



November 1, 2001

Dear Homeowner:

Enclosed is the approved annual budget for the calendar year 2002. Please note that there will be an increase in monthly Association dues from \$59 to \$61. This increase becomes effective on January 1, 2002.

The dues increase is necessitated by significant expense increases in the cost of utilities, insurance, landscape supplies, irrigation repair and tree trimming for diseased Eucalyptus trees.

Also enclosed is the billing policy for the year 2002, 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  
 2002 APPROVED OPERATING BUDGET  
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Category	2001 Projected Actual Totals	2002 Approved Budget
<b>INCOME:</b>		
Assessment Fees	\$442,500	\$457,500
Interest Income	16,000	14,000
Document Fees	1,100	1,100
Transfer Fees	4,000	4,000
Misc. Income	1,200	1,500
	=====	=====
<b>Total Income</b>	<b>\$464,800</b>	<b>\$478,100</b>
<b>EXPENSE:</b>		
<b>Facilities/Recreation:</b>		
Electricity	\$22,800	\$23,000
Gas	11,400	12,000
Telephone	2,000	2,500
Waste Collection	1,000	1,000
Handyman Services	7,000	7,000
Janitorial Services	9,600	9,600
Janitorial Supplies	300	300
Pool Maintenance	23,400	11,000
Pool Supplies	1,000	1,200
Pool Repairs	6,700	6,000
Bldg. Repairs/ Plumbing	1,000	2,000
Electrical Repairs	300	1,000
Equipment Repairs	1,400	1,500
Lifeguard Services	23,900	23,500
Gate/Lock Repair	1,700	800
Miscellaneous, Contingency	5,500	7,000
Tennis Repairs/Supplies	100	200
Pest Control	1,000	1,100
Security Services	46,900	45,000
Licenses/Permits	1,400	1,400
Subscriptions/Education	400	400
Social	0	1,000
	=====	=====
<b>Total Facilities Exp.</b>	<b>\$168,800</b>	<b>\$158,500</b>
<b>Landscaping Expense:</b>		
Landscape Maintenance	\$121,100	\$121,100
Landscape Supplies	2,000	5,000
Irrigation Repair	13,000	16,000
Tree Trimming	18,900	20,000
Water	15,100	17,500
	=====	=====
<b>Total Landscape Exp.</b>	<b>\$170,100</b>	<b>\$179,600</b>

**Administrative Expense:**

Management Services	\$54,500	\$51,000
Audit	7,400	7,400
Federal/State Taxes	5,300	3,500
Insurance	18,000	20,000
Legal		2,000
Postage	4,300	4,300
Office Supplies	4,100	4,000
Newsletter	2,100	1,300
Printing	3,300	3,000
Miscellaneous	2,000	2,000
	=====	=====
<b>Total Admin. Expense</b>	<b>\$101,000</b>	<b>\$98,500</b>
<b>Total Operating Expense</b>	<b>\$439,900</b>	<b>\$436,600</b>
<b>Reserve Allocations</b>	<b>\$ 43,825</b>	<b>49,402</b>
	=====	=====
<b>Total Expense</b>	<b>\$483,725</b>	<b>\$486,002</b>
	=====	=====
<b>Net Income Or &lt;Deficit&gt;</b>	<b>\$(18,925)</b>	<b>\$( 7,902)</b>

**Park Paseo Homeowners Association  
Irvine, California  
RDA Owner's Summary**

Report Date	August 6, 2001
Version	013
Account Number	1393
Budget Year Beginning	1/ 1/02
Ending	12/31/02
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%
Reserve Fund Balance as of	
1/ 1/02:	\$380,680.00

Project Profile & Introduction

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:	\$3,319.73
( \$5.31 per unit per month)	
Average Net Monthly Interest Contribution This Year:	797.12
Net Monthly Allocation to Reserves 1/ 1/02 to 12/31/02:	\$4,116.85
( \$6.59 per unit per month)	

RDA Reserve Management Software  
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**Park Paseo Homeowners Association**  
**RDA Owner's Summary**

