

**CAMPOLINDO HOMEOWNERS ASSOCIATION
POST OFFICE BOX 6281
MORAGA, CALIFORNIA 94570
www.campo-hoa.org**

November 24, 2009

Dear Campolindo Homeowner,

Attached is the 2010 budget for the Campolindo Homeowners Association. This budget is the same as last year except we increased the amount we collect in late charges and guest fees but reduced interest earnings by the same amount. Likewise we reduced the amount we pay in taxes but increase the amount we need to spend on pool maintenance. Organizationally we have not increased the amount for payroll expenses.

A large unknown is how the "smart meters" that PG&E has installed will impact us. If they change to time of day pricing we may see a large increase in electric costs as we do not have the luxury of turning off the pumps while the pool is in use.

California law requires that Homeowner Associations set aside monies for the timely replacement of assets. The budget complies with this law by setting aside necessary funds for replacement of assets, which have reached the end of their useful life. The attached schedule shows how we calculate the property replacement provision, the liability on December 31, 2009, and how much will be transferred to the property replacement account in 2010. As of year-end the current balance in the reserve fund is estimated to be \$235,000. Based on our study the required amount is \$291,000 (80% funded). We anticipate that we will be reducing this liability by increasing our allocation over the next few years. This increased allocation will be funded by a combination of rental income and dues. The dues will not increase but remain at \$400 per year.

A copy of our most recent balance sheet, the auditors report for 2008, the assessment collection policy, and a copy of California Civil Code Section 1365.1.1 is available at our web site <http://www.campo-hoa.org>. This is the same policy that was available to all homeowners last year. The policy complies with the state law.

This year our insurance carrier for property is Great American Insurance Company, for general liability it is the Western World Insurance Company, for professional liability it is Continental Casualty Company and for excess liability insurance is the Colony Insurance Company. The property insurance coverage is \$1,230,300 while the liability coverage is \$3,000,000.

If you have any questions please write to us and we will answer your questions as soon as possible.

Thank you,

Board of Directors
Campolindo Homeowners Association