

Park Mediterrania Owners Association
Notice of Special Vote by Homeowners to Amend Covenants, Conditions and Restrictions

As many of the homeowners are already aware, Park Mediterrania Owners Association ("Park Med" or "Association") is currently under funded in both its reserve and operating accounts. A review of the Park Med financial records and governing documents by the Board, management, your attorneys and accountants has elicited the main reason for this situation.

Park Med was established and developed in 1969 as a Planned Unit Development as is now described in the California Civil Code §1351 & 1364 and is to be treated much like a single family home. The owner of the Lot owns not only the space within the living residence, but the entirety of the walls, flooring and roof of his or her Lot. The Declaration of Covenants, Conditions and Restrictions were prepared by the original developer as if the Lots were Planned Unit Developments and the responsibility for maintenance, replacement and repair of all of the components and building parts, both interior and exterior on the entire Lot were delegated to the individual homeowner. The only obligation of the Association was to replace, repair and maintain the common area properties. Reserve and Operating Accounts were set up to handle these tasks by the Association. The Assessments were adjusted according to these responsibilities.

In 1985 an amendment was put in place. This amendment bestowed upon the Association the responsibility of maintaining not only the exterior of the individual units, including the duty to maintain the roofing material, but also to maintain and repair the foundations, air-conditioning and heating units as well as many other items which are normally the responsibility of a homeowner. Unfortunately, when this extremely generous amendment was adopted, no provision was made to open reserve or operating accounts to maintain funds for this work and the assessments were not raised commensurate with the responsibilities.

The duties and responsibilities set forth in this 1985 Amendment go far beyond what is required to be done by Associations even for condominiums where the homeowners only own the interior surfaces of the walls and floors and the rest of the building parts are common area and owned by the other members of the association.

The homeowners now have to make a choice on the manner in which Park Med will pull itself out of the financial bind that has been caused by the Amendment of 1985. A Ballot has been prepared which sets forth your alternatives. Your first alternative is to vote to maintain the system as it is now, with the Association paying for nearly all repairs to your homes. Accounts will have to be set up to handle these costs and the owner will have to face staggering increases in your monthly assessments and possibly even a special assessment, which may be paid in either a lump sum or a large additional amount will be assessed on a monthly basis for a set period of time until the Association is on solid financial footing. According to the latest reserve study the Association is approximately \$500,000.00 under funded.

The other choice is to rescind or eliminate the 1985 Amendment and go back to the original division of labor, with each homeowner being responsible for the maintenance of his or her own Lot and utilities. Some may see this as unfair, since over the years some homeowners have received repairs and others have not. The Board has decided that because of the configuration of the buildings and because the homeowners have been used to so much being done by the Association, that it would be best if the Association continued to be responsible for the roofing and for the exterior painting of the buildings. The new amendment is written to encompass those duties and assign them to the Association.

The Board is unable to give you exact potential figures on the amounts that will be needed to fund each one of your choices. The Board, after conferring with counsel and financial professionals, recommends that the homeowners choose to eliminate the 1985 Amendment which, if left unchanged, will make the homeowner face dramatic financial change.

The CC&Rs require seventy-five percent (75%) of the homeowners to vote affirmatively to pass an amendment. This means that 107 of the owners must sign their ballots indicating that they wish to get rid of the 1985 Amendment.

The Board has set a record date for the return of the ballots, and the Secretary has directed that the proxies be returned to Euclid Management Company, P. O. Box 1510, Upland, CA 91785. The record date for return of proxies is May 16, 2005 at 5:00 P.M. All proxies must actually be received by Euclid, not merely postmarked, by that date. We encourage each one of you to sign and return your ballots at the earliest possible date and encourage your neighbors to do the same.