REPORT DATE: August 6, 2001  
VERSION: 013  
ACCOUNT NUMBER: 1393

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Roofs - Cedar Shake, Prosa Cabana	25	+1	1	3,483	3,349	3,483
Roofs - Cedar Shake, Spa Equipment	25	+2	2	478	442	442
Roofs - Composition Roll, Clubhouse	15	+11	1	476	458	476
Roofs - Tile, Clubhouse, Unfunded	99	0	93	0	0	0
*** CATEGORY SUMMARY:				4,436	4,248	4,401
Painting - Int Restrooms, Club	8	+2	0	1,671	1,671	1,671
Painting - Int Restrooms, Prosa	8	+2	0	763	763	763
Painting - Main Spa, Equipment Room	5	0	3	1,804	601	601
Painting - Stucco, Unfunded	99	0	74	0	0	0
Painting - Woodwork, Clubhouse 2000	6	0	4	7,683	2,095	2,095
Painting - Woodwork, Prosa	7	0	5	2,106	486	486
Painting - Wrought Iron, Clubhouse	3	0	0	1,407	1,407	1,407
Painting - Wrought Iron, Prosa	3	+5	0	625	625	625
Painting - Wrought Iron, Streets	3	+3	0	639	639	639
*** CATEGORY SUMMARY:				16,697	8,287	8,287
Fencing - Wrought Iron, Fence Extn	99	0	92	0	0	
Fencing - Wrought Iron, Main Pool	10	+5	5	27,222	18,148	18,148
Fencing - Wrought Iron, Street, '86	20	0	4	2,953	2,363	2,363
Fencing - Wrought Iron, Street, '90	20	0	8	515	304	304
Fencing - Wrought Iron, Prosa Pool	10	+6	5	12,787	8,791	8,791
*** CATEGORY SUMMARY:				43,477	29,605	29,605
Parking Lot - Asphalt Overlay	20	0	15	4,786	1,104	1,104
Parking Lot - Repairs & Replacement	4	+2	1	1,510	1,236	1,510
Parking Lot - Slurry Sealing	4	+2	1	1,648	1,343	1,648
*** CATEGORY SUMMARY:				7,944	3,684	4,263
Lighting - Exterior, Main Pool/Club	10	+3	3	8,952	6,818	6,818
Lighting - Exterior, Prosa, 1992	10	+3	3	1,762	1,342	1,342
Lighting - Interior, Clubhouse	25	+3	3	11,088	9,900	9,900
Lighting - Interior, Prosa Cabana	20	+3	3	1,156	1,005	1,005
Lighting - Parking Lot, 1977	22	+8	5	4,900	4,083	4,083
Lighting - Parking Lot, 2000	22	0	20	980	58	58
Lighting - Walkway, 1990	15	0	3	6,336	4,986	4,986
Lighting - Walkway, Prosa 1997	15	0	10	3,779	1,188	1,188
*** CATEGORY SUMMARY:				38,953	29,380	29,380
Pool - Filter, 60 Sq Ft, Prosa	12	+8	0	2,154	2,154	2,154
Pool - Filter, 70 sq. ft., Main	12	0	6	4,424	2,212	2,212
Pool - Heater, 1,266K BTU, Main	12	0	10	16,736	2,288	2,288
Pool - Heater, 400K Prosa	12	+6	0	1,803	1,803	1,803

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

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Pool - Pump Motor, Main	10	+3	0	4,086	4,086	4,086
Pool - Replaster/Tile Repl, Main	10	0	5	34,102	16,908	16,908
Pool - Replaster/Tile Repl, Prosa	10	0	6	19,903	7,861	7,861
Spa - Filter, 60 Sq Ft, Main	10	0	0	1,077	1,077	1,077
Spa - Heater, 400K BTU, Main	10	+6	0	1,803	1,803	1,803
Spa - Replaster/Tile Repl, Main	10	0	5	3,286	1,629	1,629
Wader - Filter, 36 Sq Ft, Main	9	0	7	956	161	161
Wader - Heater, 125K BTU, Main	8	+4	0	1,485	1,485	1,485
Wader - Replaster/Tile Repl, Main	12	0	7	2,998	1,237	1,237
*** CATEGORY SUMMARY:				94,813	44,703	44,703
Pool Area - Deck Caulking, Main	4	0	0	7,000	7,000	7,000
Pool Area - Deck Caulking, Prosa	4	0	0	2,308	2,308	2,308
Pool Area - Diving Board, Main	18	-4	8	1,490	612	612
Pool Area - Furniture, Main	6	+7	0	20,011	20,011	20,011
Pool Area - Furniture, Prosa	6	+7	0	6,836	6,836	6,836
*** CATEGORY SUMMARY:				37,645	36,767	36,767
Rec Area - Barbecues, Main	10	+10	3	1,608	1,367	1,367
Rec Area - Barbecues, Main, 1994	10	+1	3	536	380	380
Rec Area - Barbecues, Prosa	10	+7	1	1,072	1,009	1,072
Rec Area - Ceramic Shower, Prosa	15	+7	2	4,653	4,230	4,230
Rec Area - Drinking Fntns, Chilled	12	+9	1	1,944	1,851	1,944
Rec Area - Drinking Fntns, Concrete	20	+7	2	4,430	4,102	4,102
Rec Area - Play Equip, Alba	20	0	17	15,293	2,294	2,294
Rec Area - Play Equip, Main, Prosa	20	0	15	34,776	8,025	8,025
Rec Area - Rstrm Counters, Prosa	20	+4	4	686	572	572
Rec Area - Rstrm Fixtures, Prosa	25	0	5	4,151	3,321	3,321
Rec Area - Rstrm Partitions, Prosa	15	+6	1	1,978	1,884	1,978
Rec Area - Rstrm Tile, Prosa	20	+4	4	5,918	4,932	4,932
Rec Area - Sand Repl, Main	10	+3	1	2,141	1,971	2,141
Rec Area - Sand Repl, Prosa/Alba	10	-2	0	2,417	2,417	2,417
Rec Area - Water Heater, Prosa	10	+11	1	3,940	3,752	3,940
*** CATEGORY SUMMARY:				85,543	42,107	42,714
Tennis Court - Benches 8'	15	0	1	2,670	2,492	2,670
Tennis Court - Chain Link	25	+4	4	13,193	11,373	11,373
Tennis Court - Lighting	25	+4	4	10,272	8,855	8,855
Tennis Court - Resurfacing	6	+4	1	6,048	5,422	6,048
Tennis Court - Windscreen	6	0	1	2,293	1,870	2,293
*** CATEGORY SUMMARY:				34,476	30,013	31,240
Clubhouse - Appliances, 1977	15	+12	2	504	467	504
Clubhouse - Appliances, 1991	15	0	4	1,041	763	763
Clubhouse - Appliances, 1998	15	0	11	1,262	321	321
Clubhouse - Billiard Tables	25	+3	3	7,008	6,257	6,257
Clubhouse - Cabinets, Kitchen	20	+8	3	2,000	1,786	1,786

