



November 1, 2000

Dear Homeowner:

Enclosed is the approved annual budget for the calendar year 2001. Please note that again there will be no increase in monthly Association dues.

The lack of need for an increase in monthly dues is primarily due to maximum use of investment funds available, carefully planned preventative maintenance, and maintaining the Association's reserve accounts at a fully funded level as outlined in the enclosed reserve summary completed September 7, 2000 which shows that reserves are 109% funded.

Also enclosed is the billing policy for the year 2001, 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
2001 APPROVED OPERATING BUDGET

Category -----	2000 Projected Actual Totals -----	2001 APPROVED Budget -----
INCOME:		
Assessment Fees	\$442,500	\$442,500
Interest Income	15,000	15,000
Document Fees	1,200	1,000
Transfer Fees	4,000	2,600
Misc. Income	1,600	4,700
	=====	=====
Total Income	\$464,300	\$465,800
EXPENSE:		
Facilities/Recreation:		
Electricity	\$17,500	\$18,000
Gas	13,500	14,000
Telephone	1,500	1,500
Waste Collection	840	876
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	6,700	5,000
Bldg. Repairs/ Plumbing	2,200	3,000
Electrical Repairs	250	2,000
Equipment Repairs	500	1,000
Lifeguard Services	17,500	17,500
Gate/Lock Repair	2,500	750
Miscellaneous, Contingency	1,250	7,900
Tennis Repairs/Supplies	400	400
Pest Control	4,700	1,080
Security Services	32,000	35,000
Licenses/Permits	1,100	1,200
Subscriptions/Education	0	300
Social	0	1,000
	=====	=====
Total Facilities Exp.	\$130,540	\$139,306
Landscaping Expense:		
Landscape Maintenance	\$119,880	\$121,080
Landscape Supplies	2,000	5,000
Irrigation Repair	13,000	12,000
Tree Trimming	16,000	16,000
Water	17,500	17,500
	=====	=====
Total Landscape Expense	\$168,380	\$171,580

Administrative Expense:

Management Services	\$50,956	\$56,556
Audit	5,400	6,000
Federal/State Taxes	3,000	3,500
Insurance	23,000	23,000
Legal	2,000	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	7,934
	=====	=====
Total Admin. Expense	\$100,872	\$111,090
Total Operating Expense	\$399,792	\$421,976
Reserve Allocations	\$ 58,776	43,824
	=====	=====
Total Expense	\$458,568	\$465,800
	=====	=====
Net Income Or <Deficit>	\$5,732	0

Park Paseo Homeowners Association
Irvine, California
Owner's Summary

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Report Date</td> <td style="width: 30%;">September 7, 2000</td> <td style="width: 40%;"></td> </tr> <tr> <td>Version</td> <td>012</td> <td></td> </tr> <tr> <td>Account Number</td> <td>1393</td> <td></td> </tr> <tr> <td>Budget Year Beginning</td> <td>1/ 1/01</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Ending</td> <td>12/31/01</td> <td></td> </tr> <tr> <td>Total Units Included</td> <td>625</td> <td></td> </tr> <tr> <td>Phase Development</td> <td>1 of 1</td> <td></td> </tr> </table>	Report Date	September 7, 2000		Version	012		Account Number	1393		Budget Year Beginning	1/ 1/01		Ending	12/31/01		Total Units Included	625		Phase Development	1 of 1		<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Parameters:</td> </tr> <tr> <td style="width: 70%;">Inflation</td> <td style="text-align: right;">3.50%</td> </tr> <tr> <td>Annual Contribution Increase</td> <td style="text-align: right;">3.50%</td> </tr> <tr> <td>Investment Yield</td> <td style="text-align: right;">4.00%</td> </tr> <tr> <td>Taxes on Yield</td> <td style="text-align: right;">30.00%</td> </tr> <tr> <td>Contingency</td> <td style="text-align: right;">3.00%</td> </tr> <tr> <td colspan="2">Accumulated Reserve Balance as of</td> </tr> <tr> <td>1/ 1/01:</td> <td style="text-align: right;">\$355,039.00</td> </tr> </table>	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/ 1/01:	\$355,039.00
Report Date	September 7, 2000																																					
Version	012																																					
Account Number	1393																																					
Budget Year Beginning	1/ 1/01																																					
Ending	12/31/01																																					
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/ 1/01:	\$355,039.00																																					

