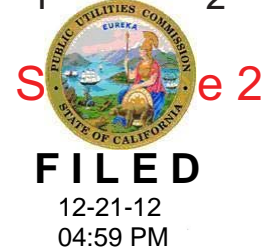


Odd Fellows Sierra Recreation Association
 P.O. Box 116
 Long Barn, California 95335



*2005 -2006 YEAR END SECTION 1365 REPORT

Dear Homeowner,

The California Civil Code (1365) requires that the Board of Directors advise all home owner association members of the following:

A. Income expense operating budget.

1. Our 2006/2007 budget is being submitted to the members with this mailing.

B. As of 3/31/06 the accumulated cash reserves actually set aside to repair, replace, and maintain major components.

1. Roads----- \$20,572. Timber funds have been used for roadwork in the past.
2. Water-----\$62,386. A special \$20 per lot assessment is collected for reserve
3. Timber-----\$428,348 Tree Farm timbering profits are reserved.
4. Playground-----\$7,280 has been paid to the timber fund from this year's special assessment of \$20 per lot. The amount borrowed \$30,000. Balance owing, \$22,720.
5. Other items are paid out the yearly budget. If a large item is needed the Board will go before the members to decide how it will be purchased.

C. Required Statement

1. With reference to the anticipation of special assessments.

- a. At least in the foreseeable future, the membership will vote annually on the question of letting members put their needles in the burn area and also vote on a \$20 - \$40 assessment to cover the cost of removal of the needles from the Park.

D. The mechanism by which the Board of Directors will fund reserves to repair, replace or maintain major components.

1. See B. 1-5 above

- a. In addition the board plans to establish a contingency fund to be used to cover any operating sub account over run and/or to be used to supplement any budgeted reserve account category.
- b. Using half of the years timber harvest profit for road paving, if approved by shareholders for future years.

E. Lien Rights—

1. The Board of Directors has authorized the Treasurer to use any manner provided by law to collect assessments. (small claims court being the preferred)

F. Insurance ---Required Summary Attached. All Policies will be Renewed on premium dates.

This report was prepared on behalf of the Board Of Directors, Odd Fellows Sierra Recreation Association. *** The report maybe incomplete due to the limited time frame.**

COVERAGE	EXPIRES	INSURER	COST
Large equipment Brush Bandit, Snow Plow, Backhoe, Case Tractor, Grader, & Generator	5/31/06	Inland Marine/ Essex	\$238.
Directors & Officers \$1 million liability \$10,000 per claim	9/14/06	C.N.A.	\$2579.
Excess Liability \$2 million liability (CA. requires \$3 million liability for Board) \$2 million Aggregate	9/13/06	North River Ins. Co.	\$5000
Commercial Package Commercial General Liability This coverage is based on the clubhouse, lake, courts for games, playground, streets & roads and the number of Association members. \$3 million on each of following: General Aggregate, Products Completed Operations Agg. & Personal & Advertising Injury Limit on Each Occurrence \$100,000 Fire Damage Legal Liability and \$5,000 Medical Expense. Commercial Property \$2,500 Deductible All buildings, including Lodge, Block garage (excludes theft), Caretaker's House, Metal Garage (excludes theft), Metal Shed/shop equipment, Metal Shed, Guard Building & Gate.	5/31/06	Scottsdale	\$14,402
WORKERS COMPENSATION Workers comp will probably increase because it is based on payroll, also, workers compensation insurance can be backbilled due to audits of payroll. The Park was billed additional premiums for the years 2001-2002 & 2002-2003. They totaled \$1,429.00 and \$1921.00 respectively. Employers Liability \$ 1 million. (Board members are excluded)	8/30/06	Zenith Ins. Co.	\$4446
SONORA Insurance Co.	5/22/06	Employees Dishonesty Bond	\$255.15