



AUGUST 2009

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NEXT BOARD MEETING:

Thursday, Sept. 17, 7:00 pm

Have A Nice



EMERGENCY SPECIAL ASSESSMENT FOR ALL OWNERS CAN'T BE AVOIDED



Shadow Oaks owners who attended the Board meeting on July 16th heard the Association attorney describe the necessity for an emergency special assessment to be levied on all owners. Owners were notified of this meeting via a meeting notice and agenda that were mailed one week prior to the meeting.

The need for the emergency assessment stems from work that needs to be done on the 528 Water Oak Lane building to stabilize it due to shifting soil conditions. A lawsuit was filed against the HOA in 2008 by two Shadow Oaks owners who claim damage to their units from the shifting soils. To investigate this shifting soil issue, a soils engineer has been retained. This engineer developed a repair plan to resolve this issue. The soils engineer worked with a contractor to further develop approximate costs to stabilize the building and all work associated therein. It has been determined that those approximate costs could be \$350,000 which translates into a \$4,375 emergency special assessment per unit. The Association could not have budgeted for this amount as they did not have knowledge at the time the budget was prepared of what, if any, work needed to be done.

At this meeting, a representative from First Bank Association Services was present to discuss the possibility of the Association obtaining a loan to finance the \$350,000 cost to complete the work. Doing so would allow the HOA to do the work quickly while having the owners pay back their portion over an extended

period of time. It is important to understand that of this writing, no bank has yet approved a loan to the Association. However, owners will still be asked to vote on approving a loan via ballot in the very near future, in the event a bank does approve a loan for the HOA. If owners approve a loan, they would be charged interest, but they would not need to go out and obtain a loan of their own to pay the emergency special assessment. Owners would then be able to pay their special assessment off over a 5 year period of time to the approximate amount of \$87 per month.

Owners are asked to approve the HOA obtaining a loan so that they, the owners, have this payment flexibility. If owners do not approve the HOA obtaining a loan, each owner will be responsible for paying the entire emergency special assessment off in 3 payments of \$1,458.33 due on September 1st, November 1st and January 1, 2010. Ballots to allow voters to either approve or not approve a loan will go out in the mail shortly. It is imperative that owners vote one way or another. Even if you do not need to take advantage of the loan yourself, a vote in favor of it will help pass the loan so that others who do not have the cash to pay each of the installments can take advantage of smaller monthly payments over a 5 year period of time.

The entire amount of the assessment must be paid off prior to the close of an escrow on the property.

Owners are reminded that this emergency special assessment is required for repairs only to the 528 Water Oak building. If other situations in other buildings become known to the Association, they will be dealt with separately.