

MEMORANDUM

TO: The Oaks of Del Rey Homeowners

FROM: Board of Directors

DATE: November 14, 2001

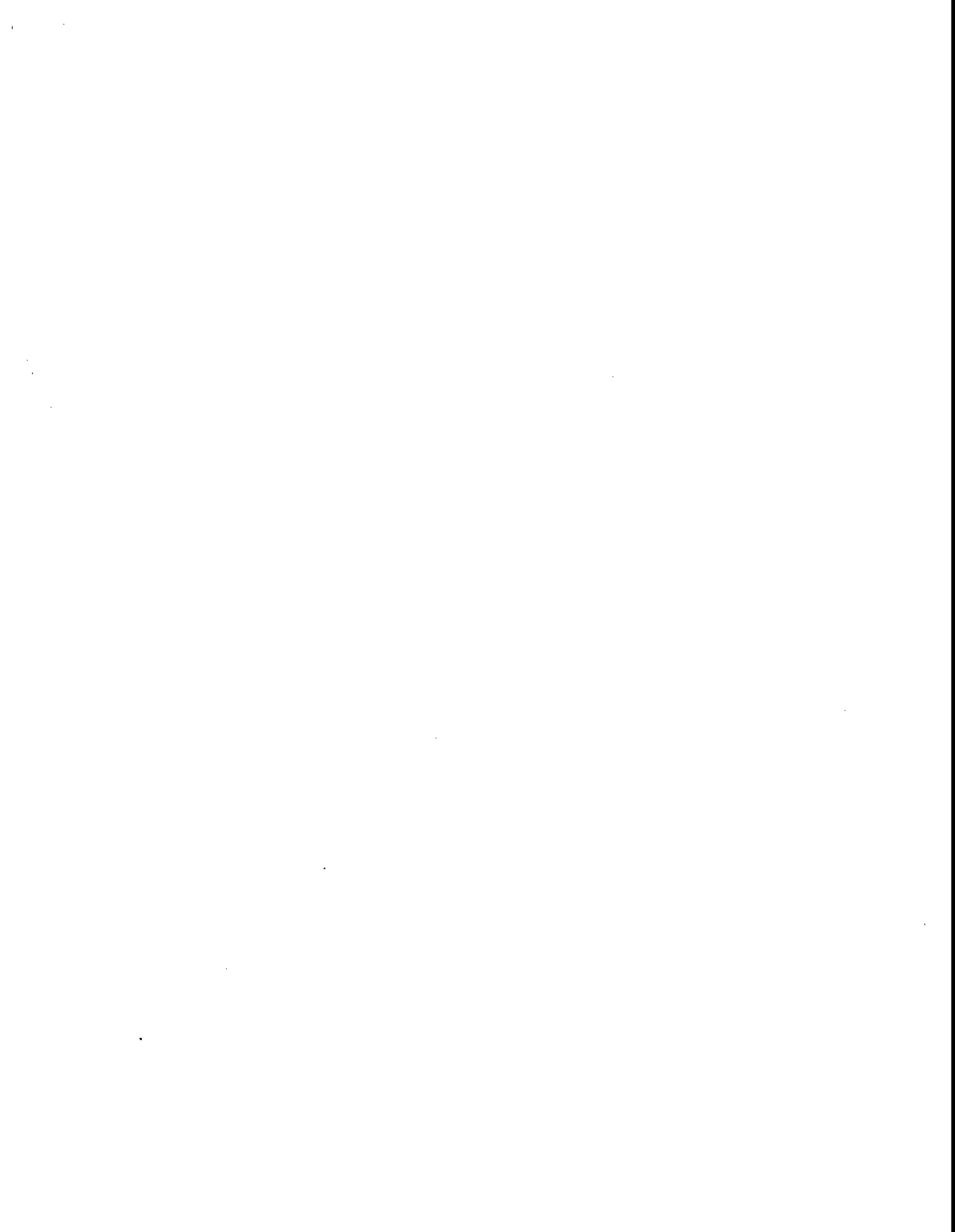
RE: 2002 Board of Directors Approved Budget

Enclosed, please find the Board of Directors approved budget for 2002.

