

**EUCALYPTUS GROVES  
FINANCIAL & BUDGET**

	2004 BUDGET	"Projected" 2003 ACTUAL	2002 ACTUAL	2001 ACTUAL	2000 ACTUAL
<b>-- REVENUES --</b>					
OWNER ASSESSMENTS	\$526,260.00	\$504,780.00	\$425,474.27	\$381,269.21	\$348,105.01
SPECIAL ASSESSMENT	0.00	0.00	0.00	0.00	3,216.20
INTEREST INCOME	7,000.00	5,300.00	7,281.16	14,811.99	18,799.14
OTHER INCOME	0.00	1,000.00	1,576.04	1,675.53	1,952.95
<b>TOTAL REVENUE</b>	<b>\$533,260.00</b>	<b>\$511,080.00</b>	<b>\$434,331.47</b>	<b>\$397,756.73</b>	<b>\$372,073.30</b>
<b>-- EXPENDITURES --</b>					
CLEANING	\$8,000.00	\$8,000.00	\$7,835.00	\$8,979.00	\$6,645.00
ELECTRIC	19,500.00	19,700.00	19,357.60	18,636.96	14,849.08
LANDSCAPING	57,000.00	57,000.00	56,197.14	43,156.60	54,527.68
LANDSCAPING SUPPLY/EXTRAS	20,000.00	12,000.00	4,971.64	15,620.00	5,154.79
MANAGEMENT	20,856.00	20,244.00	19,656.00	18,900.00	18,360.00
PAINTING	1,000.00	1,000.00	1,093.36	1,781.42	2,127.69
POOL MAINT & SUPPLIES	11,000.00	10,800.00	9,476.88	10,592.13	8,239.77
POOL HEATING (GAS)	7,000.00	6,500.00	6,580.61	7,414.01	4,193.05
REPAIRS & MAINT	110,000.00	150,000.00	130,818.34	96,324.87	116,941.64
RUBBISH REMOVAL	45,000.00	43,500.00	42,511.91	39,397.74	37,357.19
PATROL/ALARM SERVICES	5,000.00	3,000.00	0.00	0.00	4,144.00
SUPPLIES	2,500.00	2,000.00	1,898.62	894.84	4,743.34
WATER & SEWER	11,000.00	11,000.00	11,962.60	9,675.43	12,095.89
INSURANCE	70,000.00	65,000.00	55,456.65	60,321.75	75,508.60
PEST CONTROL	2,000.00	1,000.00	2,430.00	498.00	705.00
PROFESSIONAL FEES	2,000.00	925.00	910.00	1,955.00	1,475.00
TELEPHONE (ENTRY GATE)	600.00	500.00	460.02	432.72	514.87
TAXES	1,500.00	923.00	1,705.00	3,954.00	1,740.00
MISCELLANEOUS	4,000.00	2,700.00	3,521.64	890.82	304.98
<b>TOTAL</b>	<b>\$397,956.00</b>	<b>\$415,792.00</b>	<b>\$376,843.01</b>	<b>\$339,425.29</b>	<b>\$369,627.57</b>
Reserve Expenditures	205,100.00	8,300.00	60,403.42	42,358.00	16,112.96
<b>TOTAL EXPENDITURES</b>	<b>\$603,056.00</b>	<b>\$424,092.00</b>	<b>\$437,246.43</b>	<b>\$381,783.29</b>	<b>\$385,740.53</b>
RESERVE Increase (Decrease)	(69,796.00)	86,988.00	(2,914.96)	15,973.44	(13,667.23)
<b>TOTAL FUNDS NEEDED</b>	<b>\$533,260.00</b>	<b>\$511,080.00</b>	<b>\$434,331.47</b>	<b>\$397,756.73</b>	<b>\$372,073.30</b>

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

(179 Units)

**\$245.00 EFFECTIVE JANUARY 1, 2004**

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

**SPECIAL ASSESSMENT:** No Special Assessment is anticipated in 2004.

"Projected" FUNDS AVAILABLE: 12/31/03				
	Citibank	\$64,000.00		
	1st Bank	76,000.00		
	Goleta Nat Bank	111,000.00		
	Los Padres Nat Bank	85,000.00		
	State Farm Bank	98,000.00		
	Operating Account	15,000.00	TOTAL	\$449,000.00