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 7, 2000; September 1997; January 1995
June 1986

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$2,843.36
(\$4.55 per unit per month)	
Average Net Monthly Interest Contribution This Year:	\$808.76
	\$3,652.12
Net Monthly Allocation to Reserves 1/ 1/01 to 12/31/01:	
(5.84 per unit per month)	

RDA Reserve Management Software
Copyright 2000, Edwin G. Edgley
All Rights Reserved

**Park Paseo Homeowners Association
Owner's Summary**

REPORT DATE: September 7, 2000
 VERSION: 012
 ACCOUNT NUMBER: 1393

DESCRIPTION	USE/REM LIFE	CURRENT COST	IDEAL RESERVES	ASSIGNED RESERVES	ANNUAL CONTRIBUTN
Roofs - Cedar Shake, Prosa Cabana	25/ 2	3,448	3,182	3,448	23
Roofs - Cedar Shake, Spa Equipment	25/ 3	473	420	420	21
Roofs - Composition Roll, Clubhouse	15/ 2	469	433	469	3
Roofs - Tile, Clubhouse, Unfunded	99/94	0	0	0	0
*** CATEGORY SUMMARY:		4,390	4,036	4,337	46
Painting - Int Restrooms, Club	8/ 0	1,605	1,605	1,605	210
Painting - Int Restrooms, Prosa	8/ 0	733	733	733	96
Painting - Main Spa, Equipment Room	5/ 4	1,738	193	193	400
Painting - Stucco, Unfunded	99/75	0	0	0	0
Painting - Woodwork, Clubhouse 2000	6/ 5	7,402	673	673	1,397
Painting - Woodwork, Prosa	7/ 6	2,029	156	156	325
Painting - Wrought Iron, Clubhouse	3/ 0	1,367	1,367	1,367	468
Painting - Wrought Iron, Prosa	3/ 0	607	607	607	208
Painting - Wrought Iron, Streets	3/ 0	620	620	620	213
*** CATEGORY SUMMARY:		16,101	5,954	5,954	3,000
Fencing - Wrought Iron, Fence Extn	99/93	0	0	0	0
Fencing - Wrought Iron, Main Pool	10/ 6	27,114	16,268	16,268	1,983
Fencing - Wrought Iron, Street, '86	20/ 5	2,943	2,207	2,207	167
Fencing - Wrought Iron, Street, '90	20/ 9	513	276	276	29
Fencing - Wrought Iron, Prosa Pool	10/ 6	12,735	7,959	7,959	879
*** CATEGORY SUMMARY:		43,305	26,711	26,711	3,058
Parking Lot - Asphalt Overlay	20/16	4,629	831	831	260
Parking Lot - Repairs & Replacement	4/ 2	1,499	954	1,499	10
Parking Lot - Slurry Sealing	4/ 2	1,569	990	1,569	10
*** CATEGORY SUMMARY:		7,697	2,774	3,899	280
Lighting - Exterior, Main Pool/Club	10/ 4	8,780	5,989	5,989	759
Lighting - Exterior, Parking Lot	22/ 6	3,390	2,712	2,712	135
Lighting - Exterior, Prosa, 1992	10/ 4	1,732	1,181	1,181	150
Lighting - Interior, Clubhouse	25/ 4	10,852	9,302	9,302	461
Lighting - Interior, Prosa Cabana	20/ 4	1,132	935	935	57
Lighting - Walkway, 1990	15/ 4	6,204	4,442	4,442	484
Lighting - Walkway, Prosa 1997	15/11	3,669	902	902	271
*** CATEGORY SUMMARY:		35,759	25,463	25,463	2,317
Pool - Filter, 60 Sq Ft, Prosa	12/ 1	2,116	2,010	2,116	14
Pool - Filter, 70 sq. ft., Main	12/ 7	4,348	1,812	1,812	389
Pool - Heater, 1,266K BTU, Main	15/ 1	14,000	13,440	14,000	0
Pool - Heater, 400K Prosa	12/ 0	1,772	1,772	1,772	1
Pool - Pump Motor, Main	10/ 0	4,014	4,014	4,014	422