Please note that effective January 1, 2002 the monthly assessments will increase as follows:

Unit Type	Assessment in 2001	Assessment In 2002
A	\$170	\$179
B	\$169	\$178
C	\$150	\$159
D	\$143	\$152

If you have any questions regarding the budget, please contact Tim Dillon at Access Association Services, Inc. 408-782-1222.



The Oaks of Del Rey Homeowners Association

November 14, 2001

2002 Board of Directors Approved Budget For Fiscal Year, January 1, 2002 through December 31, 2002

EXPENDITURES	2001 BUDGET MONTHLY	2001 AVERAGE MONTHLY	2002 BUDGET MONTHLY	2002 BUDGET FULL YEAR	COST PER UNIT	% OF TOTAL BUDGET
Corporate						
Insurance	3,200.00	2,208.44	3,200.00	38,400.00	21.33	12%
License & Permits	26.00	26.00	28.00	336.00	0.19	0%
Audit	153.00	22.89	115.00	1,380.00	0.77	0%
Taxes	78.00	6.67	80.00	960.00	0.53	0%
Legal	200.00	272.78	100.00	1,200.00	0.67	0%
Office Supplies	100.00	6.89	10.00	120.00	0.07	0%
Printing & Postage	165.00	232.89	190.00	2,280.00	1.27	1%
Management	1,675.00	1,675.00	1,600.00	19,200.00	10.67	6%
Sub-Total	5,597.00	4,451.56	5,323.00	63,876.00	35.49	21%
Utilities						
Electricity & Gas	865.00	1,104.00	1,100.00	13,200.00	7.33	4%
Refuse Disposal	1,200.00	1,305.56	1,344.00	16,128.00	8.96	5%
Office Phones	96.00	180.89	230.00	2,760.00	1.53	1%
Water	1,100.00	1,084.78	1,100.00	13,200.00	7.33	4%
Fire Alarm Monitor	900.00	864.00	955.00	11,460.00	6.37	4%
Sub-Total	4,161.00	4,539.22	4,729.00	56,748.00	31.53	18%
Maintenance						
Employee Expense	2,788.00	6,334.67	5,834.00	70,008.00	38.89	23%
Maintenance Labor	1,650.00	0.00	0.00	0.00	0.00	0%
Employee Admin/Insurance	700.00	435.33	767.00	9,204.00	5.11	3%
Pool Service	208.00	185.22	190.00	2,280.00	1.27	1%
Window Cleaning	75.00	0.00	80.00	960.00	0.53	0%
Pest Control	40.00	0.00	40.00	480.00	0.27	0%
Large Tree Care	325.00	61.11	325.00	3,900.00	2.17	1%
Sub-Total	5,786.00	7,016.33	7,236.00	86,832.00	48.24	28%
Repairs						
Landscape	500.00	455.56	500.00	6,000.00	3.33	2%
Irrigation	100.00	119.22	100.00	1,200.00	0.67	0%
Lighting	150.00	24.22	35.00	420.00	0.23	0%
Plumbing	200.00	68.89	65.00	780.00	0.43	0%
Pool & Spa	100.00	90.22	50.00	600.00	0.33	0%
Fire Extinguishers	84.00	0.00	67.00	804.00	0.45	0%
Storage Rooms	50.00	0.00	20.00	240.00	0.13	0%
Misc. Repairs & Supplies	350.00	183.33	185.00	2,220.00	1.23	1%
Sub-Total	1,534.00	941.44	1,022.00	12,264.00	6.81	4%
Contingency	100.00	0.00	160.00	1,920.00	1.07	1%
TOTAL OPERATING	17,078.00	16,948.56	18,470.00	219,720.00	123.13	71%
Reserves						
Monthly Reserve	7,135.00	7,000.00	7,500.00	90,000.00	50.00	29%
TOTAL RESERVES	7,135.00	7,000.00	7,500.00	90,000.00	50.00	29%
TOTAL EXPENSES	24,213.00	23,948.56	25,970.00	309,720.00	173.13	100%

2000/2001 Assessment	Unit Type	Base	Pro-Rata	2002 Assessment	Variance
\$170.00	A	\$121.81	\$57.40	\$179	5%
\$169.00	B	\$121.81	\$55.71	\$178	5%
\$150.00	C	\$121.81	\$36.72	\$159	6%
\$143.00	D	\$121.81	\$30.39	\$152	6%

