



November 11, 2003

Dear Homeowner,

Enclosed is the approved annual budget for the calendar year 2004. Please note that there will not be any increase in monthly Association dues.

The carefully planned preventative maintenance, adherence to the budget and maintenance of the Association's reserve accounts allow us to keep the dues at the present rate of \$61.00.

Also enclosed are the billing policies including the revised due date for monthly payments for the year 2004, and a summary of the Association's insurance coverage as required by California law. Please note the monthly assessment will continue to be due by the 1<sup>st</sup> of the month, but will be delinquent 15 days after they are due. The usual late fee of \$10.00 will be assessed for all payments received after the 15<sup>th</sup> of each month.

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**  
**2004 Approved Operating Budget**

<b>Category</b>	<b>2003 Projected Actual Totals</b>	<b>2004 Proposed Budget</b>
<b>INCOME</b>		
Assessment Fees	457,500.00	457,500.00
Late Fees	5,500.00	4,200.00
Fines-CC&R Violation	5,100.00	1,000.00
Key Fees	2,600.00	2,400.00
Transfer Fees	2,900.00	3,000.00
Interest Income	14,000.00	14,000.00
Document Fees	1,300.00	1,400.00
Miscellaneous Income	2,000.00	3,000.00
<b>Total Income</b>	<b>\$ 490,900.00</b>	<b>\$ 486,500.00</b>
<b>EXPENSE</b>		
<b>Facilities/Recreation</b>		
Electricity	24,000.00	24,000.00
Gas	10,500.00	10,500.00
Telephone	2,000.00	2,400.00
Waste Collection	1,100.00	1,100.00
Handyman Services	7,200.00	7,400.00
Janitorial Services	10,600.00	11,000.00
Janitorial Supplies	400.00	400.00
Pool Maintenance	11,000.00	11,000.00
Pool Supplies	1,300.00	1,300.00
Pool Repairs	8,500.00	6,000.00
Building Repairs/Plumbing	8,400.00	3,500.00
Electrical Repairs	600.00	600.00
Equipment Repairs	1,500.00	1,100.00
Lifeguard Services	19,800.00	20,500.00
Gate/Lock Repairs	4,200.00	2,500.00
Miscellaneous/Contingency	1,000.00	1,000.00
Tennis Repairs/Supplies	400.00	500.00
Pest Control	1,100.00	1,100.00
Security Services	45,000.00	45,000.00
Licenses/Permits	2,000.00	1,500.00
Subscriptions/Education	600.00	700.00
Social	-	500.00
<b>Total Facilities Expense</b>	<b>\$ 161,200.00</b>	<b>\$ 153,600.00</b>

<b>Landscape Expense</b>		
Landscape Maintenance	121,100.00	121,100.00
Landscape Supplies	1,200.00	1,500.00
Irrigation Repair	8,800.00	8,800.00
Tree Trimming	30,000.00	10,000.00
Water	12,000.00	16,000.00
Concrete R/R Maintenance	1,400.00	2,000.00
<b>Total Landscape Expense</b>	<u>\$ 174,500.00</u>	<u>\$ 159,400.00</u>

<b>Administrative Expense</b>		
Management Services	55,920.00	55,440.00
Administrative Support	-	6,240.00
Audit/Accounting	5,600.00	5,800.00
Federal/State Taxes	10.00	100.00
Property Taxes	-	-
NSF Bank Fees	700.00	500.00
Insurance	16,000.00	18,000.00
Legal	900.00	1,000.00
Postage	3,800.00	3,800.00
Office Supplies	1,850.00	2,000.00
Printing	2,000.00	2,000.00
Newsletter	2,700.00	2,700.00
Miscellaneous	900.00	2,000.00
<b>Total Administrative Expense</b>	<u>\$ 90,380.00</u>	<u>\$ 99,580.00</u>

Total Operating Expense	426,080.00	412,580.00
Reserve Allocations	60,650.00	71,479.00
<b>Total Expense</b>	<u>\$ 486,730.00</u>	<u>\$ 484,059.00</u>

<b>Total Income</b>	\$ 490,900.00	\$ 486,500.00
<b>Total Expense</b>	\$ 486,730.00	\$ 484,059.00
<b>Net Income or &lt;Deficit&gt;</b>	<u>\$ 4,170.00</u>	<u>\$ 2,441.00</u>

