



November 1, 1999

Dear Homeowner:

Enclosed is the approved annual budget for the calendar year 2000. Please note that there will be no increase in monthly Association dues.

The lack of need for an increase in monthly dues is primarily due to carefully planned preventative maintenance and maintaining the Association's reserve accounts at a fully funded level as outlined in the enclosed reserve summary completed July 12, 1999.

Also enclosed is the billing policy for the year 2000, the reserve summary for 1999, and a summary of the Association's insurance coverage as required by California law.

If you have any questions concerning the enclosed documents, please call the Association office at 730-1560.

Thank you for your continuous input, participation and cooperation relative to Association operations. It is always appreciated and welcome.

Sincerely,

Your Board of Directors

PARK PASEO HOMEOWNERS ASSOCIATION
 2000 APPROVED OPERATING BUDGET

Category -----	1999 Projected Actual Totals -----	2000 Approved Budget -----
INCOME:		
Assessment Fees	\$442,500	\$442,500
Interest Income	12,000	15,000
Document Fees	3,000	1,000
Transfer Fees	2,600	2,600
Misc. Income	3,800	3,800
	=====	=====
Total Income	\$462,900	\$464,900
EXPENSE:		
Facilities/Recreation:		
Electricity	\$17,500	\$17,500
Gas	13,500	14,000
Telephone	1,200	1,200
Waste Collection	840	840
Handyman Services	7,000	7,500
Janitorial Services	9,000	9,000
Janitorial Supplies	600	600
Pool Maintenance	10,500	10,500
Pool Supplies	1,000	1,200
Pool Repairs	3,500	3,500
Bldg. Repairs/ Plumbing	2,200	3,000
Electrical Repairs	1,500	2,000
Equipment Repairs	1,000	1,000
Lifeguard Services	17,500	17,500
Gate/Lock Repair	750	750
Miscellaneous, Contingency	3,100	2,299
Tennis Repairs/Supplies	400	400
Pest Control	1,200	1,080
Security Services	32,000	35,000
Licenses/Permits	900	900
Subscriptions/Education	300	300
Social	1,000	1,000
	=====	=====
Total Facilities Exp.	\$126,490	\$131,069
Landscaping Expense:		
Landscape Maintenance	\$119,880	\$119,880
Landscape Supplies	3,500	5,000
Irrigation Repair	11,000	9,000
Tree Trimming	19,000	19,000
Water	17,500	17,500
	=====	=====
Total Landscape Expense	\$170,880	\$171,880

Administrative Expense:		
Management Services	\$51,700	\$54,300
Audit	5,400	6,000
Federal/State Taxes	3,000	3,000
Insurance	23,000	23,000
Legal	3,000	2,000
Postage	3,800	3,600
Office Supplies	2,500	2,500
Newsletter	2,200	2,500
Printing	3,200	3,500
Miscellaneous	4,816	1,000
	=====	=====
Total Admin. Expense	\$102,616	\$101,400
Total Operating Expense	\$399,986	\$404,349
Reserve Allocations	\$ 58,776	60,551
	=====	=====
Total Expense	\$458,762	\$464,900
	=====	=====
Net Income Or <Deficit>	\$ 4,138	0

STATEMENT DESCRIBING POLICIES AND PRACTICES IN ENFORCING LIEN RIGHTS OR OTHER LEGAL REMEDIES FOR DEFAULT IN PAYMENT OF ASSESSMENTS (Civil Code Section 1365(d)) AND FEE AND PENALTY PROCEDURES (Civil Code Section 1367(a)) OF PARK PASEO HOMEOWNERS ASSOCIATION

1. Regular monthly assessments are due and payable on the 1st day of each month.
2. Special assessments are due and payable on the date(s) specified by the Board of Directors.
3. Regular and special assessments are delinquent 30 days after they become due. If an assessment is delinquent, the Association may recover all of the following:
 - (a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees.
 - (b) A late charge not exceeding 10 percent of the delinquent assessment or ten dollars (\$10.00), whichever is greater, unless the CC&R's specify a late charge in a smaller amount, in which case any late charge imposed shall not exceed the amount specified in the CC&R's.
4. If an assessment is delinquent more than 60 days, the Association shall send a "Pre-Lien Letter" by certified mail to the owner(s) of the property notifying them of and/or providing them with the following:
 - (a) The fee and penalty procedures of the Association.
 - (b) An itemized statement of the charges owed by the owner(s), including items on the statement which indicate the principal owed, any late charges and the method of calculation.
 - (c) Any attorney's fees.
 - (d) The collection practices used by the Association, including the right of the Association to the reasonable costs of collection.
 - (e) The fee being added for the preparation and mailing of the Pre-Lien Letter.
 - (f) The amount being charged for obtaining a title report.
5. Failure of the owner(s) to pay the amounts detailed in the Pre-Lien Letter within 10 days of the date of such letter, shall result in a lien being recorded against the property for the amount of the delinquent assessments, plus any costs of collection, including reasonable attorney fees, late charges and interest.
6. A copy of the lien shall be mailed by certified mail to all record owners, no later than 10 calendar days after it is recorded.