Barrera and Company Reserve Analysis

Oaks of Del Rey HOA

Reserve Summary

November, 1999

(For Homeowner Distribution)

(Comply with state statutes, include component worksheets with Summary Page)

Number of Units:	150
Budget Yr. Start:	12/31/99
Report End:	12/31/00
Location:	Del Rey Oaks, CA
Reserve Fund Balance: (As of 12/31/99)	\$87,000.00
Accumulated Reserve: (As of 12/31/99)	\$240,811.00
Deficit Below Accum. Reserve:	\$155,878.00
Percentage Funded: (As of 12/31/99)	36%
Current Replacement Cost:	\$2,341,173.00

Funding Options Summary (Report Pages A1-A26)	Year 1
Option 1: (Current Funding)	
Year 1 Funding Amount:	\$60,000.00
Per Unit Per Month:	\$33.33
Option 2: (100% Funding)	
Year 1 Funding Amount:	\$166,473.00
Per Unit Per Month:	\$92.49
Option 3: (Minimum Funding)	
Year 1 Funding Amount:	\$130,400.00
Per Unit Per Month:	\$72.44

* Recommended Funding

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RESERVE COMPONENT WORKSHEET DEFINITIONS:

Barrera and Company Reserve Analysis

Component:	Component: Identifies the item to be included for reserve funding.
Normal Life:	The estimated total life of a reserve component using published information and professional experience. For components in which the useful life should equal that of the project, no expectancy has been projected (i.e. plumbing, framing, etc...)
Estimated Remaining Life:	An estimate of expected remaining longevity of that component based on information provided, visual inspection, and assumptions of probability.
Cost Per Unit:	The approximate amount of money it will take to replace the reserve component, per the measurement it is defined by (i.e. sf = Square Foot).
Approximate Quantity:	The approximate total amount of the reserve component as it has been defined under the measurement Per Unit.
Present Cost:	This indicates the approximate cost of replacing the reserve component at the present time.
Future Cost:	This indicates the estimated expenditure by the Association when the component is in need of or replacement. The future cost has been calculated on a 3.5% yearly inflation factor. It is assumed that any repairs or replacement of any reserve component below \$1,000 given year will be replaced from the operating account.
Source Code:	The means by which the information for the reserve component has been obtained. The Source Code is as follows: <ol style="list-style-type: none"> 1 - National Construction Estimator & On-file Data. 2 - Vendor Data 3 - Actual Costs & Bids. 4 - Management and/or Board Data.

Oaks of Del Rey HOA

Del Rey Oaks, CA

Reserve Component Worksheet

150 Units
November, 1999

COMPONENT	Avg Life	Rem Life	Cost Per Unit	Approx Quantity	Present Cost	Future Cost	Source Cod
<u>POOL, SPA & CLUBHOUSE</u>							
Resurface Pool (Fiberglass)	12	10	6,000.00 /ea	1	6,000	8,177	4
Resurface Spa	7	1	3,000.00 /ea	1	3,000	3,000	1
Pool Equipment	12	7	Lump Sum	Total	3,890	4,782	1
Spa Equipment	12	7	Lump Sum	Total	4,480	5,507	1
Clubhouse Furnishings	15	5	Lump Sum	Total	7,500	8,606	1
Clubhouse Appliances	12	6	Lump Sum	Total	2,750	3,266	1
Clubhouse Floor Finishes	15	5	Lump Sum	Total	3,782	4,340	1
Pool Furnishings			Maintenance / Operating Budget				4
TOTAL REPLACEMENT COST					\$31,402	\$37,679	
<u>SPORTS COURT</u>							
Resurface Sports Court	6	1	3,000.00 /ea	1	3,000	3,000	1
Tennis Nets			Maintenance / Operating Budget				
TOTAL REPLACEMENT COST					\$3,000	\$3,000	
<u>LIGHTING</u>							
Entry/Balcony Light Fixtures	20	10	80.00 /ea	300	24,000	32,710	1
10' Post Fixtures	20	10	600.00 /ea	16	9,600	13,084	1
Ground Pagodas	12	5	45.00 /ea	65	2,925	3,357	1
Raised Walkway Fixtures	20	10	124.00 /ea	220	27,280	37,180	1
Carport Fixtures	20	10	68.00 /ea	42	2,856	3,892	1
Trellis Fixtures	20	10	100.00 /ea	32	3,200	4,361	1
Clubhouse Bldg. Fixtures	20	10	Lump Sum	Total	2,000	2,726	1
TOTAL REPLACEMENT COST					\$71,861	\$97,309	
<u>FIRE SYSTEM</u>							
Fire Sprinkler Heads (1-Time, Re-Call)	30	1	Lump Sum	Total	30,000	30,000	4
Fire Sprinkler Heads (Inspect/Repl.)	5	5	Lump Sum	Total	5,000	5,738	4
Pull Stations	15	7	170.00 /ea	27	4,590	5,642	1
Smoke Detectors	15	15	130.00 /ea	150	19,500	31,565	1
Annunciators	15	7	180.00 /ea	43	7,740	9,514	1
Fire Alarm Panels	10	10	1,600.00 /ea	14	22,400	30,529	4
TOTAL REPLACEMENT COST					\$89,230	\$112,988	
<u>BALCONIES & WALKWAYS</u>							
Elastomeric Balconies (Replace)	20	20	14.00 /sf	21,184	296,576	570,168	4
Elastomeric Balconies (Coating)	5	5	1.50 /sf	21,184	31,776	36,464	4
Elastomeric Walkways (Replace)	20	20	14.00 /sf	27,322	382,508	735,372	4
Elastomeric Walkways (Coating)	5	5	1.50 /sf	27,322	40,983	47,029	4
TOTAL REPLACEMENT COST					\$751,843	\$1,389,033	

