

CANYON LAKE PROPERTY OWNERS ASSOCIATION PRO FORMA BUDGET SUMMARY

FOR THE FISCAL YEAR MAY 1, 2008 THROUGH APRIL 30, 2009

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Property owners should keep this budget summary and the audited financial statements (sent under separate cover) with their property records in order to provide prospective purchasers with current Association financial statements.

I. AVAILABILITY OF 2008/2009 PRO FORMA OPERATING BUDGET

The 2008/2009 pro forma operating budget is available at the Association's administrative offices. A copy will be provided at Association expense to a member upon request. If any member requests a copy of the 2008/2009 Pro Forma Operating Budget be mailed to the member, the Association shall provide the copy to the member by first-class United States mail at Association expense. Delivery by mail shall be within five days of receipt of request.

II. APPROVED ASSESSMENT FOR THE 2008/2009 FISCAL YEAR

The Canyon Lake Property Owners Association Board of Directors has established the annual charges for 2008-2009 to be \$1,631.67 per lot for the regular assessment and \$708.33 per lot for contributions to capital which consists of reserve accounts set aside for major repair and replacement of Association assets including roads and capital expenditures for Association facilities for a total sum of \$2,340.00 per lot. The Board of Directors has determined that the assessment amount of \$2,340.00 will be sufficient for the fiscal year 2008-2009, and does not anticipate a special assessment to repair, replace, or restore any major component.

Property owners have the option of paying the 2008-2009 annual assessment in monthly installments plus a per month fee. A coupon payment book will be provided to each member. The Association will mail monthly statements for all accounts with charges owing including past due assessments.

III. AVAILABILITY OF MINUTES OF BOARD OF DIRECTORS MEETINGS

The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than an executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes (if any) shall be distributed to any member of the Association upon request and upon reimbursement of (or an agreement to reimburse) the Association's costs for making that distribution. Requests for minutes may be submitted to the Association, in writing, at the Association's administration office and the minutes will be produced or distributed to the member, as appropriate, at a reasonable time.

IV. RESERVES

The Association has established reserve accounts to fund the future repair or replacement of the assets the Association is obligated to maintain. There are three (3) distinct funds that are outlined below, Repair Replacement Reserve, Road Reserve and the Community Facilities Development Fund.

NOTE: The financial representations set forth in this section are based on the best estimates of the preparer at that time. The estimates are subject to change.

A. REPAIR REPLACEMENT RESERVE

The Association conducted an updated study to estimate the timing and cost of future repairs and replacements for Association property and equipment, excluding common streets maintained by the Association.

(1) The current assessment per unit is \$291.67 per year or \$1,400,000 in total for the year.

(2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

None

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the 30 years?

Yes

(4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

N/A

(5) The following major components, which are included in the reserve study, are NOT included in the existing reserve funding:

None

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund is \$3,296,169 at the end of the current fiscal year, based in whole or in part on the last reserve study or update prepared by Reserve Consultants International as of May, 2005. The projected reserves fund cash balance at the end of the current fiscal year is \$3,400,000, resulting in reserves being 103.15% funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is N/A. (no alternate method considered).

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budgeted years is:

Year	Estimated amount required in the reserve fund	Projected reserve fund cash balance with assessments already approved*	% reserve funding	Reserve funding plan approved by the POA, project reserve fund balance	% reserve funding
Ending 30-Apr 2009	3,226,083	4,106,615	110%	3,316,739	89%
2010	3,751,728	4,361,778	116%	3,501,713	93%
2011	3,918,684	4,727,549	121%	3,807,094	97%
2012	3,934,139	4,909,874	125%	3,938,925	100%
2013	4,516,557	5,631,861	125%	4,620,413	102%

* Since the Assessments are approved on an annual basis this cash balance assumes funding at the same level as approved for 2009, which is \$1,400,000.

B. ROAD RESERVE

A separate study was conducted by a licensed engineer to estimate the timing and cost of future repairs and replacements for 36 miles of 2-way common streets within the Association.

(1) The current assessment per unit is \$354.17 per year or \$1,700,000 in total for the year.

(2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

None

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the 30 years?

Yes

(4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

N/A

(5) The following major components, which are included in the reserve study, are NOT included in the existing reserve funding:

None

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund is \$15,204,000 at the end of the current fiscal year, based in whole or in part on the last reserve study or update prepared by Albert A. Webb and Associates as of Sept, 2005. The projected reserves fund cash balance at the end of the current fiscal year is \$3,650,000, resulting in reserves being 24.01% funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is N/A. (no alternate method considered).