7. After the expiration of 30 days following the recording of the lien, the lien may be enforced by way of judicial or non-judicial foreclosure proceedings, or in any other manner permitted by law.

8. If there is a dispute between the owner(s) of a property and the Association regarding the assessments imposed by the Association, the Association shall inform the owner(s) that they may resolve the dispute through alternative dispute resolution (ADR) as set forth in Civil Code Section 1354, a civil action, and any other procedures to resolve the dispute that may be available through the Association, if the owners first pay in full to the Association all of the following charges and if the owners state by written notice that the amount is paid under protest and the written notice is mailed by certified mail not more than 30 days from the recording of the lien:

- (a) The amount of the assessment in dispute.
- (b) Late charges.
- (c) Interest.
- (d) All fees and costs associated with the preparation and filing of the lien, including all mailing costs, and including attorney's fees not to exceed \$425.00.

9. The right of any owner(s) to utilize ADR as indicated above may not be exercised more than two times in any single calendar year, and not more than three times within any five calendar years.

10. A regular or special assessment and any late charges, reasonable costs of collection, and interest are the personal debt of the owner(s) at the time the assessment or other sums are levied, and the Association may proceed to obtain a personal judgment against such owners in addition to or in lieu of enforcing the lien.

11. Any payments by owner(s) who are delinquent in the payment of assessments shall first be applied to the principal owed, and only after the principal owed is paid in full shall such payments be applied to interest or collection expenses.

Park Paseo Homeowners Association
Irvine, California
California Summary

Report Date	July 12, 1999
Version	011
Account Number	1393
Budget Year Beginning	1/ 1/00
Ending	12/31/00
Total Units Included	625
Phase Development	1 of 1

Parameters:	
Inflation	3.50%
Annual Contribution Increase	3.50%
Investment Yield	4.00%
Taxes on Yield	30.00%
Contingency	3.00%
Accumulated Reserve Balance as of	
1/ 1/00:	\$339,427.00

Phase Increment Detail/Age

For budgeting purposes, unless otherwise indicated, we have used the following placed-in-service dates for aging all of the original components throughout these areas:

Clubhouse/Main Pool.....January 1977
Prosa Pool.....January 1982

RDA field inspections: September 26, 1997; January 11, 1995 & June 1986

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$4,482.84
(\$7.17 per unit per month)	
Average Net Monthly Interest Contribution This Year:	\$563.06
Net Monthly Allocation to Reserves 1/ 1/00 to 12/31/00:	\$5,045.90
(8.07 per unit per month)	

RDA Reserve Management Software
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Park Paseo Homeowners Association
California Summary

