

Are you aware Park Mediterrania Homeowners Association is **still in** very serious financial difficulties even after the 20% association dues increase that was effective on 7/1/04? Before I explain just how bad the situation is let me first give you some background information. (Note: **Bold** fonts added by me. Almost all of the California law quotes are from Civil Code sections. Due to space limitations I am not able to include many similar quotes from California Corporations Code and our Bylaws. Alex Taylor's Board of Directors and Euclid Management have knowingly violated many California Civil and Corporations Codes in addition to our own Governing Documents such as our Bylaws and CC & R's. More information at www.r-a-l-p-h.com/park-mediterrania).

Coversheet dated November 2003 for the 2004 Budget states:

- (1) "The monthly assessment will **remain** at \$266.00 per month." As you know it did not **remain** at \$266, but was increased 20% by \$53 to \$319 per month.
- (2) "Reserves are funded by monthly assessments. The Board of Directors **does not anticipate** that the levy of one or more special assessments will be required to repair, replace or restore any major component or to provide adequate reserves therefore." Golly, first the promise that "The monthly assessment will **remain** at \$266" then the declaration **does not anticipate** a special assessment.
- (3) "Even if a[n insurance] loss is covered, you may nevertheless be responsible for **paying all or a portion of any deductible that applies.**" The Park Mediterrania Newsletter dated May 10, 2002 stated: "Your Board has raised the deductible on the insurance policy to \$5,000" (from **\$2,500**). Included in 2004 Budget packet from HOA/Euclid was: Acord Certificate of Liability Insurance dated 9/22/03 "Building **\$5,000** deductible." After I refinanced earlier this year, I received from my mortgage company: Acord Evidence of Property Insurance dated 3/22/04 "Building **\$10,000** deductible." So after a loss in addition to the our own condo insurance deductible for the interior of our units we may have to pay out of our own pockets the insurance deductible for the exterior too up to all of the \$10,000 deductible. California Civil Code (CA CC) section 1365 (e) (2) "The association shall, as soon as reasonably practicable, notify its members ... if there is a significant change, such as reduction in coverage or limits or **an increase in the deductible**, as to any of this policies." **I did not receive the required CA CC notification.**

Park Mediterrania Budget Analysis dated February 29, 2004 Prepared by Alexander F. Taylor:

Begins with "Park Mediterrania is \$31,899 **over budget** for the first two months of the fiscal year. This does not allow for any funds to be placed in the reserve account." Amazing, soon after the Budget required by CA CC section 1365 that shows the current monthly budget and the proposed monthly budget total expenses being the same, \$37,772, and a Net Monthly Allocation to Reserves of \$70.44 per unit per month, Alex Taylor's Budget Analysis tells us we are over budget and not placing funds in the reserve.

Our last 3 annual Independent Auditor's Reports were accompanied by letters dated 3/8/01, 2/7/02 and 2/4/03. CA CC 1365 (b) "A review of the financial statement of the association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year." So we should have received it no later then the end of April. Did the Board order the preparation of a independent auditor report, but after seeing it decide to not let us see it too? A few members of the association have requested financial records several times from the Upland office of Euclid Management and at the June 17th Board of Directors meeting from Alex Taylor and the other members of the board as well as the representative from Euclid Management. They still have not received the requested records. CA CC 1363 (f) "Members of the association shall have access to association records, including accounting books and records and membership lists ... "

At the regular monthly meeting of the Board of Directors early in May 2004 more homeowners than usual were there, apparently because of Alex Taylor's Budget Analysis. **Before lots of witnesses Alex Taylor began the meeting by admitting the Board of Directors mismanaged the money.** CA CC 1365.7 Explains that a volunteer director of an association shall not be personally liable in excess of the coverage of insurance if all of the criteria listed there are met. Whoops, notice the **if** word.

CA CC 1364 (a) " ... the association is responsible for repairing, replacing, or maintaining the common areas ... " Think of that Board of Directors obligation the next time you notice how run down the condo complex has become while Alex Taylor has been its president for eleven years and wonder where your high association dues have gone.

At a Special meeting of the Board of Directors **the day after they posted the notice announcing the meeting**, on May 20, 2004, the same day many homeowners were at a protest meeting put together by homeowners, the Board of Directors raised the association dues 20%, \$53, from \$266 to \$319.

Park Mediterrania HOA Letter dated May 28, 2004: "The Board of Directors voted to increase the dues from \$266.00 to \$319.00." And gave partial justification alleged increases in the cost of water and electricity.

2001 Budget	Current		4/30/04 Budget Comparison		
	Costs	Budget	Report	Actual	Budget
Electricity	\$2,263	\$2,308	Electricity	\$2,106	\$1,900
Water	\$3,341	\$3,541	Water	\$3,194	\$1,900

Note the cost of water went down from \$3,341 to \$3,194 so why does the letter claim: "The City of Colton has rapidly increased the cost of the water."? Note the cost of electricity went down from \$2,263 to \$2,106 so why does the letter claim: "Edison has had a major increase in the cost of electricity as well."? Why after allowing for inflation in the 2001 Budget does the Board of Directors in the 4/30/04 Budget give a much lower budget amount, \$1,900, than the actual cost and then state: "These increases have caused a shortfall in this year's budget."?

The balance sheet for Total assets adds together cash in bank, petty cash, accounts receivable and reserve assets.
 The balance sheet for 9/30/02 shows Total Assets of \$409,916.90
 The balance sheet for 4/30/04 shows Total Assets of \$ 66,969.72**
Rounding off - 19 months later that is a difference of about \$343,000

(The total for the operating account and reserve account was only \$34,502.87 and at the rate Alex Taylor's Board of Directors is spending our money it is probably almost all gone by now.)**

The balance sheet for 9/30/02 shows Reserve Assets of \$256,846.78
 The balance sheet for 4/30/04 shows Reserve Assets of \$ 6,927.09
Rounding off - 19 months later that is a difference of about \$250,000

CA CC 1365.5 (c) (1) "The board of directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the association is obligated to repair, restore, replace, or maintain and for which the reserve fund is established. (2) However, the board may authorize the temporary transfer of money from a reserve fund to the association's general operating fund to meet short-term cash-flow requirements or other expenses, provided the board has made a written finding, recorded in the board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the common interest development, temporarily delay the restoration. The board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section."

Are Alex Taylor's Board of Directors going to levy a special assessment and/or are they going to, after the first of the year, once again raise the association dues 20% to make up for the total assets dropping \$343,000 and/or the reserve assets dropping \$250,000? The total assets number divided by the number of units here is about \$2,400 per unit.

California Corporations Code section 7510 (e) "In addition, special meetings of members for any lawful purpose may be called by 5 percent or more of the members." At the regular monthly meeting of the Board of Directors on June 17th Alex Taylor was handed a petition signed by about 60 homeowners, that is about 42% of our 142 units, requesting a special meeting for an election with the purpose being to remove the entire board and replace them with a new slate of candidates who will exercise prudent fiscal management. Alex Taylor objected to the petition claiming we can not remove the entire board. Legally we can, California Corporations Code and our own Bylaws allow it. Maybe he means we can not remove the entire board, because he will not allow it. We have not heard anything from Euclid Management regarding the status of our petition.

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