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budgeted years is:

Year	Estimated amount required in the reserve fund	Projected reserve fund cash balance with assessments already approved*	% reserve funding	Reserve funding plan approved by the POA, project reserve fund balance	% reserve funding
Ending 30-Apr 2009	15,890,957	1,800,000	11%	588,750	4%
2010	12,961,073	650,000	5%	1,163,750	9%
2011	10,736,174	2,300,000	21%	2,938,750	27%
2012	11,311,275	3,950,000	35%	4,713,750	42%
2013	11,886,377	4,677,595	39%	5,627,236	47%

* Since the Assessments are approved on an annual basis this cash balance assumes funding at the same level as approved for 2009, which is \$1,700,000.

C. COMMUNITY FACILITIES DEVELOPMENT FUND

The Community Facilities Development Fund was established to fund projects designated by the Board of Directors, consisting primarily of Parks and Recreation facilities. The estimated cash balance of the fund available for expenditures is expected to be \$1,300,000 as of May 1, 2008.

V. OUTSTANDING LOANS

The Association has one outstanding loan which is in relation to the land and building located at 31512 Railroad Canyon Road, Canyon Lake CA 92587. The note holders include HUB Enterprises, Mr. and Mrs. Hartley and Mr. and Mrs. Gibson. The original note was taken on December 28, 2004 in the amount of \$950,000 at 6.75% and the payments were based on a 15 year term, however the note comes due for either a renewal or refinance on December 28, 2012. The monthly amount due is \$8,406.64 or \$100,879.68 per year. The current amount outstanding as of May 01, 2008 will be \$813,036.58.

VI. MEMBER IN GOOD STANDING POLICY

The Board of Directors of the Canyon Lake Property Owners Association adopted a Resolution defining a Member in Good Standing and providing for future membership privileges which shall be restricted, limited and/or suspended (following notice and a hearing) as they relate to members who are not in "good standing." In summary, a Member in Good Standing is a member who does not have any unpaid fines or past due assessments (annual charges and special assessments), late charges, horse boarding fees, lot clearing charges, or any other charges against any of his/her properties. Suspended privileges may include any or all use of the Association facilities (i.e., golf course, boating, the facilitation of guest entry, etc.).

VII. DELINQUENT ASSESSMENT COLLECTION POLICY

Prompt payment of Assessments by all owners is critical to the financial health of the Association, and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation to enforce the members' obligation to pay assessments. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. The following are the Association's assessment collection practices and policies, pursuant to Civil Code ("CC") §1365(d), and payment plan standards consistent with CC §1367.1(c)(3):

Due Dates: Regular annual assessments are due and payable on May 1 of each year. It is the owner's responsibility to timely pay each assessment regardless of whether a statement is received. All other assessments, including special assessments, are due and payable on the date specified in the notice of assessment.

Installment Option: Each owner who does not pay his or her annual assessment in full by May 15th will automatically be put on a 12-month payment plan, with one twelfth of the annual assessment due on the first day of each month, commencing on May 1, and such owners will be billed an installment charge of \$5.00 or \$10.00 per month to cover the administrative expenses related to the method of monthly processing.

Obligation to Pay: Assessments, installment charges, late charges, interest, reasonable collection costs, and reasonable attorneys' fees, if any, are the personal obligation of the owner of the subject property (the "Property") at the time the assessment or other sums are levied. (CC §1367.1(a)) Owners shall be responsible for all such amounts unless it is determined that all assessments were paid on time to the Association. (CC §§1366(e); 1367.1(a))

Late Charges: Unpaid assessments/installments are delinquent 15 days after they are due. (CC §1366(e)) A late charge of 10% will be charged for any assessment/installment which is not paid in full within 15 days of the due date. (CC §1366(e)(2))

Interest: Interest on the balance due will accrue at the rate of 12% per annum commencing thirty (30) days after the assessment or installment becomes due. (CC §1366(e)(3))

Application of Payments: Any payments received will be applied first to assessments owed, and, only after the assessments owed are paid in full will the payments be applied to fees and costs of collection, late charges and/or interest. Payments will be applied to assessments so that the oldest assessment arrearages are retired first, unless the payment indicates that it shall be otherwise applied. A late charge may accrue if payment is not sufficient to satisfy all delinquent assessments, and the current month's assessment.