**Park Paseo Homeowners Association**  
 Irvine, California  
RDA Reserve Analysis Report Summary

Report Date	November 4, 2003	Parameters:	
Version	015	Inflation	3.00%
Account Number	1393	Annual Contribution Increase	3.00%
Budget Year Beginning	1/ 1/04	Investment Yield	2.00%
Ending	12/31/04	Taxes on Yield	30.00%
Total Units Included	625	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/04:	\$420,797.00

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 4, 2002; September 2000  
 September 1997; January 1995; June 1986

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$5,956.59
( \$9.53 per unit per month)	
Average Net Monthly Interest Contribution This Year:	382.01
Net Monthly Allocation to Reserves 1/ 1/04 to 12/31/04:	\$6,338.60
( \$10.14 per unit per month)	

RDA Reserve Management Software  
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**Park Paseo Homeowners Association**  
Distribution of Accumulated Reserves

REPORT DATE: November 4, 2003  
 VERSION: 015  
 ACCOUNT NUMBER: 1393

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Appliances, 1977	0	550.00	550.00
Clubhouse - Carpet	0	6,182.46	6,182.46
Clubhouse - Furnishings	0	25,000.00	25,000.00
Clubhouse - Heat/Air Conditioning	0	20,777.00	20,777.00
Clubhouse - Office, Comp./Monitor	0	4,326.00	4,326.00
Clubhouse - Office, Copier	0	2,312.00	2,312.00
Clubhouse - Office, Fax Machine	0	1,110.00	1,110.00
Clubhouse - Office, Furnishings	0	2,530.00	2,530.00
Clubhouse - Wallpaper	0	7,217.41	7,217.41
Clubhouse - Water Heater	0	4,179.00	4,179.00
Clubhouse - Window Blinds	0	6,343.16	6,343.16
Golf Cart - Replacement	0	2,000.00	2,000.00
Irrigation Controllers - Enclosures	0	8,750.00	8,750.00
Lighting - Interior, Clubhouse	0	11,723.00	11,723.00
Painting - Int Restrooms, Clubhouse	0	1,867.32	1,867.32
Painting - Int Restrooms, Prosa	0	852.72	852.72
Painting - Wrought Iron, Clubhouse	0	1,487.40	1,487.40
Painting - Wrought Iron, Prosa	0	660.45	660.45
Painting - Wrought Iron, Streets	0	675.40	675.40
Rec Area - Barbecues, Prosa	0	1,136.00	1,136.00
Rec Area - Drinking Fntns, Chilled	0	2,162.00	2,162.00
Rec Area - Sand Repl, Main	0	2,323.76	2,323.76
Rec Area - Sand Repl, Prosa/Alba	0	2,623.60	2,623.60
Rec Area - Water Heater, Prosa	0	4,179.00	4,179.00
Roofs - Cedar Shake	0	4,149.15	4,149.15
Roofs - Composition Roll, Clubhouse	0	591.60	591.60
Tennis Court - Windscreen	0	2,451.48	2,451.48
Clubhouse - Billiard Tables	1	7,039.29	7,039.29
Clubhouse - Cabinets, Kitchen	1	2,040.43	2,040.43
Clubhouse - Restroom Lockers	1	4,010.55	4,010.55
Lighting - Walkway, 1990	1	6,213.11	6,213.11
Painting - Main Spa, Equipment Room	1	1,488.67	1,488.67
Pool - Motor, Prosa	1	546.46	546.46
Pool - Pump, Main	1	3,440.94	3,440.94
Pool Area - Furniture, Main	1	21,779.06	21,779.06
Pool Area - Furniture, Prosa	1	5,270.64	5,270.64
Rec Area - Barbecues, Main, 1994	1	513.03	513.03
Spa - Filter, 60 Sq Ft, Main	1	663.32	663.32
Tennis Court - Benches 8'	1	2,663.53	2,663.53
Wader - Heater, 125K BTU, Main	1	1,485.47	1,485.47
Bulletin Board - Clubhouse	2	655.31	655.31

