

Arroyo Rojo Homeowners Association

November 22, 2010

Dear Neighbors:

Please take a few minutes to review all of the information provided here as it directly pertains to your interest as Arroyo Rojo homeowners.

Arroyo Rojo, like the majority of homeowners associations in the valley, has been impacted by the deterioration of the local economy. However, unlike many, Arroyo Rojo has managed to remain financially solvent without imposing increases in monthly dues for two consecutive years. Instead of charging homeowners more, your elected Board of Directors worked to successfully and substantially cut costs in areas such as collections, landscaping, and association management.

As for the change in association management, the Board of Directors and Associated Property Management thank you for your patience throughout the challenging transition. This change was long overdue and we knew that it would be difficult. Due to record keeping discrepancies and disorganization of the prior management company, many of our neighbors were directly affected. We understand and share your frustration and hope that any issues you may have encountered have been resolved.

Article 7 (Sec 7.9) of our CC&Rs allows for a 10% annual increase in our regular assessments (monthly dues). Your Board of Directors understands the long-term impact of 10% compounding increases and believes the amount of any increase should be reasonably justified according to need. As previously mentioned, we have been able to avoid increases by cutting costs for the past two years. However, as challenges persist in the local job market and real estate, Arroyo Rojo has suffered increases in payment delinquency and collections. To protect the financial health of our community, the Board has approved to increase dues to \$39.50 per month...an increase of \$2.76. This equates to 7.5% versus the allowable 10% increase and is effective January 1, 2011. The 2011 budget is enclosed for your review and you can expect new payment coupons to arrive in the mail soon.

In this envelope, you also received information regarding the upcoming Annual Meeting and Board of Directors election. Please consider submitting your name for a seat on next year's Board. The HOA needs members who are willing to dedicate just a couple of hours each month to oversee CC&R compliance and conduct business activities while representing the best interest of the neighborhood. As Board members, you will work in a team environment with the common goal of making our community one we are all proud of. We hope to see you all at the Annual Meeting.

Best wishes to you and your loved ones for a happy Thanksgiving and holiday season!

Arroyo Rojo Board of Directors