Date: _____

Board of Directors
Park Mediterrania Owners Association

PARK MEDITERRANIA OWNERS ASSOCIATION
HOMEOWNER BALLOT
INSTRUCTIONS:

1. Please complete items [A] and [B]
2. Return this ballot in the envelope provided on or before:
May 16, 2005

Ballots must be postmarked by the above date in order to be counted. The Board of Directors may extend this deadline if necessary

If you own more than one unit, please fill out a separate ballot for each unit

ACTIONS FOR VOTE

Eliminate and revoke in its entirety Amendment to Declaration of CC&Rs which was recorded on October 24, 1985, as Document No. 85-265820 at the Office of the County Recorder of San Bernardino County, which placed responsibility for nearly all repairs and maintenance of components on these Lots upon the Association. A copy of the entire Amendment being eliminated is attached as Exhibit A. Replace said Amendment with a Second Amendment to the CC&Rs to add a new Section 7.01(a) which will leave the Association with the responsibility of repairing and replacement of all common area components and providing roofing material and painting the exterior surfaces of the buildings in the Project. The text language for the Second Amendment to the CC&Rs is attached as Exhibit B. Cast my vote as indicated below.

We will need 107 affirmative votes in order to approve the amendments, since it takes the affirmative vote of seventy-five percent (75%) of all members entitled to vote to amend the CC&Rs [X, Sec. 10.04 CC&Rs]

[A] - Enter your vote here, mark only one:

- APPROVE THE ELIMINATION OF THE AMENDMENT TO THE CC&RS RECORDED ON OCTOBER 24, 1985, AND REPLACE IT WITH THE SECOND AMENDMENT TO THE CC&RS ATTACHED AS EXHIBIT B.**
- DO NOT APPROVE THE ELIMINATION OF THE AMENDMENT TO THE CC&RS RECORDED ON OCTOBER 24, 1985,**

To Approve the Amendment, Owners of at least 107 Lots of the 142 Lots, must vote to approve the amendment to the CC&Rs (by the vote of not less than seventy-five percent (75%) of all members other than declarant). To Meet Quorum Requirements, the number of responses which must be received in order to meet the minimum quorum requirement is 73 at any meeting and shall constitute a quorum according to the Bylaws of the Association. We will still need 107 affirmative votes in order to approve the amendments, since it takes the affirmative vote of seventy-five percent (75%) of all members entitled to vote to amend the CC&Rs [X, Sec. 10.04 CC&Rs]

[B] - Complete the information below:

Date Address and Lot Number

Signature

Please Print Name

EXHIBIT A

The Amendment to be eliminated in its entirety by an affirmative vote of the membership is printed on this page. The elimination of part of this language will reinstate some language contained within the original CC&Rs and maintain consistency within the CC&Rs.

As amended by, the amendment to
- Pcciaration. - of Covenants,
Conditions and Restrictions,
recorded on October 25, 1985,
Official Records of San
Bernardino County, as Instrument
No. 85-265820, this section reads
in full as follows:

Water, gas, electricity, refuse collection, other necessary utility services, maintenance and repair of exteriors of improvements on the lots, including with respect to all structures and/or units of the Project the design, application, preparation, placement, manufacture and/or construction of the project site, including but not limited to all grading, soil treatment, compaction and structure or unit layout or location; foundations; framing exterior stucco and siding; roofing sheet metal; air conditioning units; exterior plumbing, including anti-siphon valves and sewer lines; drainage lines; design or ventilation of fireplaces; or any of their component parts.

STOPPED

EXHIBIT B

A Second Amendment to the Declaration of Covenants, Conditions and Restrictions for Park Mediterrania Owners Association will replace the First Amendment with the following language. The words indicated in **bold type** consist of the original language in the CC&Rs, and the portions in regular type are the areas to be added to the original language.

Article VII, Authority of Association, Section 7.01(a) which indicates that the Association shall acquire, provide and pay for out of the maintenance fund herein above provided for, shall read as follows:

_____ beginning of amendment _____

(a) Water, gas electricity, refuse collection, other necessary utility services, maintenance, repair and replacement of landscaping and any facilities of the common area. The association shall establish reserve accounts for the sole purpose of maintaining, repairing and replacement of the roofing material on all buildings, including such subsurface roofing materials as are consistent with good roofing maintenance practice; and shall paint the exterior surfaces of all buildings within the project, excluding replacement of exterior wood trim.

_____ end of amendment _____

Except as expressly amended herein, the remaining portions of the Declaration of Covenants, Conditions and Restrictions for Park Mediterrania Owners Association and the remaining and re-established portions of Article VII, shall remain in full force and effect. **This amendment brings the CC&R's in line with California Civil Code §§1351 and 1354**