

CAMMARATA MANAGEMENT, INC.

• ASSOCIATION MANAGEMENT •

March 1, 2005

To All Homeowners At:
Redondo Village, Inc.
2425 Redondo Beach Blvd.
Gardena, CA 90247

Re: Annual Budget for Fiscal Year 2005- 2006

Dear Homeowner,

Enclosed please find the new budget for fiscal year 2005-2006 as approved by your Board of Directors. The Board agreed to raise the monthly dues to \$125.00 for the fiscal year effective April 1, 2005. The increase was necessary to cover the increased costs in insurance and the costly repairs of the sump pumps at the property.

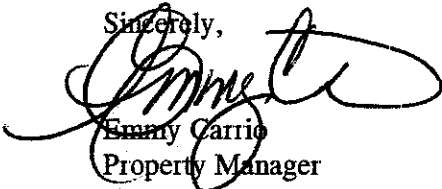
Also, please find the following enclosures:

- ⇒ *Fine Policy as per Civil Code Section 1365.*
- ⇒ *Assessment Collection policy as per Civil Code Section 1365(d).*
- ⇒ *Alternative Dispute Resolution (ADR) Summary as per Civil Code Section 1354.*
- ⇒ *Insurance Liability Disclosure as per Civil Code Section 1365 (d).*
- ⇒ *Reserve Study Summary*

Please be advised that per California Civil Code 1363(l), you as a homeowner have the right to receive copies of the minutes, or an unapproved draft from the Board of Directors within 30 days of a meeting. Minutes may be obtained from the Board of Directors upon written request c/o Cammarata Management, Inc. at the member's expense.

You may wish to keep these items available in the event you elect to refinance or sell your home. Most lenders are now requiring that these items be submitted to them as part of the mortgage approval process.

Sincerely,



Emmy Carrio
Property Manager
Cammarata Management, Inc.
Agent for Redondo Village, Inc.

Enclosures

Redondo Village, Inc.
2005-2006 Fiscal year Budget
April 1, 2005 through March 31, 2006

Account Code	Expenses	Proposed 2005-2006 Year	Proposed 2005-2006 Monthly	2005-2006 Monthly Per Unit
6150	Accounting	500	42	1
6350	Bank Charges	50	4	0
6810	Fire & Liability Insurance	2,850	238	4
6900	Legal	500	42	1
6950	Printing	1,500	125	2
7000	Management Fee	9,900	825	13
7050	Postage	500	42	1
7100	Misc. Maint. Expenses	600	50	1
7110	Landscaping Contract	15,120	1,260	19
7113	Tree Trimming	0	0	0
7115	Landscaping Supplies	200	17	0
7120	Plumbing	1,500	125	2
7130	Security	800	67	1
7150	Lighting Repairs	200	17	0
7155	Light Bulbs	50	4	0
7160	Janitorial Services	1,200	100	2
7164	Other	100	8	0
7170	Pest/Termite Control	200	17	0
7200	Supplies	100	8	0
7250	Taxes	15	1	0
7255	License & Fees	200	17	0
7350	Telephone (Entry Phone)	440	37	1
7451	Gas	0	0	0
7452	Electricity	4,000	333	5
7453	Water	22,000	1,833	28
	Total	62,525	5,210	80
8300	Reserve (Contribution)	35,000	2,917	45
	Grand Total	97,525	8,127	125

Yearly Total Income= \$97,525 (65 Homes x \$125.00 x 12 months)

Monthly Total Income= \$8,127 (65 Homes x \$125.00)

Dues will increase to \$125 per unit

Redondo Village, Inc.