Oaks of Del Rey HOA

Del Rey Oaks, CA

Reserve Component Worksheet

150 Units
November, 1999

COMPONENT	Avg Life	Rem Life	Cost Per Unit	Approx Quantity	Present Cost	Future Cost	Source Code
ROOFING							
Fiberglass Roofing (Bldgs/Crpts) (Includes Sheathing, Vents & Flashing)	40	40	285.00 /sq	1,196	340,860	1,303,916	4
Fiberglass Roofing Repairs (Bldgs/Crpts)	10	10	25.00 /sq	1,196	29,900	40,751	4
Gutters & Downspouts	40	40	6.00 /lf	22,734	136,404	521,796	4
Chimney Trim	20	20	1.35 /lf	1,100	1,485	2,855	4
TOTAL REPLACEMENT COST					\$508,649	\$1,669,318	

PAINTING

Paint Trellis Structures	6	6	0.50 /sf	3,528	1,764	2,095	1
Paint Carports	6	6	0.60 /sf	28,180	16,908	20,091	1
Paint Gutters & Downspouts	12	12	4.50 /lf	22,734	102,303	149,359	1
Paint Fascia	6	6	4.25 /lf	8,708	37,009	43,955	1
Paint Stairs Metal Guard Rails	6	6	3.25 /lf	1,638	5,324	6,323	1
Paint Stairs Steel Stringers	6	6	1.30 /lf	1,218	1,583	1,881	1
Paint Wall Handrails	6	6	0.75 /lf	1,280	960	1,140	1
Paint Stucco Surfaces (Bldgs.)	12	12	0.85 /sf	124,474	105,803	154,469	4
Rem/Repl Caulking	12	12	0.40 /lf	4,872	1,949	2,845	1
Paint Eaves	6	6	0.45 /sf	28,482	12,817	15,222	1
Paint Exterior Doors (1-side)	12	12	Lump Sum	349	7,500	10,950	1
Paint/Repair Trim Band & Flashing	6	6	1.00 /lf	17,742	17,742	21,072	1
Paint/Repair Chimney Trim	6	6	1.00 /lf	1,100	1,100	1,306	1
Paint Trash Encl./Trellis (Entry/Mbxs)	6	6	250.00 /ea	8	2,000	2,375	1
Paint Block Retaining Walls	6	6	Lump Sum	Total	1,500	1,782	4
Paint Balcony Rails/Structure	6	6	2.25 /lf	5,112	11,502	13,661	1
Paint Walkway Rails/Structure	6	6	2.25 /lf	7,696	17,316	20,566	1
Handrails (Concrete Steps)				Maintenance / Operating Budget			
TOTAL REPLACEMENT COST					\$345,080	\$469,083	

