

VILLAGE PALOS VERDES

HOMEOWNERS ASSOCIATION

January 13, 2009

Dear VPV Homeowner:

We would like to thank those of you who attended our regular monthly Board meeting on January 8, for your presence and vocal support. It was uplifting to receive the open appreciation by so many of our neighbors and to hear you are in perfect accord with what we have been working so hard to achieve, the best possible exterior renovation at the least possible cost. The Board received a shot of adrenalin at the meeting and your continued support is essential to keep us moving forward to see this valuable project completed as planned and approved.

We will continue to do our best to keep you informed and ask for your patience and understanding that if we have not yet released a communication on a particular issue it is because there is nothing we have confirmed yet or are able to disclose at the time. As soon as we have confirmation from our attorneys that we can release information, it will immediately be posted on the VPV web site: www.villagepalosverdes.org and mailed to every homeowner.

We are confident that this project has been planned, approved and the assessment levied, in full compliance with all applicable Civil Code and CC&R requirements.

Property Management Change: The Board was verbally notified on December 19 that Horizon Management removed Joanne Pena from our account due to health reasons. This notification of change was then disseminated to the community in the communication dated December 22. We were then subsequently notified on December 29 that Horizon Management had made the business decision to terminate their service contract with VPV effective January 31, 2009. They advised us that they will no longer receive or respond to homeowner questions or concerns regarding the Exterior Renovation Project or related assessments and litigation. As a result, please direct these communications directly to the attention of the VPV Board via e-mail at: hoa@villagepalosverdes.org until further notice.

The Board issued a Request for Proposal (RFP) to perspective professional property management firms on January 7. We are working to evaluate the candidates and produce an equitable decision for new management, targeting January 26th to hopefully approve new contract documents and begin the transition process. We appreciate your patience and understanding during this interim period.

Monthly Dues Payments – Stop Automated Bank Withdrawals: Horizon Management has been notified to cancel all automated bank withdrawals (ACH) for monthly VPV dues. As it can usually take a period of approximately 10 days to establish new automated withdrawals, we will most likely all need to write checks and mail them to the new management company for February dues. We are hopeful that the new management company will have additional capabilities in their accounting processes which will allow on-line payments, etc. We will advise you of the new property management payment method as soon as it is identified.

CLARIFICATION - Special Assessment Payments: *Unfortunately, there is some additional confusion regarding the current approved special assessment payment options as communicated in the December 22 letter to Homeowners. At this time, all payments received have been directly applied to the \$75,000 assessment. This applies to those intending to pay the balance in full and for those intending to finance the assessment through the HOA loan process. It is imperative that a minimum of \$5,000 be collected for the December 1, 2008 initial payment and additional payments of a minimum of \$600 each for the months of January and February. Even those owners who chose to pay in excess of \$5,000 for December, but less than the full value of \$75,000 are required to make monthly payments of \$600 until further notice or until the total assessment has been reached. All payments made at this time are being applied directly to the \$75,000 balance due. The Assessment is being levied as approved by the majority of the homeowners and we are obligated to continue with the collection process as approved. If the project schedule were to be officially deferred or terminated, re-payment back to homeowners will then be addressed. However, while the project remains intact as planned and approved, it is essential to the HOA loan application process that we continue to collect the assessments. The Association passed the assessment and we must continue to levy it and collect it until further notification.*

Once we have the HOA Loan in place, the full balance will become due, or the election to participate in the HOA payment program will commence. We commit to continue to work diligently and efficiently to resolve that has occurred as a result of the litigation.

Special Assessment Late Fees Excused: Due to the confusion of the monthly dues and special assessment monies owed and payment directions described on the monthly billing statements issued by Horizon Management, compounded by the need to send monthly dues assessment payments to one account and special assessment payments to another, many homeowners have unfortunately been charged unnecessary late fees. While it is the Board's obligation to enact the Association's delinquency policy equitably, the Board reviewed many of these late fees and has determined that no late fees will be charged to those that have made their payment on the special assessment. Please be patient while we work with Horizon Management to correct the account balances and to establish a more clearly defined means of collection through our incumbent Property Management firm.

Late fees incurred by those who have not yet paid the special assessment are to remain valid, as will the remainder of the Association's Delinquency Policy. We urge homeowners who may be unable to pay the assessment to use the established process in our governing documents to seek a hearing with the Board to initiate consideration for an alternate payment plan. The Homeowner's case will be referred to a professional credit consultant to determine if the owner is a true hardship case who qualifies for the modified Lien and Foreclosure process communicated in the December 22, 2008 letter. If the Board is not contacted through this process, the Delinquency Policy and lien procedure must be administered in accordance with established VPV policy.

Board Resolution to Form Executive Legal Committee: In response to concerns expressed by many homeowners regarding the litigation brought by the group referring to themselves as the "Concerned Homeowners" and the former direct involvement of now current Board member David Silverberg, the Association's attorneys advised the Board to form an Executive Committee to administer all matters associated with the litigation. Acting on this advice to protect the interests of the Association and corporation, the Board made the business decision to form the Executive Legal Committee (ELC) by passing a motion on December 5, 2008. A formal Resolution was drawn up and ratified at the January 8, 2009 meeting.

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Q&A of January 8, 2009 Board Meeting to be Distributed: The transcript of the Monthly Board meeting on January 8 is currently being re-formatted to enable distribution of the Open Forum Question and Answer period. This document will be distributed to all homeowners as soon as it can be made available.

Opportunities to Get Involved: There are many opportunities to help support and improve the quality of life we all so enjoy here at VPV. Please volunteer for committees or special tasks by letting us know what your specific talents and interests are.

- Volunteers are needed to perform the re-write / update of the Association's Rules and Regulations to prepare us for new policies needed to protect the warranties and longevity of our new exterior.
- Homeowners have previously proposed a "welcoming committee" to help new residents become familiar with our property and the regulations which help us all to be good neighbors in a shared community. We propose that a volunteer or two from each Phase could establish a process for best welcoming our new owners who are excited to become part of our community.

We continue to welcome your emails with questions or concerns and continue to address them in the best manner we are able. Please use hoa@villagepalosverdes.org so that we may record and respond to your issues. As information becomes available and approved for distribution, it will be posted on the VPV website at: www.villagepalosverdes.org and copies will be mailed to all homeowners.

Please continue to attend the homeowners meetings as it makes a difference to receive the positive reinforcement you gave us at the January meeting. For months we have stood alone with a few loyal supporters at the meeting against the angry minority. You, the majority want the renovation project to move forward and this can best be achieved if you continue to be heard. Again, thank you for your continued support.

Sincerely,

The Village Palos Verdes
Board of Directors