



November 12, 2004

Dear Homeowner,

Enclosed is the approved annual budget for the calendar year 2005. Please note that there will be an increase in monthly Association dues from \$61.00 to \$62.00. This increase becomes effective on January 1, 2005.

The dues increase is necessitated primarily by expense increases in the cost of utilities and insurance as well as some cost increases passed on by vendors.

Also enclosed are the billing policy for the year 2005, and a summary of the Association's insurance coverage as required by California law.

Please note the monthly assessment is due by the 1<sup>st</sup> of each month, and will be delinquent 15 days after they are due. A courtesy statement will be mailed to homeowners every month. A 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**  
**2005 Approved Operating Budget**

<b>Category</b>	<b>2004 Projected Actual Totals</b>	<b>2005 Proposed Budget</b>
<b>INCOME</b>		
Assessment Fees	457,500.00	465,000.00
Late Fees	4,200.00	4,200.00
Fines-CC&R Violation	1,200.00	1,200.00
Key Fees	2,400.00	2,400.00
Transfer Fees	2,800.00	2,800.00
Interest Income	13,000.00	14,000.00
Document Fees	1,000.00	1,200.00
Miscellaneous Income	5,500.00	3,600.00
<b>Total Income</b>	<b>\$ 487,600.00</b>	<b>\$ 494,400.00</b>
<b>EXPENSE</b>		
<b>Facilities/Recreation</b>		
Electricity	22,000.00	23,100.00
Gas	10,700.00	12,300.00
Telephone	2,200.00	2,160.00
Waste Collection	1,100.00	1,100.00
Handyman Services	7,400.00	7,400.00
Janitorial Services	10,900.00	12,000.00
Janitorial Supplies	850.00	850.00
Pool Maintenance	11,000.00	11,030.00
Pool Supplies	1,100.00	1,200.00
Pool Repairs	5,000.00	5,100.00
Building Repairs/Plumbing	3,500.00	3,600.00
Electrical Repairs	1,200.00	600.00
Equipment Repairs	1,500.00	1,100.00
Lifeguard Services	29,000.00	29,000.00
Gate/Lock Repairs	3,300.00	3,600.00
Miscellaneous/Contingency	1,300.00	1,300.00
Tennis Repairs/Supplies	300.00	500.00
Pest Control	1,080.00	1,080.00
Security Services	46,000.00	47,600.00
Licenses/Permits	1,800.00	1,400.00
Subscriptions/Education	350.00	600.00
Social	700.00	750.00
<b>Total Facilities Expense</b>	<b>\$ 162,280.00</b>	<b>\$ 167,370.00</b>

<b>Landscape Expense</b>		
Landscape Maintenance	121,080.00	121,080.00
Landscape Supplies	1,200.00	1,200.00
Irrigation Repair	8,800.00	8,800.00
Tree Trimming	4,500.00	7,800.00
Water	15,000.00	16,600.00
Concrete R/R Maintenance	5,000.00	2,000.00
<b>Total Landscape Expense</b>	<b>\$ 155,580.00</b>	<b>\$ 157,480.00</b>

<b>Administrative Expense</b>		
Management Services	55,920.00	57,100.00
Administrative Support	5,600.00	6,240.00
Audit/Accounting	5,700.00	5,700.00
Federal/State Taxes	2,000.00	2,600.00
Property Taxes	70.00	70.00
NSF Bank Fees	800.00	480.00
Insurance	17,400.00	18,000.00
Legal	1,200.00	1,200.00
Postage	3,900.00	4,080.00
Office Expenses	2,000.00	1,900.00
Printing	2,000.00	2,000.00
Newsletter	2,700.00	3,000.00
Miscellaneous	1,200.00	1,800.00
<b>Total Administrative Expense</b>	<b>\$ 100,490.00</b>	<b>\$ 104,170.00</b>

Total Operating Expense	418,350.00	429,020.00
Reserve Allocations	71,479.00	76,922.64
Transfer from Unappropriated		(12,000.00)
<b>Total Expense</b>	<b>\$ 489,829.00</b>	<b>\$ 493,942.64</b>

<b>Total Income</b>	<b>\$ 487,600.00</b>	<b>\$ 494,400.00</b>
<b>Total Expense</b>	<b>\$ 489,829.00</b>	<b>\$ 493,942.64</b>
<b>Net Income or &lt;Deficit&gt;</b>	<b>\$ (2,229.00)</b>	<b>\$ 457.36</b>