**Park Paseo Homeowners Association**  
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Appliances, 1991	2	956.80	956.80
Clubhouse - Restroom Partitions	2	2,443.80	2,443.80
Fencing - Wrought Iron, Street, '86	2	2,829.74	2,829.74
Irrigation Controllers - Replace	2	22,610.92	22,610.92
Landscape - Tree Trimming	2	6,818.24	6,818.24
Lighting - Exterior, Main Pool/Club	2	7,997.19	7,997.19
Lighting - Exterior, Prosa, 1992	2	1,567.37	1,567.37
Lighting - Interior, Prosa Cabana	2	1,120.17	1,120.17
Painting - Woodwork, Clubhouse 2000	2	5,187.57	5,187.57
Pool - Filter, 60 Sq Ft, Prosa	2	610.08	610.08
Pool - Heater, 400K Prosa	2	2,030.60	2,030.60
Pool Area - Deck Caulking, Prosa	2	1,012.17	1,012.17
Rec Area - Rstrm Counters, Prosa	2	667.33	667.33
Rec Area - Rstrm Partitions, Prosa	2	1,925.92	1,925.92
Clubhouse - Ceramic Tile, Shower	3	1,334.77	1,334.77
Lighting - Parking Lot, Original	3	4,675.50	4,675.50
Painting - Woodwork, Prosa	3	1,203.01	1,203.01
Parking Lot - Repairs & Replacement	3	396.22	396.22
Parking Lot - Slurry Sealing	3	451.15	451.15
Pool - Pump, Prosa	3	193.13	193.13
Pool - Replaster/Tile Repl, Main	3	26,036.19	26,036.19
Pool Area - Deck Caulking, Main	3	1,260.00	1,260.00
Rec Area - Ceramic Shower, Prosa	3	4,314.46	4,314.46
Rec Area - Rstrm Fixtures, Prosa	3	3,901.04	3,901.04
Spa - Replaster/Tile Repl, Main	3	2,687.39	2,687.39
Tennis Court - Chain Link	3	12,353.40	12,353.40
Clubhouse - Ceramic Tile, Counters	4	1,487.20	1,487.20
Pool - Filter, 72 sq. ft., Main	4	2,608.00	2,608.00
Pool - Replaster/Tile Repl, Prosa	4	12,885.61	12,885.61
Wader - Pump/Motor, Main	4	259.36	259.36
Fencing - Wrought Iron, Main Pool	5	20,455.76	20,455.76
Fencing - Wrought Iron, Prosa Pool	5	9,831.61	9,831.61
Pool - Motor, Main	5	629.25	629.25
Rec Area - Rstrm Tile, Prosa	5	5,104.37	5,104.37
Spa - Heater, 400K BTU, Main	5	1,366.75	1,366.75
Spa - Pump/Motor, Main	5	314.63	314.63
Tennis Court - Lighting	5	8,316.00	8,316.00
Wader - Filter, 36 Sq Ft, Main	5	229.76	229.76
Wader - Replaster/Tile Repl, Main	5	1,968.78	1,968.78
Clubhouse - Restroom Ceramic Tile	6	9,304.89	9,304.89
Clubhouse - Restroom Counters	6	578.17	578.17
Fencing - Wrought Iron, Street, '90	6	379.36	379.36
Pool Area - Diving Board, Main	6	882.09	882.09

**Park Paseo Homeowners Association**  
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Rec Area - Drinking Fntns, Concrete	6	3,755.45	3,755.45
Signs - Monument	6	2,574.00	2,574.00
Tennis Court - Resurfacing	6	0.00	0.00
Clubhouse - Floor, Vinyl Sheet	7	217.60	217.60
Lighting - Walkway, Prosa 1997	8	1,809.33	1,809.33
Pool - Heater, 1,260K BTU, Main	8	5,894.71	5,894.71
Clubhouse - Appliances, 1998	9	521.20	521.20
Clubhouse - Sink, Kitchen	9	408.23	408.23
Tennis Court - Concrete Replacement	10	0.00	0.00
Clubhouse - Restroom Fixtures	11	3,125.42	3,125.42
Clubhouse - Restroom Shwr Door,1999	11	341.96	341.96
Rec Area - Barbecues, Main	12	734.63	734.63
Rec Area - Play Equip, Main, Prosa	13	12,297.67	10,002.78
Trellis - Wood, Patio Cover	14	666.67	0.00
Parking Lot - Asphalt Overlay	15	1,541.83	0.00
Rec Area - Play Equip, Alba	15	4,055.75	0.00
Lighting - Parking Lot, 2000	18	158.91	0.00
Painting - Stucco, Unfunded	72	0.00	0.00
Roofs - Tile, Clubhouse, Unfunded	91	0.00	0.00
Total Asset Summary:		417,258.83	408,540.78
Contingency @ 3.00%:		12,517.76	12,256.22
Grand Total:		429,776.59	420,797.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	98%		