R CRT DATE: July 12, 1999
VERSION: 011
ACCOUNT NUMBER: 1393

DESCRIPTION	USE/REM LIFE	CURRENT COST	IDEAL RESERVES	ASSIGNED RESERVES	ANNUAL CONTRBTN
Roofs - Cedar Shake, Prosa Cabana	25/ 0	3,299	3,299	3,299	145
Roofs - Cedar Shake, Spa Equipment	25/ 2	452	416	416	21
Roofs - Composition Roll, Clubhouse	15/ 0	452	452	452	32
Roofs - Tile, Clubhouse, Unfunded	99/95	0	0	0	0
*** CATEGORY SUMMARY:		4,203	4,167	4,167	199
Painting - Int Restrooms, Club	8/ 0	1,540	1,540	1,540	201
Painting - Int Restrooms, Prosa	8/ 0	703	703	703	92
Painting - Main Spa, Equipment Room	5/ 0	1,826	1,826	1,826	378
Painting - Stucco, Unfunded	99/76	0	0	0	0
Painting - Woodwork, Clubhouse, '94	6/ 0	3,889	3,889	3,889	673
Painting - Woodwork, Clubhouse, '95	6/ 1	3,889	3,202	3,202	722
Painting - Woodwork, Prosa	7/ 0	2,131	2,131	2,131	317
Painting - Wrought Iron, Clubhouse	3/ 0	1,327	1,327	1,327	455
Painting - Wrought Iron, Prosa	3/ 1	589	510	510	84
Painting - Wrought Iron, Streets	3/ 0	608	608	608	208
*** CATEGORY SUMMARY:		16,501	15,735	15,735	3,131
Fencing - Wrought Iron, Fence Extn	99/94	0	0	0	0
Fencing - Wrought Iron, Main Pool	10/ 5	26,558	16,343	16,343	2,221
Fencing - Wrought Iron, Prosa Pool	10/ 5	12,474	8,019	8,019	975
Fencing - Wrought Iron, Street, '86	20/ 6	2,883	2,018	2,018	163
Fencing - Wrought Iron, Street, '90	20/10	503	245	245	29
*** CATEGORY SUMMARY:		42,417	26,625	26,625	3,388
Parking Lot - Asphalt Overlay	20/17	4,519	579	579	253
Parking Lot - Repairs & Replacement	4/ 1	1,432	1,023	1,023	425
Parking Lot - Slurry Sealing	4/ 1	1,522	1,077	1,077	462
*** CATEGORY SUMMARY:		7,473	2,679	2,679	1,140
Lighting - Exterior, Main Pool/Club	10/ 2	8,568	6,780	6,780	961
Lighting - Exterior, Parking Lot	22/ 0	3,312	3,312	3,312	164
Lighting - Exterior, Prosa, 1992	10/ 2	1,684	1,333	1,333	189
Lighting - Interior, Clubhouse	25/ 2	10,427	9,593	9,593	490
Lighting - Interior, Prosa Cabana	20/ 2	1,102	992	992	63
Lighting - Walkway, 1990	15/ 5	5,839	3,766	3,766	454
Lighting - Walkway, Prosa 1997	15/12	3,563	631	631	263
*** CATEGORY SUMMARY:		34,495	26,406	26,406	2,584
Pool - Filter, 60 Sq Ft, Prosa	12/ 0	2,056	2,056	2,056	181
Pool - Filter, 70 sq. ft., Main	12/ 8	4,224	1,408	1,408	377
Pool - Heater, 1,266K BTU, Main	15/ 0	7,550	7,550	7,550	538
Pool - Heater, 400K Prosa	12/ 0	1,722	1,722	1,722	152

Park Paseo Homeowners Association
California Summary

DESCRIPTION	USE/REM LIFE	CURRENT COST	IDEAL RESERVES	ASSIGNED RESERVES	ANNUAL CONTRBTN
Pool - Pump Motor, Main	10/ 0	3,940	3,940	3,940	414
Pool - Replaster/Tile Repl, Main	10/ 7	33,070	9,726	9,726	3,537
Pool - Replaster/Tile Repl, Prosa	10/ 8	18,834	3,640	3,640	2,008
Spa - Filter, 60 Sq Ft, Main	10/ 0	1,028	1,028	1,028	108
Spa - Heater, 400K BTU, Main	10/ 0	1,722	1,722	1,722	181
Spa - Replaster/Tile Repl, Main	10/ 7	3,146	925	925	336
Wader - Filter, 36 Sq Ft, Main	9/ 0	1,954	1,954	1,954	228
Wader - Heater, 125K BTU, Main	8/ 0	1,392	1,392	1,392	182
Wader - Replaster/Tile Repl, Main	12/ 0	2,866	2,866	2,866	253
*** CATEGORY SUMMARY:		83,504	39,930	39,930	8,496
Pool Area - Deck Caulking, Main	4/ 1	6,545	4,874	4,874	1,739
Pool Area - Deck Caulking, Prosa	4/ 0	2,158	2,158	2,158	557
Pool Area - Diving Board, Main	18/14	1,405	286	286	87
Pool Area - Furniture, Main	6/ 1	19,200	17,554	17,554	1,797
Pool Area - Furniture, Prosa	6/ 0	6,058	6,058	6,058	1,048
*** CATEGORY SUMMARY:		35,366	30,931	30,931	5,228
Rec Area - Barbecues, Main	10/ 5	1,503	1,127	1,127	85
Rec Area - Barbecues, Main, 1994	10/ 5	501	259	259	52
Rec Area - Barbecues, Prosa	10/ 3	1,002	825	825	6
Rec Area - Ceramic Shower, Prosa	15/ 0	4,516	4,516	4,516	32
Rec Area - Drinking Fntns, Chilled	12/ 1	1,896	1,796	1,796	114
Rec Area - Drinking Fntns, Concrete	20/ 0	4,330	4,330	4,330	235
Rec Area - Play Equip, Alba	20/19	14,416	721	0	821
Rec Area - Play Equip, Main, Prosa	20/17	32,781	4,203	3,265	1,888
Rec Area - Rstrm Counters, Prosa	20/ 2	644	580	580	37
Rec Area - Rstrm Fixtures, Prosa	25/ 7	4,630	3,334	3,334	215
Rec Area - Rstrm Partitions, Prosa	15/ 1	1,870	1,772	1,772	110
Rec Area - Rstrm Tile, Prosa	20/ 2	5,804	5,224	5,224	332
Rec Area - Sand Repl, Main	10/ 0	2,044	2,044	2,044	215
Rec Area - Sand Repl, Prosa/Alba	10/ 0	2,307	2,307	2,307	243
Rec Area - Water Heater, Prosa	10/ 0	3,715	3,715	3,715	391
*** CATEGORY SUMMARY:		81,958	36,750	35,092	5,126
Tennis Court - Benches 8'	15/ 3	4,644	3,715	3,715	343
Tennis Court - Chain Link	25/ 2	11,573	10,647	10,647	544
Tennis Court - Lighting	25/ 2	8,832	8,125	8,125	415
Tennis Court - Resurfacing	6/ 0	5,472	5,472	5,472	947
Tennis Court - Windscreen	6/ 3	2,135	953	953	412
*** CATEGORY SUMMARY:		32,656	28,912	28,912	2,661
Clubhouse - Appliances, 1977	15/ 0	468	468	468	33
Clubhouse - Appliances, 1991	15/ 6	982	589	589	72
Clubhouse - Appliances, 1998	15/13	1,191	141	141	87
Clubhouse - Billiard Tables	25/ 5	6,844	5,622	5,622	29
Clubhouse - Cabinets, Kitchen	20/ 1	1,870	1,792	1,792	9
Clubhouse - Carpet	8/ 0	5,179	5,179	5,179	676

