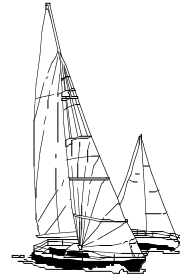


MONARCH BAY
ASSOCIATION
**BAY
BANTER**



AUGUST 2005

SPECIAL ASSESSMENT PASSES OVERWHELMINGLY

We are pleased to announce that the proposed special assessment for Moulton litigation expenses has passed with overwhelming support. As of today, we have received a total 160 responses, with 151 approving, 7 opposing and 2 abstaining. The first quarterly installment of \$375.00 will be due in November, after the Annual Assessment billing in October.

A mediation for all parties in this litigation is being scheduled for early October 2005, before the next Court status conference scheduled for late October.

The Board thanks you for your continued support and will keep you posted as more information becomes available.

CALL FOR BOARD MEMBER CANDIDATES

The 2005 Annual Meeting of the Members will be held on Saturday, October 1st at 9:00 a.m. at the South Shores Church. We will be electing three directors to serve a three year term each. If you are interested in being elected to a position on the Board of Directors, please contact one of the following Nominating Committee Members for a candidacy statement form: Susie McCollom (499-1405), April O'Connor (499-2516) or Marc Kazarian (415-0500).

SAVE THE DATE FOR THE ANNUAL MEETING:

SATURDAY, OCTOBER 1st, 9:00 a.m.

BUDGET CORRECTIONS PROVIDED

Please see the enclosed budget for the 2005-06 fiscal year, which includes corrections to a few category line items, which were erroneously mislabeled in the original mailing. Please replace the sheet in the packet mailed to you earlier this month, with this corrected page. We apologize for any inconvenience.

15 M.P.H. SPEED LIMIT

The maximum speed limit within our community is 15 m.p.h. to help ensure everyone's safety. It is imperative that we all comply with the speed limit and remind our guests to do the same. Thank you for your cooperation.

COMMENTS ENCOURAGED FOR DEPOSIT INCREASE

The Monarch Bay Association Architectural Control Committee and the Board of Directors have determined a need to increase the construction deposit structure to cover expenses and common area damages for large scale home remodel projects. All other submittal types are not affected. Currently, the deposit schedule is as follows for a Type 1 and Type 2 submittal:

Type 1- New Home Construction: *includes all new residences and residences rebuilt after demolition. Current construction deposit is \$5,000.00, refundable minus road use fees upon the successful, timely completion of the project. **Proposed increase to \$25,000.00.***

Type 2- Additions and Major Remodels: *includes all new construction with any new exterior walls, roofs or roof/wall penetrations. Current construction deposit is \$5,000.00, refundable minus road use fees upon the successful, timely completion of the project. **Proposed increase to \$10,000.00.***

In accordance with California Civil Code, §1357.130, the Board of Directors welcomes your comments and suggestions prior to their final review and adoption of this operating change at their October 10, 2005 Board of Directors meeting. You are encouraged to put your comments in writing or to attend the October 10, 2005 Board meeting to address this issue directly with the Board.

NEXT BOARD MEETING TO BE HELD SEPT. 12TH

The next meeting of the Board of Directors will be held at 7:00 p.m. on Monday, September 12th at 7:00 p.m. at the Lynch home, 140 Monarch Bay Drive. Please note that the Homeowner Forum is held at 8:00 p.m. to provide homeowners with an opportunity to discuss issues directly with the Board.

COMMUNITY REMINDERS

All vehicles entering Monarch Bay shall be identified with either a resident decal or a guest pass. If you are a resident, please affix your decals to your vehicles, otherwise you will be stopped at the gate. All guests are to check in at the guardhouse and receive a guest pass before entering the community.

Guest vehicles are not to be parked on Beach Club Drive or in the Mall area. Only guests of Mall residents are entitled to park in the Mall and as close to the residence as possible.

Garage or yard sales are prohibited in Monarch Bay, no exceptions.

MONARCH BAY ASSOCIATION

c/o Progressive Community Management

27405 Puerta Real, Suite 300, Mission Viejo, CA 92691

(949) 582-7770, FAX (949) 582-7796 or by e-mail at lisak@progressivecm.com

The Offices of Progressive Community Management will be closed on Monday, September 5th for the Labor Day Holiday. As always, emergency service is available by calling our regular business number at 582-7770 and following the emergency paging instructions.