

# Home Owner Assessment To Increase By \$11

Fellow homeowners,

After the mid-year review of the El Encanto budget, the Board of Directors approved an increase in monthly assessments. The new amount will increase to \$106 a month.

The following factors have contributed to the need to generate more revenue for our community:

- Lower Interest Income due to the lower interest rates we are seeing on our CD investments
- Foreclosures and homeowner delinquency reducing Member Assessments
- Increased cost of water due to August rate increases
- Change in property management company with improved service level

The "landscape extras" budget was cut significantly in an effort to offset these budget challenges. Since many of the expenses in our community are fixed, we are limited in the number of line items that could be cut to help offset our shortfall.

We believe this increase will help stabilize our current operating budget and allow us to finish the year "on budget". However, that is not the end of the story. The next area of focus will be on the Reserve Account, which is significantly underfunded. As the budget committee prepares the budget for 2009, the reserve shortfall will be addressed. You will receive the budget for 2009 near the end of November and it will likely show another rate increase.

We realize that no one likes a rate increase, but the board's fiduciary responsibility is to maintain the financial health and wellness of our community and the board is committed to doing that.

What can you do to help?

- Keep an eye on the slopes and their sprinklers. If you see a water leak, a broken sprinkler, or excessive watering, report it ASAP to Eli Perez at [elip@progressivecm.com](mailto:elip@progressivecm.com). After hours call 582-7770 and follow the emergency paging instructions.
- Keep off the slopes. Broken sprinklers, fence repairs, and dead plants all cost our HOA money.

We welcome your comments and questions. Please address them to Deanna McCarville, our community manager, at [deannam@progressivecm.com](mailto:deannam@progressivecm.com).

Sincerely,

El Encanto Board of Directors

*Meeting Reminder: The next Board meeting is scheduled for Tuesday, September 9, 2008 at Progressive Community Management, 27405 Puerta Real, Mission Viejo, Suite 300  
Homeowner Forum starts at 6:00 p.m.*