Park Paseo Homeowners Association
California Summary

DESCRIPTION	USE/REM LIFE	CURRENT COST	IDEAL RESERVES	ASSIGNED RESERVES	ANNUAL CONTRBTN
Clubhouse - Ceramic Tile, Counters	20/13	1,794	628	628	99
Clubhouse - Ceramic Tile, Shower	20/ 1	1,276	1,223	1,223	62
Clubhouse - Furnishings	10/ 3	20,162	14,113	14,113	2,166
Clubhouse - Heat/Air Conditioning	18/ 0	18,992	18,992	18,992	1,138
Clubhouse - Office, Comp./Monitor	5/ 3	3,849	1,500	1,500	815
Clubhouse - Office, Copier	5/ 3	2,056	822	822	428
Clubhouse - Office, Fax Machine	6/ 0	988	988	988	171
Clubhouse - Office, Furnishings	4/ 0	1,792	1,792	1,792	462
Clubhouse - Office, Typewriter	6/ 1	346	308	308	41
Clubhouse - Restroom Ceramic Tile	20/10	12,320	6,056	6,056	699
Clubhouse - Restroom Counters	16/ 6	734	453	453	52
Clubhouse - Restroom Fixtures	25/15	5,950	2,332	2,332	273
Clubhouse - Restroom Lockers	15/ 5	3,913	2,579	2,579	293
Clubhouse - Restroom Partitions	15/ 5	2,495	1,659	1,659	184
Clubhouse - Restroom Shwr Door,1990	16/ 6	496	306	306	35
Clubhouse - Restroom Shwr Door,1994	16/10	496	176	176	35
Clubhouse - Shades	12/ 4	5,804	3,869	3,869	524
Clubhouse - Sink, Kitchen	20/13	695	238	238	39
Clubhouse - Vinyl Sheet Floor, Ktcn	15/11	365	97	97	26
Clubhouse - Wallpaper	15/ 7	5,916	3,155	3,155	432
Clubhouse - Water Heater	12/ 2	3,715	3,078	3,078	347
*** CATEGORY SUMMARY:		110,689	78,156	78,156	9,570
Irrigation Controllers	12/ 5	23,817	13,893	13,893	2,145
Landscape - Tree Trimming	3/ 0	24,396	24,396	24,396	8,363
*** CATEGORY SUMMARY:		48,213	38,289	38,289	10,508
Bulletin Board - Clubhouse	10/ 4	710	403	403	82
Monument Signs - Clubhouse	30/ 7	2,890	2,216	2,216	115
*** CATEGORY SUMMARY:		3,600	2,619	2,619	197
TOTAL ASSET SUMMARY:		501,076	331,199	329,541	52,227
CONTINGENCY @ 3.00%:			9,936	9,886	1,567
GRAND TOTAL:			341,135	339,427	53,794