Delinquency Notice: If any assessment becomes delinquent, the Association will send a notice regarding the delinquency, and demanding payment thereof, to the owner at his/her address or addresses on file with the Association. The owner will be charged a fee for such delinquency notice. If the amount set forth in the delinquency notice is not received before the due date set forth therein, the matter may be turned over to a collection agent or an attorney for further action, including legal action, or the Association may take such other collection action as it deems appropriate.

Right to Submit Secondary Address: Owners may submit a written request to the Association to use a secondary address. Any such request must be mailed to the Association (at the address indicated below) in a manner that shall indicate that the Association has received it (e.g., via certified mail). (CC §1367.1(k)) The Association will send notices to the indicated secondary address only from and after the point that the Association receives any such request. Nothing herein shall require the Association to re-send or duplicate any notice sent to the owner prior to the date that a request for a secondary address is received.

Suspension of Privileges: Without prejudice to its right to continue with and/or take other collection action, in the event an assessment is not paid within 15 days of its due date, an owner's membership rights, including, but not limited to voting rights, or rights of use and enjoyment of the recreational common areas and common facilities may be suspended after notice and a hearing pursuant to CC §1363(h) and Corporations Code §7341. The Association will not deny an owner or occupant physical access to his or her separate interest by way of any such suspension of privileges. (CC §1361.5)

Pre-Lien Notice: Prior to recording a lien for delinquent assess-

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ments, the Association, its collection agent or attorney will send a pre-lien letter to the record owner as required by CC §1367.1(a), by certified and first class mail to the owner's address of record with the Association. The owner will be charged a fee for such pre-lien letter. The Association may obtain a vesting report from a title company in connection with preparation of a pre-lien letter. If a vesting report is obtained, the owner will be charged a fee for the report.

Opportunity to Meet and Confer: An owner may dispute the debt noticed in the pre-lien letter by submitting to the board a written request to meet and confer with a designated director of the Association pursuant to the Association's Internal Dispute Resolution Policy adopted pursuant to CC 1363.810. (CC §1367.1(a)(5))

Right to Request a Payment Plan: Owners may submit a written request to meet with the board to discuss a payment plan. If such request is mailed within 15 days of the postmark of the pre-lien notice, the board will meet with the owner, in executive session, within 45 days of the postmark of such request, unless there is no regularly-scheduled meeting of the board within that period of time, in which case the board may designate a committee of one or more directors to meet with the owner. (CC §1367.1(c)(3)) In addition to the foregoing procedure for requesting a payment plan, an owner may negotiate a payment plan with the Association's managing agent, attorney or authorized collection agent. Any payment plan must comply with the Standards for Payment Plans set forth herein below.

Standards for Payment Plans: Payment plans will be considered on a case-by-case basis. Generally, no payment plan may exceed six (6) months in duration. Fees and/or costs may be charged for the administration of any payment plan, and may vary based upon the duration of the payment plan. Any request for a payment plan which exceeds six months in duration must be accompanied by a written explanation of the reason for the request, which includes documentation of the owner's special circumstances, financial hardship, and ability to make the payments requested. If a lien has not been recorded prior to the time that any payment plan is entered into, one may be recorded during the repayment period to secure the debt while the payment plan is pending. Payment plans must provide for full payment of the delinquent amounts, in addition to the amounts which will accrue during the repayment period, including any regular and/or special assessments, and any fees and/or costs related to the administration of the payment plan and/or for the recording and/or release of any lien. Once a payment plan is entered into, additional late charges will not accrue for so long as the owner complies with the terms of the payment plan. In the event of a default in any payment agreement, the Association will resume collection efforts from the time prior to entering into the payment plan. (CC §1367.1(c)(3))

Lien: If an owner to whom a pre-lien letter is sent fails to pay the amounts demanded therein within thirty (30) days from the date such pre-lien letter is mailed, a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees may be recorded against the owner's Property. (CC §1367.1(d)) The owner will be charged a fee for such lien. No lien will be recorded unless a majority of the members of the board of directors approves the decision to record the lien at an open board meeting. (CC §1367.1(b)(2))

Notice of Recordation of Lien: A copy of the lien will be sent to every person whose name is shown as an owner of the Property in the Association's records, via certified mail, within ten (10) calendar days of recordation of the lien. (CC §1367.1(d))

Dispute Resolution: Prior to initiating foreclosure of any lien, the association shall offer to the owner of the Property, and if so requested by the owner, shall participate in dispute resolution in accordance with the Association's Internal Dispute Resolution Policy, or in alternative dispute resolution with a neutral third party pursuant to CC §1369.510 et seq. The decision to pursue internal dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the Association intends to pursue judicial foreclosure.