ASPHALT SURFACES

Asphalt Overlay	20	12	1.10 /sf	137,068	150,775	220,127	1
Seal Stripe & Repair	5	1	0.25 /sf	137,068	34,267	34,267	1
TOTAL REPLACEMENT COST					\$185,042	\$254,394	

FENCING

Open Wire Fence	30	20	10.50 /lf	400	4,200	8,075	1
Wood Retaining Walls - I	25	24	Lump Sum		2,000	4,412	4
Wood Retaining Walls (To Concrete) - II	30	1	Lump Sum		32,000	32,000	4
Chain Link Fence (Court)	28	16	18.00 /lf	244	4,392	7,882	1
Wood Posts (Screen)	20	10	20.00 /lf	170	3,400	4,634	1
Balcony/Walkway Rails	30	30	10.00 /lf	12,808	128,080	347,337	1
Chain Link Fence (Lower)	28	28	Lump Sum		12,600	31,893	4
TOTAL REPLACEMENT COST					\$186,672	\$436,238	

Oaks of Del Rey HOA

Del Rey Oaks, CA

Reserve Component Worksheet

150 Units
November, 1999

COMPONENT	Avg Life	Rem Life	Cost Per Unit	Approx Quantity	Present Cost	Future Cost	Source Code
MISCELLANEOUS							
Mailboxes	20	10	70.00 /ea	160	11,200	15,264	1
Parcel Boxes	20	10	150.00 /ea	22	3,300	4,498	1
Tot Lot Equipment	25	15	Lump Sum	Total	6,500	10,522	1
Back-Flow Devices	15	10	750.00 /ea	4	3,000	4,089	1
Repair Paths (Crushed Rock)			Maintenance / Operating Budget				4
Irrigation Controllers	12	1	300.00 /ea	6	1,800	1,800	4
Trellis Structures	24	14	10.00 /sf	3,528	35,280	55,176	1
Trim Band & Flashing	20	20	2.80 /lf	17,742	49,678	93,505	1
Fascia	20	20	4.50 /lf	12,803	57,636	110,805	4
TOTAL REPLACEMENT COST					\$168,394	\$297,659	

CONTINGENCY	Recommended 3%-5% of Total Annual Budget
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Source Code:	1-National Construction Estimator and On-File Data
	2-Vendor Data
	3-Actual Costs and Bids
	4-Management/Board Data

PARAMETER:	
Future Cost (Inflation)	3.5%
<u>Unit Measurements</u>	
lf=Linear Foot	sy=Square Yard
sf=Square Foot	ea=Each
sq=Square (100sf)	ls=Lump Sum

The Oaks of Del Rey Homeowners Association

Collection Policy Statement

1. 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.
2. 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.
3. If any portion of any such assessment or late charge 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, by certified mail, to the record owner(s). Please be advised that the Association has the right to collect all reasonable costs of collection.
4. 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 "Letter of Intent" date to the time that all such amounts are paid in full.
5. If all such amounts have not been paid forty-five (45) 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.
6. If all such amounts have not been paid, in full, within thirty (30) days after the recordation of such Lien, the Association may, without further advance notice, proceed to take any and all additional enforcement remedies as the Association, in its sole discretion, deems appropriate, including, without limitation, non-judicial foreclosure of such Lien, judicial foreclosure, or suit for money damages, all at the expense of the property owner(s).
7. All payments received by the Association 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.
8. The Association shall charge a "returned check charge" of twenty-five dollars (\$25.00) for all checks returned as "non-negotiable", "insufficient funds" or any other reason.
9. All above-referenced notices will be mailed to the record owner(s) at the last mailing address provided in writing to the Association by such owner(s).
10. 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

The Oaks of Del Rey Homeowners Association

Members Right To Know - California Civil Code §1363 & 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 or by mail.

Alternative Dispute - California Civil Code §1354

SUMMARY OF CALIFORNIA CIVIL CODE §1354(b) RELATING TO ENFORCEMENT OF GOVERNING DOCUMENTS THROUGH ALTERNATIVE DISPUTE RESOLUTION

PLEASE TAKE NOTICE: *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 Common Interest Developments California Civil Code Section 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:

With these types and amounts of insurance:

- (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 judgement 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 judgement 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.