FINE POLICY

FINES:

Violations of the Association's Rules & Regulations will be dealt with by the Board of Directors directly with the Unit Owner involved. If a Unit Owner is found in violation of any of the Rules & Regulations, By-Laws, or CC&Rs the Board will send notice of such finding to the Unit Owner with a demand to either "cease and desist" or to correct the cause of the violation. If it is the Unit Owners first notice of the particular violation of the Unit Owner will have 10 days to correct or to "cease and desist". However, for parking you have 24 hours to correct the violation or be subject to fines and/or towing. If it is the Unit Owners second or subsequent notice of the same violation there will be no 10 day grace period. If the Unit Owner either fails to correct or fails to "cease and desist" after any grace period, if applicable, or after notice for subsequent violations, then fines will be assessed as follows:

<u>FIRST VIOLATION:</u>	\$50.00
<u>SECOND VIOLATION:</u>	\$100.00
<u>THIRD VIOLATION:</u>	\$200.00
<u>FOURTH VIOLATION:</u>	To be determined by Board of Directors

Any fines assessed will be collectable with the full force and effect of a Special Assessment against any Unit Owner.

Redondo Village, Inc.

COLLECTION POLICY

Prompt payment of Assessments by all owners is critical to the financial health of the Association and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&Rs) and the California Civil Code to enforce the members' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&Rs and Civil Code Section 1365 (d), the following are the Association's practices and policies:

1. Assessments, late charges, interest and collection costs, including any attorney's fees, are the personal obligation of the owner of the property at the time of the assessment or other sums are levied (Civil Code Section 1367 (a); Civil Code Section 1367 1 (a)).
2. Regular monthly assessments are due and payable on the first day of each month. A courtesy billing statement is sent each month to the billing address on record with the Association. **However, it is the owner of the record's responsibility to pay each assessment in full each month regardless of whether a statement is received.** All other assessments, including special assessments, are due and payable on the date specified by the Board on the Notice of Assessment, which date will not be less than thirty (30) days after the date of the notice of the special assessment.
3. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection expenses, including attorney's fees, unless the owner and the Association enter into an agreement providing for payments to be applied in a different manner.
4. Assessments not received within fifteen (15) days of the stated due date are delinquent and shall be subject to a late charge of 10% for each delinquent assessment per unit.
5. An interest charge at the rate of 12% per annum will be assessed against any outstanding balance, including delinquent assessments, late charges and cost of collection, which may include attorneys' fees. Such interest charges shall accrue thirty (30) days after the assessment becomes due and shall continue to be assessed each month until the account is brought current.
6. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.
7. A first notice of past due assessment ("late letter") will be prepared and mailed once an assessment becomes delinquent.
8. If an assessment is not received within fifteen (15) days after the assessment becomes

delinquent, the Association or its designee, in the event the account is turned over to a collection agent, will send a pre-lien letter to the owner as required by Civil Code Section 1367(a) (for liens that may record before January 1, 2003) or 1367.1(a) (for liens that may record on or after January 1, 2003), by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a fee for the pre-lien letter.

9. If an owner fails to pay the amounts set forth in the pre-lien letter within thirty (30) days of the date of that letter, the Association will authorize Association Lien Services to record a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees, against the owner's property. The owner will be charged for the fees and costs of preparing and recording the lien. Thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure (Civil Code Section 1367 (e); Civil Code Section 1367.1(g)).
10. If an owner, within thirty (30) days from the date of recordation of the lien, pays to the Association, under protest, all amounts required by Civil Code Section 1366.3 (the amount of assessments, late charges, interest, all fees and costs to date of preparing and filing the lien, including attorneys' fees, not to exceed the statutory allowance), the owner may request resolution of the assessment dispute by Alternative Dispute Resolution as outlined in Civil Code Section 1354, by civil action, or by other procedures available through the Association.
11. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section 8333.
12. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interests, and costs of collection associated with collection of those assessments.
13. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation and is under no obligation to grant payment plan requests.
14. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.
15. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including attorneys' fees, must be paid in full to the Association.
16. All charges listed herein are subject to change upon thirty (30) days' prior written notice.
17. **The mailing address for overnight payment of assessment is:**

c/o Cammarata Management, Inc.
25039 Narbonne Avenue
Lomita, CA 90717

IMPORTANT HOMEOWNER NOTICE
(ADR)

Please be advised that California Civil Code Section 1354 requires Alternative Dispute Resolution (hereinafter "ADR") as opposed to litigation in certain Association and Owner disputes. This Notice merely provides a summary of the statute. If there is a dispute, which may require ADR, pursuant to the statute, please review all of the provisions of the statute or seek your own independent legal counsel.