Foreclosure of Lien: The Association will not seek to foreclose any lien through judicial or non-judicial foreclosure unless and until the amount of delinquent assessments secured thereby reaches \$1,800.00, or until the assessments are at least twelve (12) months delinquent. The decision to initiate foreclosure of any lien shall be made by a majority vote of the board members, in executive session.

Notice to Owner of Decision to Foreclose: If the board of directors decides to initiate foreclosure of a lien, it shall provide notice of such decision to the owner pursuant to CC §1367.4(c)(3). Such notice will be by personal service to an owner who occupies the Property or to the owner's legal representative. The board shall provide written notice to an owner of Property who does not occupy the Property by first-class mail, to the most current address shown on the books of the Association. In the absence of written notification by the owner to the Association, the address of the owner's Property shall be treated as the owner's mailing address. (CC §1367.4(c)(3))

Release of Lien Upon Satisfaction of Debt: Within 21 days of receipt of full payment to satisfy a lien, the Association will record a release of lien, and provide a copy thereof to the owner. (CC §1367.1(d))

Right to Inspect Records: Owners have the right to inspect certain Association records pursuant to Corporations Code §8333 to verify the debt.

Association's Addresses: Any payments, including overnight payments, notices or requests sent to the Association should be delivered to 31512 Railroad Canyon Road, Canyon Lake, CA 92587

Association's Right to Collect by Any Lawful Means: Nothing herein limits or otherwise affects the Association's right to proceed in any other lawful manner to collect any delinquent sums owed to the Association. The Association reserves the right to change the amount of any collection fee or charge, without notice, and reserves the right to modify or amend this collection policy at any time.

VIII. DISPUTE RESOLUTION

Under certain circumstances, the Association or a member is required to offer to participate in a form of Alternative Dispute Resolution ("ADR") prior to initiating an "Enforcement Action" (Civil Code §1369.520). The Association or a member may also invoke, in certain circumstances, the Internal Dispute Resolution ("IDR") procedures of Civil Code §1363.840. Homeowners should consult with their attorney regarding appropriate compliance with these statutes.

A. ALTERNATIVE DISPUTE RESOLUTION ("ADR")

The term Enforcement Action is defined as a civil action or proceeding (other than a cross-complaint) filed by a homeowner or the Association:

(1) To enforce the provisions of the Davis-Stirling Act (Civil Code § 1350, et seq.), the Nonprofit Mutual Benefit Corporation Law of the California Corporations Code or the Association's governing documents; and

(2) Where the action is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits of the small claims court stated at Sections 116.220 and 116.221 of the Code of Civil Procedure.

The Association or member may not file an Enforcement Action unless the party endeavored to submit the dispute to ADR pursuant to Civil Code

§ 1369.510. This requirement does not apply to a small claims action and, except as otherwise provided by law, to an assessment dispute.

The ADR process is initiated by one party to a dispute serving all other parties to the dispute with a "Request for Resolution" that includes the following:

(1) A brief description of the dispute between the parties;

(2) A request for alternative dispute resolution;

(3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected; and

(4) If the party on whom the request is served is the owner of a separate interest, a copy of Civil Code §§ 1369.510 -1369.590.

If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the ADR within 90 days unless the 90 day period is extended by written stipulation signed by both parties. The costs of the alternative dispute resolution shall be borne by the parties.

Failure of a member of the Association to comply with the alternative dispute resolution requirements of § 1369.520 of the Civil Code may result in the loss of your right to sue the Association or another member of the Association regarding enforcement of the governing documents or the applicable law. The court, in the process of determining the amount of an attorneys' fees award, may consider whether a party's refusal to participate in ADR before commencement of the action was reasonable.

B. INTERNAL DISPUTE RESOLUTION ("IDR")

As a supplement to the pre-litigation ADR requirements discussed above, the Association also intends to make available and utilize the Internal Dispute Resolution ("IDR") procedure of Civil Code § 1363.840. That procedure and the process for invoking it are as follows:

(1) Either the Association or a member may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

(2) A member of the Association may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.

(3) The Association's Board of directors shall designate a member of the Board to meet and confer.

