



Dear Homeowner:

November 27, 2006

Enclosed, please find a summary of the 2007 Operating Budget along with supporting statements and attachments listed below:

- Reserve Study Summary
- General Information Statements
- Enforcement of Governing Documents / Monetary Penalties
- Delinquent Assessment Collection Policy
- Assessments and Foreclosure
- Internal Dispute Resolution Information
- Architectural Guidelines and Procedures
- Alternative Dispute Resolution Information
- Insurance Disclosure
- Electronic Information Form (***** Please take a moment to complete and return this form to save us a little money in print and postage *****)

The enclosed documents are provided to you by the Board of Directors to keep you fully informed about your home and/or investment in the Marwood Circle Homeowners' Association.

For copies and more detailed information, please visit the Marwood Circle Townhomes website at:

www.marwoodcircle.com

Beginning January 1, 2007, monthly homeowner assessments will increase from \$179.00 to \$210.00 per month – an increase of 17.4%.

In summary, our assessments have been budgeted as follows:

Category	2007	Change over 2006
Tax Preparation/Accounting	8.73	+\$5.12 or +142%
Utilities	10.10	+\$0.48 or +5%
Landscape Contract	22.12	+4.62 or +26%
Common Area Maintenance	22.85	+\$0.15 or +1%
Management Fees	29.55	-\$0.22 or -1%
Insurance	46.14	+\$2.87 or +7%
Reserves	70.51	+\$18.28 or +35%
Total	210.00	+\$31.00 or +17%



Budget Notes:

Tax Preparation/Accounting

In addition to our required components (Legal Fees, Tax Return Preparation, and Taxes), the Board is required to have a Reserve Study performed every 4 years, to determine if our Reserve Savings are adequate to make the necessary repairs and maintenance which the association is estimated to incur in the next 30 years. This onsite review of the association, repair estimates, and the corresponding report and projected budget will be performed in early 2007.

Utilities

A slight increase in Electricity for common area lighting, and Water and sewage for the common landscaping is budgeted for 2007. In addition, we will have our annual dumpster for spring cleaning.

Landscape Contract

The Board has selected a new contractor who will begin at the end of 2006, and hopefully continue through 2007. The new landscaper will be Greg Gill Landscape Maintenance. Although his bid was slightly higher than our current vendor, we were encouraged by their suggestions and proposals, and their enthusiasm for working with us to improve the common area.

Common Area Maintenance

This is a contingency for electrical, roofing, plumbers, contractors, pest control, tree service and general repairs that are not accounted for in our Reserve allocations. The Board estimates only a slight increase over last year, as Reserve Funds have accumulated and are scheduled to cover a number of areas that have not been addressed.

Management Fees

With the launch and utilization of our association website and bulletin board, our expenses for printing and postage should decrease slightly, bringing this budget component slightly lower than last year, despite a cost of living increase to our Management Company, EBMC. Our Property Manager provides supervision of contractors, bid solicitations, financial analysis, emergency response, communication to homeowners, monthly bank and general ledger entries, accounts receivable and payable, IRS reports, bank reconciliations and coordination with the Association accountant.

Insurance

The cost of insurance continues to increase. Our policy, which includes earthquake coverage is a major component of our dues and budget.



Reserves

This amount is dictated by the Reserve Study performed for the association (last performed in 2004), and is scheduled to continue to increase for a number of years. This amount is put aside into a Reserve Savings Account each month, to cover signs, asphalt, concrete, retaining walls, Fencing, Common Area components, Irrigation, Lighting, roofs, Gutters, Downspouts and Paint to name a few. The Board is considering making a number of repairs earlier than projected, but the latest study (which will be renewed in 2007) calls for Concrete, Irrigation, Landscape and Painting within the Association in 2007 and 2008.

The Board of Directors holds its meetings on a quarterly basis. All owners are welcome to attend meetings of the Board of Directors. Should you wish to attend, please contact EBMC for the date and location. In addition, a bulletin board will be installed in the common area in the next few weeks. Notices, including the next scheduled meeting and prior minutes, will be posted on this board, as well as on www.marwoodcircle.com

Eugene Burger Management Corporation is our management company. They can be reached at:

Marwood Circle Homeowners' Association
c/o Eugene Burger Management Corp.
6600 Hunter Drive
Rohnert Park, CA 94928
(707) 584-5123

Sincerely,

Marwood Circle Homeowners' Association
Board of Directors

**Marwood Circle Homeowners' Association
2007 Final Approved Budget - Effective January 1, 2007**

					Jan-Sept	Projected	Approved	
	2003	2004	2005	2006	2006	2006	2007	Per Unit
Account Description	Expenses	Expenses	Expenses	Budget	Expenses	Expenses	Budget	Per Month
Accounting & Tax Prep	725.00	790.00	785.00	850.00	810.00	810.00	825.00	2.64
Telephone & Fax	141.00	224.00	78.00	100.00	62.49	83.32	75.00	0.24
Printing & Postage	1,189.00	1,340.00	766.00	850.00	368.17	490.89	500.00	1.60
Reserve Study	315.00	1,378.54	0.00	75.00	0.00	0.00	1,500.00	4.81
Legal Fees	0.00	0.00	128.00	150.00	367.09	367.09	350.00	1.12
Miscellaneous	10.00	110.00	135.00	84.24	86.74	86.74	100.00	0.32
History Storage	60.00	45.00	60.00	60.00	75.00	100.00	100.00	0.32
Management	5,710.00	5,996.00	7,923.00	8,200.00	6,156.00	8,208.00	8,446.00	27.07
Statements/Late Letters	135.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	167.00	179.00	80.00	0.00	24.00	24.00	0.00	0.00
PG&E	1,737.00	1,264.00	997.00	1,450.00	894.39	1,192.52	1,200.00	3.85
Water	1,736.00	1,405.00	913.00	1,200.00	1,188.11	1,584.15	1,600.00	5.13
Trash	0.00	261.00	470.00	350.00	355.45	355.45	350.00	1.12
Common Area Maintenance	304.00	6,789.00	5,000.00	4,273.84	1,184.57	1,579.43	3,478.00	11.15
Landscape Contract	4,550.00	4,000.00	5,100.00	5,460.00	4,095.00	5,460.00	6,900.00	22.12
Landscape Repairs	4,038.00	4,156.00	691.00	1,200.00	634.63	846.17	2,500.00	8.01
Tree Maintenance	0.00	1,300.00	0.00	1,200.00	1,000.00	1,000.00	1,000.00	3.21
Security/Lighting	0.00	0.00	0.00	500.00	645.80	645.80	150.00	0.48
Taxes	45.00	10.00	10.00	50.00	10.00	10.00	50.00	0.16
Insurance	12,360.00	12,523.00	12,058.00	13,500.00	11,461.86	15,017.85	14,397.00	46.14
Reserve Contribution		8,315.00	11,641.00	16,295.00	12,221.28	16,295.00	21,999.00	70.51
TOTAL	33,222.00	50,085.54	46,835.00	55,848.08	41,640.58	54,156.41	65,520.00	210.00
per unit monthly		157.75	150.11	179.00	184.06	182.08	210.00	

Note: Errors made by EBMC have been corrected (items highlighted above)