**Park Paseo Homeowners Association**  
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Rec Area - Drinking Fntns, Concrete	6	3,755.45	3,755.45
Signs - Monument	6	2,574.00	2,574.00
Tennis Court - Resurfacing	6	0.00	0.00
Clubhouse - Floor, Vinyl Sheet	7	217.60	217.60
Lighting - Walkway, Prosa 1997	8	1,809.33	1,809.33
Pool - Heater, 1,260K BTU, Main	8	5,894.71	5,894.71
Clubhouse - Appliances, 1998	9	521.20	521.20
Clubhouse - Sink, Kitchen	9	408.23	408.23
Tennis Court - Concrete Replacement	10	0.00	0.00
Clubhouse - Restroom Fixtures	11	3,125.42	3,125.42
Clubhouse - Restroom Shwr Door, 1999	11	341.96	341.96
Rec Area - Barbecues, Main	12	734.63	734.63
Rec Area - Play Equip, Main, Prosa	13	12,297.67	10,002.78
Trellis - Wood, Patio Cover	14	666.67	0.00
Parking Lot - Asphalt Overlay	15	1,541.83	0.00
Rec Area - Play Equip, Alba	15	4,055.75	0.00
Lighting - Parking Lot, 2000	18	158.91	0.00
Painting - Stucco, Unfunded	72	0.00	0.00
Roofs - Tile, Clubhouse, Unfunded	91	0.00	0.00
Total Asset Summary:		417,258.83	408,540.78
Contingency @ 3.00%:		12,517.76	12,256.22
Grand Total:		429,776.59	420,797.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	98%		



**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 1<sup>st</sup> 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 **16 days** after they become due (this has been changed from 30 to 16 days). 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 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, as permitted by law.
  - (d) All fees and costs associated with the preparation and filing of the lien, including all mailing costs, and including attorney's fees as permitted by law.
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 of the assessment or other sums are levied, and the Association may proceed to obtain a personal judgment against such owner(s) in addition to or in lieu of enforcing the lien.
11. Any payments by the 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.

## ASSOCIATION INSURANCE DISCLOSURE

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:

- (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 individual 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 the 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 (\$16,000,000) of general liability insurance. The association also carries one million dollars (\$1,000,000) 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.**

SUMMARY OF CALIFORNIA CIVIL CODE SECTION 1354(b)  
RELATING TO ENFORCEMENT OF GOVERNING DOCUMENTS  
THROUGH ALTERNATIVE DISPUTE RESOLUTION

PLEASE TAKE NOTICE: *California Civil Code Section 1354 addresses your rights to sue the association or another member of the association regarding the enforcement of the governing documents. The following is a summary of the provisions of Civil Code Section 1354, as amended effective January 1, 1994:*

In general, Civil Code Section 1354 encourages parties to a dispute involving enforcement of an association's governing documents to submit the dispute to a form of alternative dispute resolution (ADR) such as mediation or arbitration prior to filing a lawsuit. The intent of the statute is to promote speedy and cost-effective resolution of such disputes, to better preserve community cohesiveness and to channel CC&R disputes away from our state's court system.

Under Civil Code Section 1354, the form of alternative dispute resolution may be binding or non-binding and the costs will be borne as agreed to by the parties involved.

Any party to a dispute regarding enforcement of the governing documents may initiate the process of ADR by serving a Request for Resolution on another party to the dispute. A Request for Resolution must contain (1) a brief description of the nature of the dispute, (2) a request for ADR, and (3) a notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the Request will be deemed rejected.

If the Request is accepted, the ADR must be completed within 90 days of receipt of the acceptance, unless otherwise agreed by the parties. Any Request for Resolution sent to the owner of a separate interest must include a copy of Civil Code Section 1354 in its entirety.

**FAILURE BY ANY MEMBER OF THE ASSOCIATION TO COMPLY WITH THE PREFILING REQUIREMENTS OF SECTION 1354 OF THE CIVIL CODE MAY RESULT IN THE LOSS OF YOUR RIGHTS TO SUE THE ASSOCIATION OR ANOTHER MEMBER OF THE ASSOCIATION REGARDING ENFORCEMENT OF THE GOVERNING DOCUMENTS.**

Should the association or an individual member wish to file a lawsuit for enforcement of the association's governing documents, the law requires the association or the individual to file a certificate with the court stating that ADR has been completed prior to the filing of the suit. Failure to file this certificate can be grounds for dismissing the lawsuit. There are limited exceptions to the filing of this required certificate when (1) one of the other parties to the dispute refused ADR prior to the filing of the complaint, (2) preliminary or temporary injunctive relief is necessary, or (3) the statute of limitations period for filing the suit will expire within 120 days of the lawsuit being filed. Each of these exceptions, however, must also be certified in writing to avoid the court's dismissing the action.