(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

(5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

An agreement reached under this process binds the parties and is judicially enforceable if both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the Association; and

(2) The agreement is either consistent with the authority granted by the Board of Directors to its designee or the agreement is ratified by the Board of Directors.

A member of the Association may not be charged a fee to participate in the IDR process.

IX. NOTICE - ASSESSMENT AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Section 1367.4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 1366, 1367.1, and 1367.4 of the Civil Code)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code)

The association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 1367.1 of the Civil Code) At least 30 days prior to recording a lien on an owner's separate inter-

est, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 1367.1 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 1367.1 of the Civil Code) The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 1367.1 of the Civil Code) An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

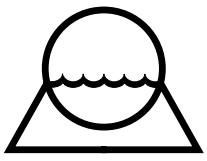
An owner of a separate interest that is not a timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code) The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code)

X. LIMITS OF INSURANCE

The Association maintains one or more policies of insurance, which include coverage for (1) general liability of the Association, and (2) individual liability of officers and directors of the Association for negligent acts or omissions of those persons acting in their capacity as directors and officers. Pursuant to California Civil Code Section 1365(e), members are hereby notified that the Association carries insurance policies in the following amounts and types:

(a) Policy Type:	General Liability Policy
Policy Limits:	\$2 Million General Aggregate
Policy Carrier:	New Hampshire Insurance Co.
Policy Deductible:	None or \$0
(b) Policy Type:	Umbrella Liability Policy
Policy Limits:	\$10 Million Each Occurrence /Aggregate
Policy Carrier:	New Hampshire Insurance Co.
Policy Deductible:	None or \$0
(c) Policy Type:	Directors' and Officers' Liability Policy
Policy Limits:	\$2 Million
Policy Carrier:	AIG American International Companies
Policy Deductible:	\$20,000 each claim Management Liability
	\$75,000 each claim Employment Practice Liability

This summary of the association's policies of insurance provides only certain information, as required by subdivision (f) of section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult their individual insurance broker or agent for appropriate additional coverage.

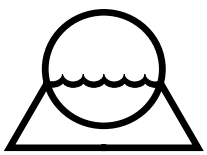


CANYON LAKE PROPERTY OWNERS ASSOCIATION

XI. Pro Forma Operating Budget by Department

For the Fiscal Year May 1, 2008 through April 30, 2009

#	DEPARTMENT	ASSESSMENT	OTHER REVENUES	TOTAL REVENUE	TOTAL EXPENDITURES	PER UNIT ASSESSMENT
11	Accounting.....	51,765	757,200	808,965	808,965	10.78
12	Corporate.....	1,398,416	13,500	1,411,916	1,411,916	291.34
13	Lake Operations	821,500	496,200	1,317,700	1,317,700	171.15
15	Human Resources.....	205,730	-	205,730	205,730	42.86
18	Lodge.....	135,175	-	135,175	135,175	28.16
19	Senior Center	7,250	-	7,250	7,250	1.51
20	Operations	2,131,910	900	2,132,810	2,132,810	444.15
21	Parks & Beaches.....	207,055	1,925	208,980	208,980	43.14
22	Common Areas.....	107,680	180	107,860	107,860	22.43
23	Gault Field	68,122	12,648	80,770	80,770	14.19
24	Tennis Courts.....	30,250	2,700	32,950	32,950	6.30
30	Member Services.....	(5,600)	399,875	394,275	394,275	(1.17)
31	ACC	46,220	294,800	341,020	341,020	9.63
40	Community Patrol.....	1,213,140	96,000	1,309,140	1,309,140	252.74
50	Activities	115,730	17,900	133,630	133,630	24.11
52	Equestrian Center.....	87,285	143,400	230,685	230,685	18.18
53	Campground.....	5,259	218,741	224,000	224,000	1.10
54	Pool	211,960	15,400	227,360	227,360	44.16
60	Golf Course	734,000	678,300	1,412,300	1,412,300	152.92
70	Lighthouse	70,065	849,200	919,265	919,265	14.60
80	Country Club.....	189,088	646,900	835,988	835,988	39.39
TOTALS.....		7,832,000	4,645,769	12,477,769	12,477,769	1,631.67