Percent Ideally Funded: 99.50%

ROBCO INSURANCE SERVICES
License #0750612
27362 Calle Arroyo
San Juan Capistrano, CA 92675
Phone: 949-487-6131
Fax: 949-487-6150

October 21, 1999

PARK PASEO HOA
Park Paseo HOA
25 Christamon West
Irvine, CA 92720

ANNUAL INSURANCE DISCLOSURE FOR
COMMON INTEREST DEVELOPMENTS

California Civil Code Section 1365 requires that your Association provide annual notice of the following information regarding the Association's insurance coverage, as well as the disclosure below:

GENERAL LIABILITY

Insurance Company: RELIANCE INSURANCE COMPANY
Policy Limits: \$11,000,000 Each Occurrence
\$12,000,000 Aggregate
Deductible: NONE
Policy Dates: 1/1/99 TO 1/1/2000

PROPERTY COVERAGE

Insurance Company: RELIANCE INSURANCE COMPANY
Policy Limits: \$510,000 All Risk Replacement Cost
Common Area Only
Deductible: \$1,000
Policy Dates: 1/1/99 TO 1/1/2000

FLOOD INSURANCE

Insurance Company: NONE
Policy Limits:
Deductible:
Policy Dates:

EARTHQUAKE INSURANCE

Insurance Company: GOLDEN BEAR INSURANCE CO
Policy Limits: \$500,000 ON COMMON AREA AND REC
FACILITIES ONLY

ROBCO INSURANCE SERVICES
License #0750612
27362 Calle Arroyo
San Juan Capistrano, CA 92675
Phone: 949-487-6131
Fax: 949-487-6150

PARK PASEO HOA
Date: 10/21/99
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Deductible: 5% DEDUCTIBLE
Policy Dates: 1/1/99 TO 1/1/2000

DIRECTORS AND OFFICERS LIABILITY

Insurance Company: CHUBB/FEDERAL INSURANCE COMPANY
Policy Limits: \$11,000,000
Deductible: \$1000
Policy Dates: 5/21/99 TO 5/21/2000

FIDELITY BOND/DISHONESTY

Insurance Company: ST. PAUL INSURANCE COMPANY
Policy Limits: \$500,000
Deductible: \$2,500
Policy Dates: 2/20/97 TO 2/20/2000

This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) 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 these policies. Although the association maintains the policies of insurance specified in this summary, the association's policies may not cover your property, including personal property or, real property improvements to 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 with their individual insurance broker or agent for appropriate additional coverage.

Civil Code Section 1363.9 provides:

"Any cause of action in tort against any person arising solely by reason of an ownership interest in the common area of a common interest development shall be brought against the association and not against the individual owners of the separate interests, as defined in subdivision (1) of Section 1351, provided that all of the following insurance requirements are met:

- (a) The association maintained and had in effect at the time the alleged act or omission occurred and at the time a claim is made, 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 officers and directors.
- (b) Both types of coverage described in paragraphs (1) and (2) of subdivision (a) are in the following minimum amounts: (1) at least two million dollars (\$2,000,000) per occurrence if the common interest development consists of 100 or fewer separate interests, and (2) at least three million dollars (\$3,000,000) per occurrence if the common interest development consists of more than 100 separate interests.
- (c) The association shall, upon issuance or renewal of insurance, but no less than annually, notify its homeowners as to the amount and type of insurance carried by the association, and it shall accompany this notification with statements to the effect that the association is or is not insured to the levels specified by this section, and that if not so insured, owners may be individually liable for the entire amount of a judgment, and if the association is insured to the levels specified in this section, then the owners may be individually liable only for their proportional share of assessments levied to pay the amount of any judgment which exceeds the limits of the association's insurance."

YOUR ASSOCIATION IS COMPRISED OF 625 SEPARATE INTERESTS AS DEFINED BY CIVIL CODE SECTION 1351 AND CARRIES TEN MILLION DOLLARS OF GENERAL LIABILITY INSURANCE. THE ASSOCIATION ALSO CARRIES FIVE MILLION DOLLARS OF DIRECTORS AND OFFICERS LIABILITY INSURANCE. THEREFORE, HOMEOWNERS MAY BE INDIVIDUALLY LIABLE ONLY FOR THEIR PROPORTIONAL SHARE OF ASSESSMENTS LEVIED, IF ANY, TO PAY THE AMOUNT OF ANY JUDGMENTS WHICH EXCEED THE LIMITS OF THE ASSOCIATION'S INSURANCE.