**EUCALYPTUS GROVES (Cont)**

**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 DATE DUE	EXPECTED COST	REQUIRED IN RESERVE 12/31/03	BALANCE NEEDED	2004 ADDITIONS	PROJ. BAL. 12/31/04
Paint - Wood Siding -8	2003	96,000	96,000	0	(96,000)	0
Paint Wood/Metal Trim -4	2004	45,500	45,500	0	(45,500)	0
Spa Retime-18	2004	3,000	3,000	0	(3,000)	0
Stair Landing Reseal-4	2004	5,200	5,200	0	(5,200)	0
Exercise Room Equip. - 15	2004	3,200	3,200	0	(3,200)	0
Paint Front Wood Fence - 8	2004	4,200	4,200	0	(4,200)	0
Paint Carports - 8	2004	48,000	48,000	0	(48,000)	0
Pool Pump - 8	2005	800	600	200	100	700
Pool Tile/Coping - 20	2005	2,000	1,800	200	100	1,900
Cabana Floor Tile-20	2005	2,300	2,070	230	115	2,185
Termite Fumigation (Bal)-20	2005	44,000	41,800	2,200	2,200	44,000
Tree Trimming -3	2006	15,000	5,000	10,000	5,000	10,000
Paint Metal Fence & Rail - 4	2006	3,600	900	2,700	900	1,800
Intercom -15	2006	3,000	2,400	600	200	2,600
Card Readers/Buzzers - 15	2006	4,000	3,001	999	167	3,168
Asphalt Seal Coat/Repair-4	2007	20,000	5,000	15,000	5,000	10,000
Stair Landing Resurface -20	2007	33,800	27,040	6,760	1,690	28,730
Mailbox Pagodas - 15	2007	7,800	5,724	2,076	519	6,243
Gate Operator (Slide) - 10	2008	2,500	1,250	1,250	250	1,500
Pool Heater - 10	2008	2,500	1,250	1,250	250	1,500
Spa Pumps - 8	2008	1,600	600	1,000	200	800
Gate Operator (Slide) - 10	2010	2,500	750	1,750	250	1,000
Stair Rails (3.5') -25	2010	8,500	6,120	2,380	340	6,460
Split Rail Fence-25	2010	3,600	2,592	1,008	144	2,736
Pool Filter - 12	2010	1,400	584	816	117	701
Spa Filter - 12	2010	1,400	584	816	117	701
Asphalt Overlay-25	2010	84,000	60,480	23,520	3,360	63,840
Metal Pool Fence (4')-25	2010	3,400	2,448	952	136	2,584
Roof Shingle-25	2010	262,500	189,000	73,500	10,500	199,500
Pool Replaster -12	2013	5,500	916	4,584	458	1,374
Cabana Water Htr. - 12	2013	2,000	1,167	833	167	1,334
Spa Heater - 10	2014	2,500	0	2,500	250	250
Cabana Wall Tile-30	2015	4,200	2,520	1,680	140	2,660
Cabana Sauna/Bath Remodl-30	2015	3,000	1,800	1,200	100	1,900
Lights-Street Fixtures - 30	2015	14,000	8,401	5,599	467	8,868
Gutters/Downspouts-30	2015	28,000	16,799	11,201	933	17,732
Roof - Metal Carport-30	2015	82,500	49,500	33,000	2,750	52,250
Slide Gates - 25	2016	4,400	2,112	2,288	176	2,288
Sauna Heater -15	2016	1,900	254	1,646	127	381
Front Wood Fence - 25	2016	12,000	5,760	6,240	480	6,240
Termite Fumigation (7606)-20	2019	4,800	720	4,080	240	960
Termite Fumigation (7630)-20	2020	4,800	960	3,840	240	1,200
Termite Fumigation (7634)-20	2021	4,800	480	4,320	240	720
Termite Fumigation (7620)-20	2022	5,400	270	5,130	270	540
Termite Fumigation (7632)-20	2024	6,400	0	6,400	320	320
Bridge Repair-30	2032	16,000	1,066	14,934	533	1,599
Reserve Surplus (Shortage)			(209,818)	209,818	95,758	(114,060)
<b>TOTALS</b>		<b>\$917,500</b>	<b>\$449,000</b>	<b>\$468,500</b>	<b>(\$69,796)</b>	<b>\$379,204</b>

Ratio of actual cash reserves on hand to estimated cash reserves currently required

68.2%

2 =====

Projected Ratio at Year-End

76.9%

10/14/08=====

**EUCALYPTUS GROVES (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 all 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 prefiling requirements of Section 1354 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."