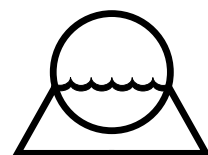


CANYON LAKE PROPERTY OWNERS ASSOCIATION

XII. Pro Forma Summary of Annual Charges

For the Fiscal Year May 1, 2008 through April 30, 2009

Total	Total per Lot	
REGULAR ASSESSMENT		
Operating	7,832,000	1,631.67
CONTRIBUTIONS TO CAPITAL		
Repair and Replacement Reserve	1,400,000	291.67
Road Reserve	1,700,000	354.17
Community Facility Development	300,000	62.50
Total	11,232,000	2,340.00



CANYON LAKE PROPERTY OWNERS ASSOCIATION

XIII. Pro Forma Rate Schedule – Payment Options

For the Fiscal Year May 1, 2008 through April 30, 2009

ANNUAL PAYMENT OPTION:

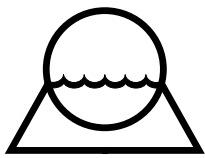
One Payment applied as follows

Regular Assessment	
Operating	1,631.67
Contribution to Capital	708.33
Total Payment	2,340.00

MONTHLY PAYMENT OPTION

12 Monthly payments as follows per month, due on the 1st day of each month commencing on May 1st.

	Using CLPOA	
	APS Program	Standard
Regular Assessment		
Operating	135.97	135.97
Contribution to Capital	59.03	59.03
Installment Fee	5.00	10.00
Total Monthly Payment	200.00	205.00



CANYON LAKE PROPERTY OWNERS ASSOCIATION

XIV. Schedule of Fees

For the Fiscal Year May 1, 2008 through April 30, 2009

DUES — ASSESSMENTS

ANNUAL ASSESSMENT:	
GENERAL OPERATING	1,631.67
CONTRIBUTION TO CAPITAL.....	708.33
TOTAL	2,340.00

ADMINISTRATIVE COSTS, FEES AND PERMITS

COLLECTION COSTS:	
INSTALLMENT FEES WITH CLPOAAPS PROGRAM.....	5.00
INSTALLMENT FEE	10.00
LATE CHARGES	10%
INTENT TO LIEN CHARGE	100.00
LIEN FEES	300.00
BAD CHECK CHARGES.....	25.00
INTEREST ON DELINQUENCIES	12%
PROCESSING FEES:	
ESCROW TRANSFER FEE	250.00
ESCROW ADMINISTRATION FEE	250.00
LOT CLEARING ADMINISTRATION FEE (50% Discount if paid Early)	200.00
LEASE-RENTAL FEES	150.00
TENANT CARD	30.00
LOST/STOLEN CARD OR DECAL	30.00
COPYING.....	0.25
PERMITS:	
CONTRACTOR PASSES	250.00
GARAGE SALE	20.00
GARAGE SALE OVER 1	40.00
FISHING (GUEST WITHOUT MEMBER) – DAILY.....	5.00
FISHING (GUEST WITHOUT MEMBER) – WEEKLY	15.00
FISHING (GUEST WITHOUT MEMBER) – MONTHLY	55.00

OPERATIONAL

REPAIR AND MAINTENANCE:	
LABOR PER HOUR	100.00

ACC FILING FEES AND PERMITS

FILING FEES (Fee/Deposit):	
HOUSE	\$300.00/\$3,000.00
REMODEL/ROOM ADD.	
OVER 1,000 SQ. FT./OVER 500 SQ. FT.	\$200.00/\$2,000.00
REMODEL/ROOM ADD. UNDER 500 SQ. FT.	\$200.00/\$1,000.00
IMPROVEMENT	\$200.00/\$1,000.00
DOCK (NEW OR MODIFICATIONS).....	\$200.00/\$1,000.00
SEAWALL & APPURTENANT STRUCTURE	\$200.00/\$1,000.00
VARIANCE	\$500.00/\$0.00
PERMITS:	
BUILDING PERMIT (NEW HOUSE)	3,000.00
BUILDING PERMIT (REMODEL/ADDITION) OVER 500 SQUARE FEET	2,000.00
LESS THAN 500 SQUARE FEET	1,000.00

REGISTRATION FEES

BOAT	35.00
GOLF CART	35.00
VEHICLE (OVER PRESCRIBED LIMIT-4).....	35.00

LAKE USE FEES — ANNUAL

NO POWER / POWER LESS THAN 3HP	0.00
POWER — 3 - 25 HP	100.00
POWER — 26 + HP	225.00

NOTE: LAKE USE FEE DOES NOT INCLUDE REGISTRATION FEE.