The Oaks of Del Rey Homeowners Association

November 15, 2000

2001 Board of Directors Approved Budget
For Budget Year Beginning January 1, 2001 through December 31, 2001

EXPENDITURES	2000 BUDGET MONTHLY	2000 AVERAGE MONTHLY	2001 BUDGET MONTHLY	2001 BUDGET FULL YEAR	COST PER UNIT	% OF TOTAL BUDGET
Corporate						
Insurance	3,000.00	3,011.33	3,200.00	38,400.00	21.33	13%
Accounting	700.00	472.22	0.00	0.00	0.00	0%
License & Permits	26.00	26.00	26.00	312.00	0.17	0%
Audit	125.00	152.89	130.00	1,560.00	0.87	1%
Taxes	65.00	83.33	78.00	936.00	0.52	0%
Legal	150.00	184.78	200.00	2,400.00	1.33	1%
Bad Debt	83.00	0.00	0.00	0.00	0.00	0%
Office Supplies	100.00	46.56	50.00	600.00	0.33	0%
Printing & Postage	150.00	162.33	165.00	1,980.00	1.10	1%
Management	1,200.00	1,710.11	1,600.00	19,200.00	10.67	6%
Sub-Total	5,599.00	5,849.56	5,449.00	65,388.00	36.33	22%
Utilities						
Electricity	1,000.00	646.78	750.00	9,000.00	5.00	3%
Gas	115.00	82.22	115.00	1,380.00	0.77	0%
Refuse Disposal	1,625.00	1,139.22	1,275.00	15,300.00	8.50	5%
Office Phones	96.00	191.33	96.00	1,152.00	0.64	0%
Water	1,100.00	1,252.11	1,100.00	13,200.00	7.33	4%
Fire Alarm Monitor	900.00	1,013.67	900.00	10,800.00	6.00	4%
Sub-Total	4,836.00	4,325.33	4,236.00	50,832.00	28.24	17%
Maintenance						
Landscape Contract	0.00	0.00	0.00	0.00	0.00	0%
Pool Contract	208.00	210.11	208.00	2,496.00	1.39	1%
Facilities Supervisor	2,788.00	2,803.33	3,335.00	40,020.00	22.23	14%
Landscape Labor	1,650.00	1,728.56	1,750.00	21,000.00	11.67	7%
Window Cleaning	75.00	111.11	0.00	0.00	0.00	0%
Pest Control	40.00	10.00	40.00	480.00	0.27	0%
Employee Admin/Insurance	700.00	505.33	700.00	8,400.00	4.67	3%
Large Tree Care	325.00	113.89	200.00	2,400.00	1.33	1%
Sub-Total	5,786.00	5,482.33	6,233.00	74,796.00	41.55	25%
Repairs						
Landscape	150.00	437.78	600.00	7,200.00	4.00	2%
Irrigation	150.00	88.89	150.00	1,800.00	1.00	1%
Fencing & Trail	100.00	0.00	50.00	600.00	0.33	0%
Lighting	100.00	206.00	100.00	1,200.00	0.67	0%
Plumbing	150.00	208.67	100.00	1,200.00	0.67	0%
Pool & Spa	50.00	188.89	75.00	900.00	0.50	0%
Fire Extinguishers	70.00	84.00	84.00	1,008.00	0.56	0%
Storage Rooms	50.00	0.00	50.00	600.00	0.33	0%
Misc. Repair & Supply	250.00	468.33	200.00	2,400.00	1.33	1%
Sub-Total	1,070.00	1,682.56	1,409.00	16,908.00	9.39	6%
TOTAL OPERATING	17,291.00	17,339.78	17,327.00	207,924.00	115.51	70%
Reserves						
Monthly Reserve	7,000.00	7,000.00	7,335.00	88,020.00	48.90	30%
TOTAL RESERVES	7,000.00	7,000.00	7,335.00	88,020.00	48.90	30%
TOTAL EXPENSES	24,291.00	24,339.78	24,662.00	295,944.00	164.41	100%

1999 Assessment	Unit Type	Base	Pro-Rata	2000 Assessment	Variance
\$170.00	A	\$113.09	\$57.40	\$170	0%
\$169.00	B	\$113.09	\$55.71	\$169	0%
\$150.00	C	\$113.09	\$36.72	\$150	0%
\$143.00	D	\$113.09	\$30.39	\$143	0%