

HOA Budget

Ramona Court Community Association



c/o Access Association Services, Inc.

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MEMORANDUM

Reference No. 43387

Date: November 3, 2005
To: Ramona Court Homeowner
From: Board of Directors
Regarding: 2006 Approved Budget
cc:

Homeowner,

Enclosed is the Board of Directors approved budget for Fiscal 2006. Effective January 1, 2006 the monthly homeowners assessments will increase from \$145 per unit per month to \$155 per unit per month, which represents a 7% increase.

The increase is necessary to cover the rising costs of operating the association.

Please file your copy of the budget and disclosures with other important documents pertaining to your home.

Ramona Court Community Association

November 7, 2005

2006 Board of Directors Approved Budget January 1, 2006 to December 31, 2006

EXPENDITURES	2005 BUDGET MONTHLY	2005 AVERAGE MONTHLY	2006 BUDGET MONTHLY	2006 BUDGET FULL YEAR	COST PER UNIT	% OF TOTAL BUDGET
<i>Corporate</i>						
Insurance	525.00	783.00	800.00	9,600.00	33.33	22%
Legal	10.00	0.00	10.00	120.00	0.42	0%
Tax Preparation	34.00	0.00	34.00	408.00	1.42	1%
Taxes	75.00	0.00	50.00	600.00	2.08	1%
Bank Charge	5.00	6.89	5.00	60.00	0.21	0%
Misc. Office	15.00	23.89	15.00	180.00	0.63	0%
Printing & Postage	75.00	83.33	85.00	1,020.00	3.54	2%
Management	445.00	445.00	500.00	6,000.00	20.83	13%
Sub-Total	1,184.00	1,342.11	1,499.00	17,988.00	62.46	40%
<i>Utilities</i>						
PG&E	105.00	85.22	105.00	1,260.00	4.38	3%
Water	175.00	90.22	125.00	1,500.00	5.21	3%
Trash	506.00	347.56	400.00	4,800.00	16.67	11%
Sub-Total	786.00	523.00	630.00	7,560.00	26.25	17%
<i>Maintenance</i>						
Landscape	500.00	444.44	500.00	6,000.00	20.83	13%
Pest Control	10.00	0.00	10.00	120.00	0.42	0%
Large Tree Care	25.00	13.33	25.00	300.00	1.04	1%
Sub-Total	535.00	457.78	535.00	6,420.00	22.29	14%
<i>Repairs</i>						
Landscape Repair	10.00	0.00	75.00	900.00	3.13	2%
General Repairs	125.00	316.67	125.00	1,500.00	5.21	3%
Sub-Total	135.00	316.67	200.00	2,400.00	8.33	5%
TOTAL OPERATING	2,640.00	2,639.56	2,864.00	34,368.00	119.33	77%
<i>Reserves</i>						
Monthly Reserve	840.00	653.33	855.00	10,260.00	35.63	23%
TOTAL RESERVES	840.00	653.33	855.00	10,260.00	35.63	23%
TOTAL EXPENSES	3,480.00	3,292.89	3,719.00	44,628.00	154.96	100%

STATEMENT OF ESTIMATED REVENUE

INCOME	2005 Total Per Month	2005 Per Unit Per Month	2006 Total Per Month	2006 Per Unit Per Month	Percentage Change Per Unit
Assessments	\$3,480.00	\$145	\$3,719.00	\$155	7%
Interest	\$0.00		\$0.00		
Total Revenue	\$3,480.00		\$3,719.00		
2006 Total Annual Revenue			\$44,628.00		

Ramona Court Community Association ANNUAL DISCLOSURES

DELINQUENT ASSESSMENT COLLECTION POLICY STATEMENT

Regular assessments are due, in advance, on the first (1st) day of each assessment period and delinquent if not received, in full, by the Association within thirty (30) days after the due date thereof. Special and Special Individual Assessments are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received by the Association within fifteen (15) days after it is due. A late charge of ten dollars (\$10.00) or ten percent (10%) of the delinquent assessment, whichever is greater, shall be due on any such delinquent assessment.

At the option of the Association, interest shall be due on all such amounts, once due and unpaid for thirty (30) days, at the rate of twelve percent (12%) per annum.

If any portion of any such assessment, late charge, interest or cost of collection remains unpaid thirty (30) days after the original due date thereof, a "Letter of Intent" to file a Notice of Delinquent Assessment ("Lien") will be prepared and sent to the record owner(s). Please be advised that the Association has the right to collect all reasonable costs of collection.

All such amounts, and all other assessments and related charges thereafter due to the Association until all such amounts are paid, must be paid in full and the Association shall not be required to accept any partial or installment payments from the date of the institution of an action to enforce the payment of delinquent amounts to the time that all such amounts are paid in full.