BOAT MOORAGE

ANNUAL	1,250.00
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FACILITY RENTAL — DAILY OR HOURLY

ROOM USE FEE* Per Hour Unless Otherwise Noted	30.00
ROADRUNNER PARK (PAVILION).....	55.00
HOLIDAY HARBOR PAVILION.....	55.00
HOLIDAY HARBOR EAST PAVILION	55.00
HOLIDAY HARBOR KITCHEN**	55.00
EASTPORT KITCHEN**	55.00
HOLIDAY BAY ROOM.....	495.00
POOL VIEW ROOM	330.00
SUNSET BEACH ROOM	165.00
COUNTRY CLUB RESTAURANT SEATING AREA.....	250.00

*\$250 DEPOSIT REQUIRED IF REFRESHMENTS ARE SERVED.
**\$250 DEPOSIT REQUIRED FOR KITCHEN

EQUESTRIAN CENTER — MONTHLY

PIPE STALL (12 X 24 FEET).....	180.00
PIPE STALL (24 X 24 FEET).....	220.00
BARN (12 X 12 FEET)	270.00
BARN (12 X 24 FEET)	325.00
BARN (14 X 24 FEET)	335.00
BLANKETING FEE.....	35.00
TRAILER STORAGE FEE.....	30.00

CAMPGROUND — DAILY

SUMMER RATE ARE IN EFFECT FROM MAY 01 - OCT 31	
LAKEFRONT WITH WATER, ELECTRIC & SEWER (MEMBER) - SUMMER	30.00
LAKEFRONT WITH WATER, ELECTRIC & SEWER (GUESTS) - SUMMER	40.00
OFF-WATER WITH WATER, ELECTRIC & SEWER (MEMBER) - SUMMER	25.00
OFF-WATER WITH WATER, ELECTRIC & SEWER (GUESTS) - SUMMER	35.00
SITES WITH WATER & ELECTRIC (MEMBER) - SUMMER.....	20.00
SITES WITH WATER & ELECTRIC (GUESTS) - SUMMER.....	30.00
WINTER RATE ARE IN EFFECT FROM NOV 01 - APRIL 30	
LAKEFRONT WITH WATER, ELECTRIC & SEWER (MEMBER) - WINTER.....	20.00
LAKEFRONT WITH WATER, ELECTRIC & SEWER (GUESTS) - WINTER.....	30.00
OFF-WATER WITH WATER, ELECTRIC & SEWER (MEMBER) - WINTER.....	15.00
OFF-WATER WITH WATER, ELECTRIC & SEWER (GUESTS) - WINTER.....	25.00
SITES WITH WATER & ELECTRIC (MEMBER) - WINTER	15.00
SITES WITH WATER & ELECTRIC (GUESTS) - WINTER	20.00
DUMP FEE EACH.....	15.00
GUEST FEE (over 6).....	5.00
EXTRA CAR FEE	5.00
PET FEE.....	5.00
DAY CAMP (8:00 A.M. - 6:00 P.M.).....	5.00
TV HOOKUP	1.00

OTHER

SWIM INSTRUCTION PER SESSION.....	60.00
SWIM INSTRUCTION PER SESSION - 2ND CHILD OR 2ND SESSION.....	40.00
GAULT FIELD LEAGUE FEES - PER GAME	25.00
STORAGE UNIT RENTALS - PER SQ. FT.	0.45

GREEN FEES — ANNUAL

ANNUAL MEMBER	1,100.00
ANNUAL MEMBER WITH TRAIL FEE AND REGISTRATION...	1,300.00

GREEN FEES — DAILY

PRIME TIME:	
MEMBER.....	35.00
GUEST	45.00
GUEST WEEKEND	50.00
JUNIOR.....	10.00
JUNIOR GUEST.....	15.00
TWI-LIGHT: (AFTER 1:00 p.m.)	
Member	25.00
Guest.....	30.00
SUPER TWI-LIGHT: (AFTER 3:00 p.m.)	
Member	15.00
Guest.....	20.00
TOURNAMENTS: (Includes Cart)	
RECIPROCAL/SANCTIONED/OUTSIDE - Mondays Only	45.00
RECIPROCAL/SANCTIONED	50.00
RECIPROCAL/SANCTIONED/OUTSIDE	55.00

GOLF CART TRAIL / RENTAL FEES

ANNUAL TRAIL FEE	165.00
GOLF CART TRAIL FEES — DAILY (Members Own Cart):	7.00
GOLF CART RENTAL — DAILY: (Per Golfer).....	12.00