**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:** \$22,559,000

**Company:** Allstate Insurance Company

**Anniversary Date:** November 15th

**Deductible:** \$10,000

**EARTHQUAKE INSURANCE: Coverage:** \$21,391,988

**Company:** AXA-RE American Insurance Company

**Anniversary Date:** November 15th

**Deductible:** 5% 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.

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

## EUCALYPTUS GROVES (Cont)

### -- CURRENT NOTES --

#### IN 2000:

1. Spa jet pumps replaced (Approx. \$1,600).
2. Gate operating system replaced (Approx \$3,300).
3. Dryrot repaired at #124, #314, #315, #316, & #317 (Approx \$41,300).
4. Building 7606 fumigated for termites (Approx \$4,900).
5. Main Sewer lines cleared (Approx \$3,000).
6. Fire extinguishers installed at all buildings required by fire dept. (Approx \$4,000).
7. Phone circuit board at entry gate replaced (Approx \$1,000).
8. Pool replastered (Approx \$5,400).
9. Dry rot repaired at #222,322, 268 & 368 (Approx \$28,000).
10. Leaning and/or dead trees removed and replaced (Approx \$3,300).
11. New electric gate installed at pool (Approx \$2,600).

#### IN 2001:

1. Reserve study by J. D. Brooks (Approx \$1,100).
2. Dryrot repair at #255 & 256, 270 & 370, 312, 364 (Approx \$31,000).
3. Sauna heater replaces (Approx \$1,900).
4. Perimeter Fence Repaired (Approx \$2,200).
5. Bldg 7634 fumigated for termites (Approx \$5,000)
6. Painted metal fence at pool (Approx \$1,000) & handrails (Approx \$5,700).
7. Removed dead trees & planted new trees (Approx \$6,800).
8. Reroofed 3 mailbox structures (Approx \$1,200).
9. New reserve study showed reserve shortage. Board set policy to eliminate shortage within 3 years.
10. Remove dead trees and planted new (Approx \$20,800 of which \$8,900 to be paid in 2002).
11. New concrete walk installed at back of pool (Approx \$1,100).
12. Bank erosion repaired at 7640 (Approx \$9,100).
13. Dryrot siding repaired at #101, 201 & 301 (Approx \$24,900).
14. Foundation under #239 & #119 waterproofed (Approx \$11,500).
15. Reroofed section of 7626 #329 (Approx \$1,600 to be paid in 2002).

#### IN 2002:

1. Foundation of #256 underpinned (Approx \$4,800).
2. A section of roof at #329 replaced (Approx \$1,700).
3. Extra trim and siding purchased (Approx \$5,700).
4. Building 7620 fumigated for termites (Approx \$5,400).
5. Fence height around pool raised (Approx \$2,300).
6. Wrought iron throughout complex painted (Approx \$3,500).
7. Asphalt patched and slurry sealed (Approx \$23,700).
8. Dryrot repair to 213, 214, 231,233,313,314,333,342,343,347,& 356 (Approx \$97,000).
9. Dryrot repair to bridge (Approx \$9,900).
10. Trees were trimmed throughout (Approx \$16,300).
11. Removal of falled tree near 7634 + repair of damaged fence (Approx \$3,200).

#### IN 2003:

1. Jacuzzi heater replaced (Approx \$1,900).
2. Replaced Bi-fold utility doors @ 7608 & 7640 (Approx \$3,400).
3. Fumigated Bldg 7632 for termites (Approx \$6,400).
4. Dryrot repair to 117, 125, 233, 234, 251, 253, 263, 333, 334, 335, 351, 353, & 363 (Approx \$108,300)
5. Landscaping along Hollister renovated (Approx \$5,000).
6. Purchased extra siding & trim pieces (Approx \$4,000).
7. Replaced cap & pickets at #309 (Approx \$1,100).
8. Replaced cap, handrail & siding at #328 (Approx \$1,100).
9. Board revised policy to reach fully funded reserve. Now expected by 2006.

## **"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)

(OVER)

### **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)"