If all such amounts have not been received sixty (60) days after the original due date thereof, a Lien will be prepared and recorded as to the delinquent property and the owner(s) thereof, and all resulting collection fees and costs will be added to the total delinquent amount.

All payments received by the Association, regardless of the amount paid, will be directed to the oldest assessment balances first, until which time all assessment balances are paid, and then to late charges, interest and costs of collection unless otherwise specified by written agreement.

The Association shall charge a "returned check charge" of thirty-five dollars (\$35) for all checks returned as "non-negotiable", "insufficient funds", or any other reason.

All above-referenced notices will be mailed to the record owner(s) at the last known mailing address and secondary address provided in writing to the Association by such owner(s).

The mailing address for overnight payment of assessments is the same as that for routine assessment payments unless otherwise noted.

The Board of Directors of the Association may revise this policy, either generally or on a case-by-case basis, if it finds good cause to do so.

Provided by Allied Trustee Services

Disclosures, California Civil Code

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 – Civil Code 1366, 1367.1The 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.

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.

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.

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.

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. 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 – Civil Code 1367.1, 1366.3 - 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. 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. An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time.

MEETINGS AND PAYMENT PLANS – Civil Code §1367.1

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. 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.

MEMBERS RIGHT TO KNOW - Civil Code §1365

Allows members to receive copies of minutes of Board Meetings. Approved minutes will be available to members upon request at their cost within thirty days of the meeting by contacting the management office either by phone, mail or email.

INTERNAL DISPUTE RESOLUTION – Civil Code §1363.83

Association must provide a "fair, reasonable and expeditious" procedure for resolving disputes between the association and its members without charging a fee to the member participating in the process.

- (X) The Association has established a procedure of Internal Dispute Resolution (IDR), a copy of which is attached herewith.
- () The Association has not established an Internal Dispute Resolution (IDR) policy. Default Procedure:
1. Either the association or the member may request that the other side meet and confer in an effort to resolve the dispute. The association may not refuse such a request, and the member may not be charged a fee to participate in the process.
 2. The association must designate a board member to attend the meet and confer session.
 3. The meeting must occur "promptly" at a mutually convenient time and place. At the meeting, the parties must explain their positions to each other and must confer "in good faith" in an effort to resolve the dispute.
 4. If the parties agree on a resolution of the dispute, the agreement must be put in writing and signed by the parties. The agreement is binding and can be enforced by the courts if: a) it is not in conflict with the law or the governing documents, and b) the association's representative had the authority to enter into the settlement or the settlement is ratified by the board.

ALTERNATIVE DISPUTE RESOLUTION - Civil Code §1354

California Civil Code §1354 addresses your rights to sue the Association or another member of the association regarding the enforcement of the governing documents. The following is a summary of the provisions of Civil Code §1354, as amended effective January 1, 1994:

In general, Civil Code §1354 encourages parties to a dispute involving enforcement of an association's governing documents to submit the dispute to a form of alternative dispute resolution (ADR) such as mediation or arbitration prior to filing a lawsuit. The intent of the statute is to promote speedy and cost-effective resolution of such disputes, to better preserve community cohesiveness and to channel CC&R disputes away from our state's court system.

ANNUAL INSURANCE DISCLOSURE FOR CIDS - Civil Code §1365.9

A 1993 California Appellate Court opinion held that association members who share an ownership interest in a community's common area can be held personally responsible for injuries and property damage arising from the use of that common area. The State Legislature then passed a law providing association members a degree of immunity from personal suit as long as their association carries certain types and amounts of liability insurance. The statute does not require associations to obtain insurance in such types and amounts, but it does require them to notify members of the association's coverage. In this way, members can take steps to adequately protect themselves and their assets from large negligence claims. As required by law, the following information tells you about the types and limits of liability insurance our Association currently maintains:

(X) The Association carries the levels of insurance specified by Civil Code §1365.9. As a result, owners may be individually liable by reason of their ownership interest in the common area only for their proportional share of assessments, regular or special, levied to pay the amount of a court judgment that exceeds the limits of the Association's liability insurance.

() The Association does not carry the levels of insurance specified by Civil Code §1365.9. As a result, owners may be individually liable by reason of their ownership interest in the common area for the entire amount of a court judgment that exceeds the limits of the owner's and/or the Association's insurance.

For additional information about owner liability and protecting personal assets, members are advised to consult their own insurance or legal advisor.

Assessment and Reserve Funding Disclosure Summary (Civil Code § 1365.2.5)

- (1) The current assessment per unit is \$ 155 per month.

Note: If assessments vary by the size or type of unit, the assessment applicable to this unit may be found on page 2 of this packet.

- (2) Additional special 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:

Date special assessment is due:	Amount per unit per month	Purpose of the special assessment
N/A	N/A	N/A
	Total:	N/A

- (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 NO

- (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?