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

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Carpet	8	+5	0	5,528	5,528	5,528
Clubhouse - Ceramic Tile, Counters	20	-4	7	1,924	1,082	1,082
Clubhouse - Ceramic Tile, Shower	20	+10	5	1,407	1,172	1,172
Clubhouse - Furnishings	10	0	1	20,915	18,824	20,915
Clubhouse - Heat/Air Conditioning	18	+9	2	19,758	18,294	19,527
Clubhouse - Office, Comp./Monitor	5	0	1	4,082	3,252	4,082
Clubhouse - Office, Copier	5	0	1	2,180	1,744	2,180
Clubhouse - Office, Fax Machine	6	+3	1	1,047	928	1,047
Clubhouse - Office, Furnishings	4	+7	1	1,473	1,339	1,473
Clubhouse - Office, Typewriter	6	+7	3	372	286	286
Clubhouse - Restroom Ceramic Tile	20	0	8	12,714	7,542	7,542
Clubhouse - Restroom Counters	16	+4	8	784	465	465
Clubhouse - Restroom Fixtures	25	0	13	5,283	2,499	2,499
Clubhouse - Restroom Lockers	15	0	3	4,122	3,279	3,279
Clubhouse - Restroom Partitions	15	+1	4	2,630	1,969	1,969
Clubhouse - Restroom Shwr Door, 1999	16	0	13	1,040	177	177
Clubhouse - Sink, Kitchen	20	0	11	721	319	319
Clubhouse - Vinyl Sheet Floor, Ktcn	15	0	9	386	154	154
Clubhouse - Wallpaper	15	0	5	6,350	4,233	4,233
Clubhouse - Water Heater	12	+1	1	3,940	3,629	3,940
Clubhouse - Window Blinds	12	+2	4	6,261	4,472	4,472
*** CATEGORY SUMMARY:				114,732	90,783	95,917
Irrigation Controllers	12	0	3	25,016	18,762	18,762
Landscape - Tree Trimming	3	0	1	20,748	12,717	20,748
*** CATEGORY SUMMARY:				45,764	31,479	39,510
Bulletin Board - Clubhouse	10	+2	4	752	485	485
Monument Signs - Clubhouse	30	+3	8	2,988	2,264	2,264
*** CATEGORY SUMMARY:				3,740	2,748	2,748
TOTAL ASSET SUMMARY:				528,221	353,804	369,592
CONTINGENCY @ 3.00%:					10,614	11,088
GRAND TOTAL:					364,418	380,680

Percent Fully Funded: 104%

**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

October 12, 2001

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: NEW HAMPSHIRE & ZURICH  
Policy Limits: \$16,000,000. Each Occurrence  
17,000,000. Aggregate  
Deductible: -0-  
Policy Dates: 1/1/01 TO 1/1/02

PROPERTY COVERAGE

Insurance Company: NEW HAMPSHIRE  
Policy Limits: \$510,000. All Risk Replacement Cost  
Common Area Only  
Deductible: \$1000.  
Policy Dates: 1/1/01 TO 1/1/02

FLOOD INSURANCE

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

EARTHQUAKE INSURANCE

Insurance Company: GREAT AMERICAN  
Policy Limits: \$500,000 LIMIT  
Deductible: 5%

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: 10/12/2001  
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Policy Dates: 1/1/01 TO 1/1/02

DIRECTORS AND OFFICERS LIABILITY

Insurance Company: FEDERAL/ZURICH  
Policy Limits: \$16,000,000.  
Deductible: \$1000.  
Policy Dates: 1/1/01 TO 1/1/02

FIDELITY BOND/DISHONESTY

Insurance Company: ST PAUL FIRE & MARINE  
Policy Limits: \$500,000  
Deductible: \$2500.  
Policy Dates: 2/20/01 TO 2/20/02

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.

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## 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 SIXTEEN MILLION DOLLARS OF GENERAL LIABILITY INSURANCE. THE ASSOCIATION ALSO CARRIES SIXTEEN 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.**