PARTIES BOUND BY THE STATUTE

The parties required to comply with the new statute are the Association (through the Board of Directors) and any owners of record.

DISPUTES SUBJECT TO THE STATUTE (QUALIFYING DISPUTES)

Section 1354(b) provides that the Association and owners shall endeavor to submit disputes "related to the enforcement of the governing documents" to ADR. Where, however, an owner has a private dispute with another owner or a tenant, or the Board has a dispute with a third party such as a landscaper, such a dispute is not within the confines of the statute.

DISPUTES SPECIFICALLY EXCLUDED FROM THE STATUTE

Section 1354 specifically excludes the following types of disputes from being required to resort to ADR:

- 1) Assessment collection, except as provided for in Civil Code Section 1366.3;
- 2) Claims for money damages in excess of Five Thousand Dollars (\$5,000.00) in conjunction with a claim for declaratory or injunctive relief;
- 3) Actions where the applicable Statute of Limitations would expire within 120 days;
- 4) Actions for preliminary or temporary injunctive relief; and
- 5) The filing of a Cross-Complaint in response to a Complaint already filed.

COMPLIANCE PROCEDURES

A. **INITIATING PARTY.** The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party a "Request for Resolution" including the following information and language:

- 1) A brief description of the dispute;
- 2) A request that the matter be submitted to ADR;

- 3) A statement that the party receiving the Request for Resolution (Responding Party) is required to respond thereto within thirty (30) days of receipt or it will be deemed rejected.
- 4) A copy of Section 1354 of the Civil Code.

With respect to the method of service, the statute provides that the "Request for Resolution" may be served (by a non-interested party) either by personal delivery or by leaving a copy of the request at the responding party's home or business and thereafter mailing a copy of the request through first class postage pre-paid mail.

B. RESPONDING PARTY. Upon receipt of a "Request for Resolution" the responding party, whether the Association or Owner, has thirty (30) days in which to either accept or reject the request. In the event no such response is received, the request is deemed "rejected."

C. GENERAL PROCEDURAL. Where the request is accepted, the parties must complete the ADR within ninety (90) days of receipt of the acceptance. However, the parties can stipulate in writing to extend this period.

In the event that a lawsuit is eventually commenced, the party filing must also file a certificate concerning the completion of the ADR. Where a lawsuit is commenced and ADR has not occurred, the filing party should file a certificate as to why ADR did not take place.

CONSEQUENCES FOR FAILURE TO COMPLY WITH THE NEW LAW

In the event the "initiating" party proceeds to Court without complying with the provisions of this Section, the responding party can move the Court for an order of dismissal. As a result, it is important to seek independent counsel in the event that you, as an owner have further questions.

Where a trial does go forward by virtue of the responding party's refusal to participate in dispute resolution, the Court may take such failure into consideration when ruling on payment of attorney's fees and costs.

Failure by any member of the Association to comply with the pre-filing 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.

The preceding summary has been provided in accordance with Civil Code Section 1354(i).

Redondo Village, Inc.

LIABILITY INSURANCE DISCLOSURE FORM (FOR CONDOMINIUM ASSOCIATIONS AND OTHER COMMON INTEREST DEVELOPMENTS, WHEREIN THE OWNERS HAVE SHARED OWNERSHIP OF REAL PROPERTY)

An act by the California legislature to add Section 1365.9 to the civil Code, relating to common interest developments, was approved by Governor Wilson, September 25, 1994. This new state law requires that community associations disclose to the individual homeowners the extent of liability coverage carried by the Association. Redondo Village, Inc. carries the following coverages:

1. **GENERAL LIABILITY AND PROPERTY INSURANCE:**

Date Policy Begin: 1-01-05

Date Policy Ends: 1-01-06

Type & Amount of Coverage: *Buildings - \$50,000 per occurrence*
Business Liability - \$1,000,000 (each occurrence)
Commercial Umbrella - \$2,000,000

2. **FIDELITY BOND INSURANCE:**

Date Policy Begin: 1-01-05

Date Policy Ends: 1-01-06

Type & Amount of Coverage: **\$10,000**

3. **EARTHQUAKE INSURANCE** - The Association does not carry earthquake insurance.