Approximate date assessment will be due:	Amount per unit per month:
	Total:

- (5) The following major components, which are included in the reserve study, are NOT included in the existing reserve funding:

NONE

- (6) As of the last reserve study or update, the current balance in the reserve fund is \$ 104,249.72. 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 \$ 66,602.00, and if alternate, but generally accepted, method of calculation is also used, the required amount is \$ _____. (See attached explanation)

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change.

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, (iii) 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 due to changes in manufacturing methods while others may cost more due to material shortages or high demand.

RESERVE FUNDING POLICIES AND PRACTICES - Civil Code §1365 (3) & (4)

(X) Budget Disclosure Statements – Board Conducted Reserve Study:

The reserve funding practices of the association are reviewed and approved annually by the Board of Directors. The association did not engage an independent company to perform a Reserve Funding Study for the association. Therefore, the reserve funding practices may not be adequate to meet all obligations. This could lead to higher regular assessments, and/or the need for special assessments, in the future.

In the preparation of this budget for the association, the Board of Directors has not determined and does not anticipate that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefore, based upon all information available to the Board of Directors as of the date of adoption of this budget.

The Board of Directors has relied on contractor information, historical records, and prudent business judgment to calculate and establish those reserves necessary to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain per the governing documents of the association.

(X) Reserve Study Company: Reserve Data Analysis

The reserve funding practices of the association are reviewed and approved annually by the Board of Directors. An independent study of the reserve components and funding methods has been performed by the company stated above

In the preparation of this budget for the association, the Board of Directors has not determined and does not anticipate that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefore, based upon all information available to the Board of Directors as of the date of adoption of this budget.

The Board of Directors has relied on the Independent reserve study cited above and prudent business judgment to calculate and establish those reserves necessary to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain per the governing documents of the association.

PERIODIC SITE INSPECTIONS – Civil Code §1365.5

The Board of Directors performed a site inspection and visual inspection of the association's reserve components on the following date: October 27, 2005

SCHEDULE OF FINES – Civil Code §1363

The association has adopted a policy consistent with California Civil Code establishing a schedule of fines as follows:

First Violation	Written Warning Notice/Notice of Board Hearing
Second Violation	Board Hearing With Intent To Fine \$75.00 Per Occurrence
Fine Schedule	\$75.00 per occurrence

PENDING ACTION/FINE AGAINST A UNIT OWNER – Civil Code §1363 (g)

Based on the current documents for the association, there () are (X) are not any pending fines and/or action against a unit owner in the association.

If action is pending, the following detail must be supplied.

Unit Address: _____ Fine: _____
Pending Action: _____

SPECIAL ASSESSMENTS - Civil Code §1366 (c)

(X) The Board of Directors has not discussed a special assessment.

() The Board of Directors has discussed the submission of a ballot for a special assessment to the membership. A vote of the membership will be required in order to pass this special assessment for the following:

SPECIAL PROVISIONS

The homeowners association has adopted one or more of the following:

- () A move in/move out policy that requires a deposit for owners and or rental units.
- () Estoppel document that requires a deposit held in escrow and/or inspection of the property.
- () Parking restrictions that require registration of vehicles and/or parking permits.
- () Other _____

Civil Code §2079.10a. Notice: The California Department of Justice, sheriff's departments, police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access a database of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The database is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service.

SECURITY DISCLAIMER. As much as we would like it to be, the Association can never be free of crime. For example, it is possible for someone to enter the property under false pretenses to commit crimes, for residents to commit crimes against their neighbors, for guests of residents to commit crimes, and for employees to commit crimes. As a result, the Association is not and can never be free of crime and cannot guarantee your safety or security. You should NOT rely on the Association to protect you from loss or harm—you should provide for your own security by taking common sense precautions such as carrying insurance against loss; keeping your doors locked; refusing to open your door to strangers; asking workmen for identification; installing a security system; locking your car; etc.

POLICY STATEMENTS

Ramona Court Community Association and its officers, directors, and management company, Access Association Services, Inc. are committed to running the Association in a legal and neighborly manner. Accordingly, we wish to remind the members of the Association and their residents or tenants of the following:

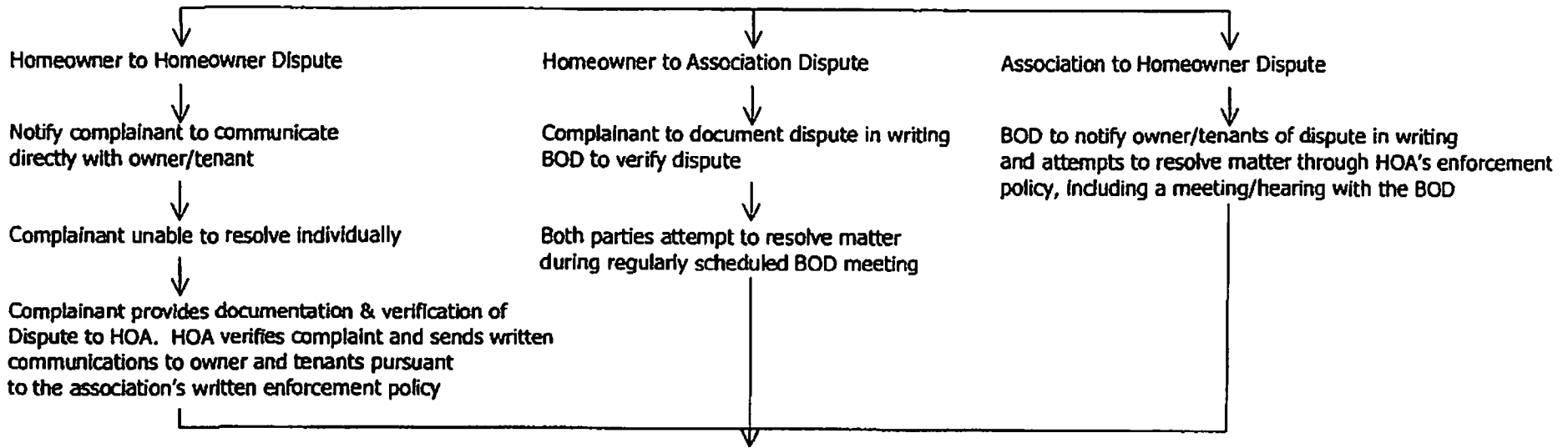
As provided for under federal and state fair housing laws, it is illegal to discriminate against any person because of his or her race, national origin, religion, sex, physical or mental disability, familial status, marital status, sexual orientation, age, or source of income. Ramona Court Community Association is operated in accordance with these laws as provided for in 42 U.S.C. Section 3601, et. seq.

Specifically we, at Ramona Court Community Association, do not:

1. Discriminate against any person in the terms or conditions of residing in the complex, or in the provision of services or facilities, because of that person's membership in one or more of the protected classes listed above; nor
2. Condone or tolerate any acts or coercion or intimidation, threats or interference by any of our employees, agents or residents towards any other owner or resident because he or she is a member of one or more of the protected classes listed above.
3. Tolerate either the creation or fostering of a hostile living environment by any homeowner, resident or tenant at Ramona Court Community Association, nor do we tolerate any harassing or otherwise hostile conduct by any homeowner, resident or tenant towards any other homeowner, resident or tenant.

COMPLAINT/DISPUTE IS MADE

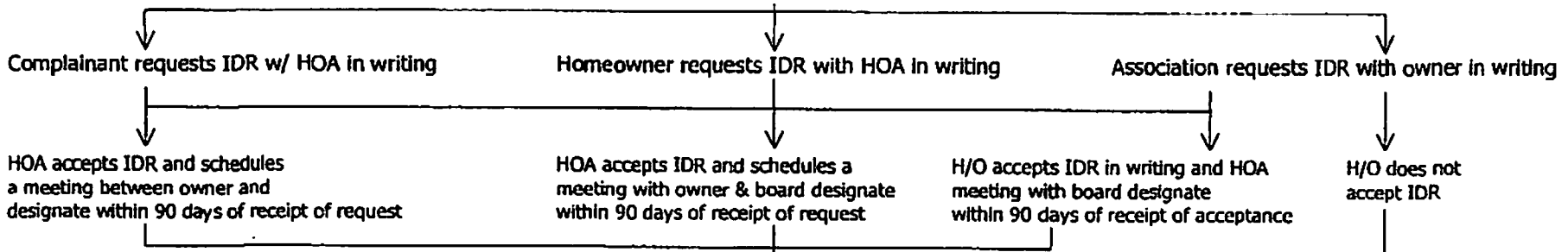
DISPUTE RESOLUTION POLICY



NO RESPONSE OR RESOLUTION

INTERNAL DISPUTE RESOLUTION (IDR) IS INITIATED

The purpose of IDR is to provide a fair, reasonable and expeditious dispute resolution for disputes between the association and a member involving their rights, duties or liabilities under the governing documents of the association. This procedure shall provide a means by which the member and the association may explain their positions to a neutral party, including low-cost or no-cost mediation programs such as those listed on the Internet Web sites of the Department of Consumer Affairs. The homeowner shall not be charged a fee to participate in the process.



IDR Meeting between homeowner and designated Board representative

The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other and confer in good faith in an effort to resolve the dispute.

RESOLUTION

A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association. An agreement reached binds the parties and is judicially enforceable provided the agreement is not in conflict with the law or the governing documents of the association and provided the agreement is either consistent with the authority granted by the board of directors to its designee or the Agreement is ratified by the board of directors.

NO RESOLUTION

Alternative Dispute Resolution (ADR)
Civil Code 1354