Park Paseo Homeowners Association
Owner's Summary

DESCRIPTION	USE/REM LIFE	CURRENT COST	IDEAL RESERVES	ASSIGNED RESERVES	ANNUAL CONTBTN
Pool - Replaster/Tile Repl, Main	10/ 6	34,619	13,673	13,673	3,714
Pool - Replaster/Tile Repl, Prosa	10/ 7	19,419	5,711	5,711	2,077
Spa - Filter, 60 Sq Ft, Main	10/ 0	1,058	1,058	1,058	111
Spa - Heater, 400K BTU, Main	10/ 1	1,772	1,661	1,772	12
Spa - Replaster/Tile Repl, Main	10/ 6	3,238	1,279	1,279	347
Wader - Filter, 36 Sq Ft, Main	9/ 8	940	47	47	117
Wader - Heater, 125K BTU, Main	8/ 1	1,442	1,320	1,442	9
Wader - Replaster/Tile Repl, Main	12/ 8	2,944	968	968	264
*** CATEGORY SUMMARY:		91,682	48,765	49,663	7,726
Pool Area - Deck Caulking, Main	4/ 0	6,650	6,650	6,650	1,715
Pool Area - Deck Caulking, Prosa	4/ 0	2,193	2,193	2,193	566
Pool Area - Diving Board, Main	18/ 9	1,447	488	488	115
Pool Area - Furniture, Main	6/ 1	19,508	17,968	19,508	128
Pool Area - Furniture, Prosa	6/ 1	6,660	6,134	6,660	44
*** CATEGORY SUMMARY:		36,458	33,433	35,499	2,567
Rec Area - Barbecues, Main	10/ 4	1,563	1,250	1,250	89
Rec Area - Barbecues, Main, 1994	10/ 4	521	319	319	54
Rec Area - Barbecues, Prosa	10/ 2	1,042	919	1,042	7
Rec Area - Ceramic Shower, Prosa	15/ 3	4,742	4,095	4,095	249
Rec Area - Drinking Fntns, Chilled	12/ 2	1,918	1,735	1,918	13
Rec Area - Drinking Fntns, Concrete	20/ 3	4,370	3,884	3,884	192
Rec Area - Play Equip, Alba	20/18	14,848	1,485	1,485	810
Rec Area - Play Equip, Main, Prosa	20/16	33,764	6,060	6,060	1,896
Rec Area - Rstrm Counters, Prosa	20/ 5	676	535	535	33
Rec Area - Rstrm Fixtures, Prosa	25/ 6	4,218	3,206	3,206	196
Rec Area - Rstrm Partitions, Prosa	15/ 2	1,963	1,776	1,963	13
Rec Area - Rstrm Tile, Prosa	20/ 5	6,093	4,824	4,824	294
Rec Area - Sand Repl, Main	10/ 2	2,103	1,769	2,103	14
Rec Area - Sand Repl, Prosa/Alba	10/ 0	2,374	2,374	2,374	250
Rec Area - Water Heater, Prosa	10/ 2	3,826	3,462	3,826	25
*** CATEGORY SUMMARY:		84,022	37,695	38,886	4,133
Tennis Court - Benches 8'	15/ 2	2,615	2,266	2,437	107
Tennis Court - Chain Link	25/ 5	11,710	9,691	9,691	481
Tennis Court - Lighting	25/ 5	9,040	7,481	7,481	372
Tennis Court - Resurfacing	6/ 2	5,760	4,568	4,568	641
Tennis Court - Windscreen	6/ 2	2,214	1,397	1,397	428
*** CATEGORY SUMMARY:		31,339	25,404	25,575	2,029
Clubhouse - Appliances, 1977	15/ 3	497	442	442	22
Clubhouse - Appliances, 1991	15/ 5	1,011	674	674	74
Clubhouse - Appliances, 1998	15/12	1,226	229	229	90
Clubhouse - Billiard Tables	25/ 4	6,926	5,937	5,937	294
Clubhouse - Cabinets, Kitchen	20/ 4	1,966	1,685	1,685	84
Clubhouse - Carpet	8/ 0	5,435	5,435	5,435	710
Clubhouse - Ceramic Tile, Counters	20/ 8	1,872	936	936	128