4. **FLOOD INSURANCE** - The Association does not carry flood insurance.

5. **WORKERS COMPENSATION** - The Association does not carry a worker's compensation policy.

6. **AGENT'S NAME, ADDRESS AND PHONE NUMBER:**

Robco Insurance Services, Inc.
Glenn Robinson, Agent
27632 Calle Arroyo
San Juan Capistrano, CA 92675
(800) 525-7596 / Fax (949)486-6150
License #0750612

7. **COMPLIANCE WITH Civil Code 1365.9:**

Our liability coverage meets the minimum requirements of **Civil Code 1365.9**.

Since the Association's coverage satisfies the minimum limits, generally, you can only be liable for your proportional share of any assessments levied to pay the amount of any judgement which exceeds the limits of the Association's insurance.

"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 and, upon request and payment of reasonable duplication charges, obtain copies of those copies. 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 additional coverage.

Executive Summary

Association: Redondo Villas Homeowners Assn. **Assoc. #:** 11178-0
Location: Redondo Beach, CA 90717
of Units: 65
Report Period: April 1, 2004 through March 31, 2005

Results

Projected Starting Reserve Balance:	\$35,064
Fully Funded Reserve Balance:	\$63,820
Percent Funded:	54.9%
Recommended 2004 monthly Reserve Contribution:	\$1,025
Recommended Special Assessment this year:	\$0

Most Recent Reserve Contribution Rate:..... **\$1,025**

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves..... 1.00%
Annual Inflation Rate 2.50%

- The information in this Reserve Study is based on our site inspection on June 24, 2003.
- Because your Reserve Fund is 54.9% Funded, this represents a mid-range position, as it falls within the 30-70% range that typifies a fair, mid-range Reserve Funded position.
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to maintain your current Reserve contribution rate of \$1025/month.
- In order to keep up with inflationary pressure on future Reserve expenses we also recommend annual increases of 3.5%.
- Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".
- Reserve projects anticipated during the 2004 – 2005 Fiscal Year: reseal the asphalt and repaint the iron access gates.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
201 Asphalt - Resurface	24	16	\$45,375	\$67,359
202 Asphalt - Seal/Repair	4	0	\$3,650	\$4,029
204 Concrete Swales - Repair	24	18	\$8,625	\$13,452
206 Pavers - Replace	25	19	\$51,200	\$81,851
320 Pole Lights - Replace	20	14	\$8,225	\$11,622
324 Wall Lights - Replace	20	14	\$1,200	\$1,696
403 Mailbox Kiosks - Replace	22	16	\$8,250	\$12,247
503 Iron Access Gates - Partial Replace	24	16	\$4,500	\$6,680
703 Intercoms - Replace	12	6	\$4,800	\$5,567
705 Gate Operator - Repl (secondary)	12	9	\$2,500	\$3,122
705 Gate Operators - Replace (main)	8	4	\$10,000	\$11,038
1003 Irr. Timeclocks - Replace	12	6	\$1,700	\$1,971
1105 Perimeter Block Wall - Repaint	10	4	\$2,525	\$2,787
1107 Iron Access Gates - Repaint	4	0	\$800	\$883
1402 Property Signage - Replace	18	12	\$1,900	\$2,555
1809 Front Yards - Relandscape	15	9	\$20,000	\$24,977
1809 Perimeter Common Area - Relandscape	15	9	\$10,500	\$13,113
17 Total Funded Components				