

EARTHQUAKE INSURANCE: Coverage: \$22,014,000

Company: Great American E&S

Anniversary Date: November 15th

Deductible: 7.75% of the Insurance Coverage

FIDELITY INSURANCE: Coverage: \$150,000

Company: Allstate Insurance Company

Anniversary Date: November 15th

Deductible: \$250

FLOOD INSURANCE: The Association has none.

This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 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 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 coverage.

-- CURRENT NOTES --

IN 2005:

1. The Board levied an emergency special assessment of \$3,000 per unit to pay for deck repairs.
2. Dryrotted siding repaired & replaced at: #318,263,363,218, 219, 264,364,130,260, 319, 360,237,337,258,358,355,254, 354, 253, 253,353,262,362,225,325,226,326,345,224 & 324 (Approx \$298,700).
3. Temporary repairs made to sidewalks throughout complex (Approx \$1,600).
4. Asphalt repaired and slurry sealed (Approx \$40,000).
5. French drain installed near #128 (Approx \$9,900).
6. Mudslide area near 7634 regraded & secured (Approx \$3,900).
7. Landscape architect hired re creekbed work (Approx \$3,300).
8. Added drainage installed near #119 & #134 (Approx \$6,800).
9. Balance of exterior painting paid (Approx \$119,000).
10. Repaired & replaced siding painted (Approx \$7,500).
11. Trees damaged by storm removed (Approx \$2,200)
12. Jacuzzi filter replaced (Approx \$1,300).

REQUIRED DISCLOSURES:

ASSESSMENT & RESERVE FUNDING DISCLOSURE SUMMARY: (Required by Civil Code Section 1365.2.5)

Item #'s are found on the first few pages.

- (1) The current assessment per unit is as per **Item #1**.
- (2) Additional 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 are as per **Item #2**.
- (3) Based upon 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**, provided the schedule as per **Item #4** is adequately funded by regular or special assessments.
- (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? **Not Applicable**.
- (5) The following major components, which are included in the reserve study, are **NOT** included in the existing reserve funding: If any, see schedule as per **Item #4**.
- (6) As of the last reserve study or update, the current balance in the reserve fund is as per the schedule at **Item #4**. Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the required amount in the reserve fund is as per the schedule at **Item #4**.

NOTE: (a) The financial representations set forth in this summary are based on the best estimates of the preparer at that time. These estimates are subject to change. (b) For the purposes of preparing a summary pursuant to this section:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 1365.5. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.
- (3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation. The information contained in this disclosure is a **PROJECTION ONLY**. Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as (i) future inflation rates, (ii) levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement while others may cost more.

MINUTES & NAMES AVAILABLE: Each year the Association is required to disclose that minutes for all Association or Directors' meetings, and a list of owners are available to all owners. The cost, if any, of providing copies of the minutes and owners' list is to be paid by the requester.

EUCALYPTUS GROVE - Required Disclosures (Cont)

DELINQUENCY & LIEN POLICY: Unless otherwise stated all fees and assessments (including special assessments) are due on the first day of each month, in advance, and shall be delinquent 15 days after the due date. A late charge of 10% of the delinquent fee or assessment will be charged and added to the amount due. If fees, assessments, and/or late charges are unpaid at the end of any given month, a lien will be filed against the delinquent unit for the full amount due plus applicable interest, attorney fees, lien filing costs and other costs of collection. If the balance due is not paid within thirty (30) days after the lien is filed, the Association may take any and all actions permitted by law including, but not limited to, filing suit and/or foreclosing the lien.

PRIOR ADR REQUIRED: Each year the association is required to disclose that before an association or member files a lawsuit to enforce the governing documents, (other than for the collection of assessments), the parties must attempt to resolve the dispute by use of Alternative Dispute Resolution. "Failure of any member of the Association to comply with the alternative dispute resolution requirements of Section 1369.520 of the Civil Code may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

INTERNAL DISPUTE RESOLUTION PROCESS: The Association has adopted the procedures as per Section 1363.840 of the Civil Code.

INSURANCE: See summary as per **Item #6.**

MODIFICATIONS REQUIRE PRIOR APPROVAL: Each year the Association is required by Section 1378 of the Civil Code to disclose that all modifications or alterations which alter the common area or the exterior appearance of any structure in any way, require ***prior*** written approval of the Board of Directors or a designated committee of the Board. In addition, any alterations to the structure of any unit or building or alterations which may impact another owner in any way also require ***prior*** written approval.

Written requests must be submitted to the Board or designated committee for approval which shall approve, conditionally approve, or reject the request in writing within a reasonable time, but in no event later than ninety days from date of receipt of the request. If denied, the requestor shall be given the opportunity to appeal the decision or ask for reconsideration of the Board at the Board's next regularly scheduled meeting.

On the next page is a notice required by Civil Code Section 1365.1 and is described as follows:

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 NONJUDICIAL FORECLOSURE

The failure to pay association assessments may result in the loss of an owner's property without court action, often referred to as nonjudicial foreclosure. When using 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 lien is not paid. Assessments become delinquent 15 days after they are due, unless the governing documents of the association provide for a longer time. (Sections 1366 and 1367.1 of the Civil Code)

In a nonjudicial foreclosure, the association 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 areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code).

The association must comply with the requirements of Section 1367.1 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 association. (Section 1367.1 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. Among these documents, the association must send 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 1367.1 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 1367.1 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, he or she may request a receipt, and the association is required to provide it. On the 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. (Sections 1367.1 and 1367.1 of the Civil Code)

An owner may dispute an assessment debt by giving the board of the association a written explanation, and the board must respond within 15 days if certain conditions are met. An owner may pay assessments that are in dispute in full under protest, and then request alternative dispute resolution. (Sections 1366.3 and 1367.1 of the Civil Code)

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 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share 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 exist. (Section 1367.1 of the Civil Code)

The board of the directors 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 1367.1 of the Civil Code)"