Park Paseo Homeowners Association
Owner's Summary

DESCRIPTION	USE/REM LIFE	CURRENT COST	IDEAL RESERVES	ASSIGNED RESERVES	ANNU. CONTRBTN
Clubhouse - Ceramic Tile, Shower	20/ 6	1,435	1,148	1,148	57
Clubhouse - Furnishings	10/ 2	20,565	16,452	20,565	135
Clubhouse - Heat/Air Conditioning	18/ 3	19,371	17,219	17,219	851
Clubhouse - Office, Comp./Monitor	5/ 2	3,964	2,352	3,964	26
Clubhouse - Office, Copier	5/ 2	2,117	1,270	2,117	14
Clubhouse - Office, Fax Machine	6/ 2	1,017	787	1,017	7
Clubhouse - Office, Furnishings	4/ 2	1,441	1,179	1,441	9
Clubhouse - Office, Typewriter	6/ 4	360	249	249	30
Clubhouse - Restroom Ceramic Tile	20/ 9	12,940	7,018	7,018	736
Clubhouse - Restroom Counters	16/ 9	771	418	418	44
Clubhouse - Restroom Fixtures	25/14	5,368	2,321	2,321	247
Clubhouse - Restroom Lockers	15/ 4	4,074	2,963	2,963	306
Clubhouse - Restroom Partitions	15/ 5	2,620	1,797	1,797	182
Clubhouse - Restroom Shwr Door, 1999	16/14	1,016	108	108	70
Clubhouse - Sink, Kitchen	20/12	707	277	277	40
Clubhouse - Vinyl Sheet Floor, Ktcn	15/10	375	125	125	27
Clubhouse - Wallpaper	15/ 6	6,133	3,680	3,680	449
Clubhouse - Water Heater	12/ 2	3,826	3,222	3,826	25
Clubhouse - Window Blinds	12/ 5	6,032	3,878	3,878	471
*** CATEGORY SUMMARY:		113,065	81,800	89,468	5,127
Irrigation Controllers	12/ 4	24,525	16,350	16,350	2,216
Landscape - Tree Trimming	3/ 2	20,344	4,594	20,344	1
*** CATEGORY SUMMARY:		44,869	20,944	36,694	2,349
Bulletin Board - Clubhouse	10/ 5	731	406	406	70
Monument Signs - Clubhouse	30/ 9	2,946	2,143	2,143	108
*** CATEGORY SUMMARY:		3,677	2,549	2,549	178
TOTAL ASSET SUMMARY:		512,364	315,527	344,698	33,126
CONTINGENCY @ 3.00%:			9,466	10,341	994
GRAND TOTAL:			324,993	355,039	34,120

Percent Ideally Funded: 109.25%

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.

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
Page: 2

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.

BMS

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

ASSOCIATION INSURANCE DISCLOSURE

California Civil Code Section 1365.9 provides that 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 (I) of section 1351, provided that all of the following insurance requirements are met:

1. 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 general liability of the Association and 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.

2. Both types of coverage described in paragraph 1 above are in the minimum amounts of at least two million dollars per occurrence if the common interest development consists of 100 or fewer separate interests and at least three million dollars per occurrence if the common interest development consists of more than 100 separate interests.

3. The Association shall, upon the 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 if not so insured, owners may be 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 ELEVEN MILLION DOLLARS OF GENERAL LIABILITY INSURANCE. THE ASSOCIATION ALSO CARRIES ELEVEN 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.