

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

November 14, 2011

Dear Campolindo Homeowner,

Attached is the 2012 budget for the Campolindo Homeowners Association. This year, for the first time since 2008, we will be increasing the dues to \$420 per year. This increase is based on the CPI-U and is in conformity with Section 6.03 of the CC&R's. Overall the budgeted expenditures are up 4%, or \$5,000, over the prior year. The biggest increase in expenditures is that we have budgeted for a maintenance employee. As the pool area ages we have found that it is more cost effective to have a maintenance employee on staff instead of contracting for minor maintenance items. Revenue, other than dues, shows an increase in guest fees, offsetting some of this increase is a reduction in the amount we will be earning on our investments. .

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, 2011, and how much will be transferred to the property replacement account in 2012. As of year-end the current balance in the reserve fund is estimated to be \$312,000. Based on our study the required amount is \$313,000 (99% 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 increased rental income and dues.

A copy of our most recent balance sheet, the auditors' report for 2010, the Assessment Collection Policy and a copy of California Civil Code Section 1365.1.1 are available on our web site <http://www.campo-hoa.org>. This year we are also attaching a copy of the Assessment Collection Policy as this policy has been updated to conform to California Civil Code Section 1365(e).

This year our insurance carrier for property is Great American Insurance Company, for general liability it is the Western World Insurance Company and for excess liability insurance is the Nautilus Insurance Company. The property insurance coverage is \$1,377,000 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,
Phil Galus - President
Board of Directors
Campolindo Homeowners Association