Furthermore, in any lawsuit to enforce the governing documents, while the prevailing party may be awarded attorney's fees and costs, under Civil Code Section 1354 the court may consider any party's refusal to participate in ADR prior to the lawsuit being filed when it determines the amount of the award.

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

November 7, 2003

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

Company: NEW HAMPSHIRE INSURANCE CO.  
Policy : PACKAGE POLICY

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	NEW HAMPSHIRE INSURANCE CO. & ZURICH INSURANCE CO.
Insurance Company:	
Policy Limits:	Each Occurrence \$16,000,000 Aggregate \$17,000,000
Deductible:	
Policy Dates:	01-01-03 TO 01-01-04
PROPERTY COVERAGE	NEW HAMPSHIRE INSURANCE CO.
Insurance Company:	\$510,000
Policy Limits:	All Risk Replacement Cost Common Area Only
Deductible:	\$1,000
Policy Dates:	01-01-03 TO 01-01-04
FLOOD INSURANCE	
Insurance Company:	NONE
Policy Limits:	
Deductible:	
Policy Dates:	
EARTHQUAKE INSURANCE	
Insurance Company:	GREAT AMERICAN INSURNACE CO.
Policy Limits:	\$500,000

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: 11/07/2003  
Page: 2

Deductible: \$25,000  
Policy Dates: 01-01-03 TO 01-01-04

DIRECTORS AND OFFICERS LIABILITY

Insurance Company: CNA INSURANCE COMPANY  
Policy Limits: \$1,000,000  
Deductible: \$1,000  
Policy Dates: 01-01-03 TO 01-01-04

FIDELITY BOND/DISHONESTY

Insurance Company: GREAT AMERICAN INSURANCE CO.  
Policy Limits: \$500,000  
Deductible: \$10,000  
Policy Dates: 10-06-03 TO 01-01-04

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.

JMB

PARK PASEO HOMEOWNERS ASSOCIATION

**SCHEDULE OF FINES AND FEES**

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Whereas it is the policy of the Park Paseo Homeowners Association to protect the rights and priveleges of the members and to enforce the CC&Rs and Rules and Regulations of the Association, therefore, pursuant to the authority vested in the Board of Directors by the CC&Rs and the Bylaws, the following schedule of fines and fees is hereby established and supercedes all previously adopted schedules for such fines and fees:

TYPE OF VIOLATION	1st OFFENSE	2nd OFFENSE	3rd OFFENSE
A. Failure to comply with animal control	Warning	\$25.00	\$50.00 plus possible suspension of privileges.
B. Damage to Association property.	\$50.00 plus repair & legal costs.	\$100.00 plus repair & legal costs.	Legal Action.
C. Littering or disposal of debris on or around common areas.	Warning	\$25.00	\$100.00 plus possible suspension of privileges.
D. Trash containers put out earlier than evening before scheduled pick up and left after eve of pick up.	Warning	\$25.00	\$50.00
E. Unauthorized vehicles in driveway (boats, trailers, RV, etc.)	Warning	\$25.00	\$50.00
F. Use of motor driven vehicles on common area.	Warning	\$50.00	\$100.00 plus suspension and legal action.

G. Failure to comply with, or violation of, CC&Rs or Rule not set forth above.      Warning      \$25.00      \$50.00 plus possible suspension of privileges.

**ADMINISTRATIVE FEES:**

**A. Facility Keys:**

If both keys are lost, two new keys will be issued at a charge of \$200.00. If one key is lost, the remaining key must be turned in and two new keys will be issued at a charge of \$100.00.

**B. Escrow Fees:**

1. Provision of a copy of CC&Rs, Bylaws and Articles of Incorporation to escrow will cost \$50.00 or \$25.00 each if the set is not needed.

2. Escrow transfer fee is \$100.00.

3. Lenders certification letter fee is \$25.00.

**C. Delinquent Account Collection :**

1. Preparation of lien and release documents will be charged at attorney's fees plus actual costs.

2. Attorney's fees are as charged to the Association.

3. Foreclosure costs are attorney's fees plus actual costs.

This Schedule of Fines and Fees was adopted by the Association's Board of Directors on March 11, 1996 and shall be binding on the members of the Association, and shall not be the exclusive remedy of the Association to deal with violations of the CC&Rs, Bylaws or Rules and Regulations. Members shall be responsible for the acts or omissions of their guests, lessees or invitees.

All fines and fees, pursuant to this shedule, shall be imposed by action of the Board of Directors after reasonable notice and hearing.