



# Park Mediterrania Owners Association

*C/O Lordon Management Company*

November 29, 2012

Dear Community Members:

As a homeowner in Park Mediterrania, you have a financial investment that you are looking for the Association to protect and maintain in accordance with the governing documents and civil code. You elect a Board of Directors to represent you but we encourage you to attend meetings and to make inquiries from the Association through the management company. The most important tool you have is communication and knowledge.

As a nation we have just concluded an election for our government and have had to weather many attacks between different political parties. Do not let that same thing happen in our community at Park Mediterrania. Misinformation, scare tactics and libelous statements are not only inappropriate but can put our Association in jeopardy. We have had Board Members serve our community in the past and some of their decisions were good and other decisions were not. We have new Board Members now who are working hard to improve our community and each of them have the same investment in their home as you do and they want to improve our property values and make Park Mediterrania a better neighborhood for all of our residents to live in. We ask you to provide your support in allowing your current Board to conduct its research and to provide you facts and information that each of you need to protect your investment and home.

Let's take a few moments to clear up some misinformation and start to provide you the facts based on what we have been working on for you, our friends and neighbors:

- 1) A management change was made in September of this year as the Board felt that this was in the best interest of the Association and its members. We wanted to have representation by a company that specializes in community association management as we know that we have many challenges ahead of us. At this point, we will not make any remarks which may cast a negative light on the prior management company as that is not our point – we want to move forward in a positive direction.
- 2) We invite owners to review the actual financial statement as the facts in the 'smear campaign'; a letter sent to members was not complete or factual. If you review the financial statement in September you will see that there was the new Union checking account with a balance of \$4,875.86 and the prior management account that was being closed of \$35,398.64. There was no missing money or incompetence. The writers of the letters simply did not do their homework when they wrote their letter. Please review the actual financial so you can verify these numbers for yourself. Again, knowledge is powerful and we invite you to review the facts – not misinformation. Each of the five "reasons" that were listed are in fact all inaccurate and if the writers of the letter simply asked questions they would have received the correct information from our management company.
- 3) The Association purchased two units from the reserve funds for the association. These two units are booked as reflected in the October financial statement. The question was raised through our reserve consultant if we need to book a loan on the association books to record the use of reserve cash for the purchase of these units and this is now being investigated with a CPA.
- 4) A new updated reserve study was commissioned (per civil code) so we could determine where our community (that's all of us) stand financially. This reserve study helps to advise the board as to what it will cost to repair and replace the portions of the homes that the HOA must maintain and what money we need to meet those repair requirements. As an Association we need to plan how we are going to make repairs for the future – our reserve study currently indicates we are at approximately 10% funded which in the industry is commonly noted as a "poor rating".

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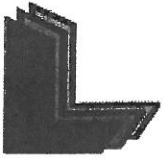
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- 5) The budget that we have been operating on has no funds specifically designated to be added to our reserve fund. How are we to make future repairs if we do not have adequate funds allocated to pay for our roofs, asphalt, etc. for the future? Was the plan just to levy huge special assessments on the owners?
- 6) We have found after the transition of management that the Association actually foreclosed on and owns two more homes that we took title to in January 2011 and November 2011 respectively and have not received association fees on since that time. Why did the prior management and Board allow this to happen? We are trying to protect **your** financial interests by investigating and determining a plan of action to fix these problems.
- 7) Lordon received bills for the month of July and August (had not been paid by prior management) in September and checks were processed in the month of September for C&J Pool Service. Invoice for the month of September was received in October and a check processed in October.
- 8) Electric bills were in fact paid in September and October.
- 9) One of the problems we are now faced with is that we are not budgeted to fund reserves for the future replacement and major repairs for those items the association is responsible to maintain. That is how assessment fees are being kept **artificially** low. However, based on the reserve study that was commissioned as per civil code (had not been done) we find that we are extremely underfunded; this could result in special assessments having to be levied in the future when major repairs (such as roof replacement) are needed. The civil code requires a 30 year projection and plan for how the association will replace the components they are responsible for. Working on a plan to accommodate these repair needs in the future will be a large project for us to work on together for the benefit of all of our owners.

It is extremely disappointing to see that individuals within the association whom have served on the Board would make libelous comments about a professional management firm that has just started working with our community. In addition, to make erroneous statements that attack the board is in poor taste and self-servicing and at this time not worthy to respond to in this letter.

We encourage everyone to exercise your democratic rights by becoming familiar with the actual documents and facts about Park Mediterrania. Don't accept rumors as facts. Ask yourself why would people make these false accusations? Get involved in the community we all love and we trust that our owners are intelligent individuals who want to investigate the facts and make informed and rationale decisions about their home and investment.

Please feel free to contact our management company for questions about the community and we welcome you to attend the Board meetings for our community.

Sincerely,

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