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

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Report Date</td> <td style="width: 70%;">October 21, 2004</td> </tr> <tr> <td>Version</td> <td>016</td> </tr> <tr> <td>Account Number</td> <td>1393</td> </tr> <tr> <td>Budget Year Beginning</td> <td>1/ 1/05</td> </tr> <tr> <td style="padding-left: 20px;">Ending</td> <td>12/31/05</td> </tr> <tr> <td>Total Units Included</td> <td>625</td> </tr> <tr> <td>Phase Development</td> <td>1 of 1</td> </tr> </table>	Report Date	October 21, 2004	Version	016	Account Number	1393	Budget Year Beginning	1/ 1/05	Ending	12/31/05	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>Inflation</td> <td style="text-align: right;">3.00%</td> </tr> <tr> <td>Annual Contribution Increase</td> <td style="text-align: right;">3.00%</td> </tr> <tr> <td>Investment Yield</td> <td style="text-align: right;">2.00%</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">Reserve Fund Balance as of</td> </tr> <tr> <td>1/ 1/05:</td> <td style="text-align: right;">\$478,630.00</td> </tr> </table>	Parameters:		Inflation	3.00%	Annual Contribution Increase	3.00%	Investment Yield	2.00%	Taxes on Yield	30.00%	Contingency	3.00%	Reserve Fund Balance as of		1/ 1/05:	\$478,630.00
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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: ( \$10.26 per unit per month)	\$6,410.22
Average Net Monthly Interest Contribution This Year:	378.25
Net Monthly Allocation to Reserves 1/ 1/05 to 12/31/05: ( \$10.86 per unit per month)	\$6,788.47

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

REPORT DATE:           October 21, 2004  
 VERSION:                016  
 ACCOUNT NUMBER:       1393

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Parking Lot - Asphalt Overlay	20	+2	14	5,257	1,834	0
Parking Lot - Repairs & Replacement	4	0	2	1,691	845	845
Parking Lot - Slurry Sealing	4	0	2	1,883	942	942
*** CATEGORY SUMMARY:				8,831	3,621	1,787
Roofs - Cedar Shake	25	+1	0	4,577	4,577	4,577
Roofs - Composition Roll, Clubhouse	15	+11	0	609	609	609
Roofs - Tile, Clubhouse, Unfunded	99	0	90	0	0	0
*** CATEGORY SUMMARY:				5,186	5,186	5,186
Painting - Int Restrooms, Clubhouse	8	+2	0	1,933	1,933	1,933
Painting - Int Restrooms, Prosa	8	+2	0	883	883	883
Painting - Main Spa, Equipment Room	5	0	0	1,980	1,980	1,980
Painting - Stucco, Unfunded	99	0	71	0	0	0
Painting - Woodwork, Clubhouse 2000	6	0	1	8,527	6,976	6,976
Painting - Woodwork, Prosa	7	0	2	2,337	1,618	1,618
Painting - Wrought Iron, Clubhouse	3	0	2	1,528	345	345
Painting - Wrought Iron, Prosa	3	0	1	678	452	
Painting - Wrought Iron, Streets	3	0	2	700	158	158
*** CATEGORY SUMMARY:				18,565	14,345	14,345
Fencing - Wrought Iron, Main Pool	10	+10	7	30,338	19,720	19,720
Fencing - Wrought Iron, Street, '04	20	0	19	2,780	83	0
Fencing - Wrought Iron, Street, '90	20	0	5	624	464	464
Fencing - Wrought Iron, Prosa Pool	10	+10	6	14,598	10,219	10,219
*** CATEGORY SUMMARY:				48,340	30,485	30,402
Lighting - Exterior, Main Pool/Club	10	+4	1	9,644	8,934	8,934
Lighting - Exterior, Prosa, 1992	10	+4	1	1,886	1,747	1,747
Lighting - Interior, Clubhouse	25	+2	0	12,066	12,066	12,066
Lighting - Interior, Prosa Cabana	20	+4	1	1,256	1,204	1,204
Lighting - Parking Lot, 2000	22	0	17	1,070	214	0
Lighting - Parking Lot, Original	22	+8	2	5,350	4,993	4,993
Lighting - Walkway, 1990	15	0	0	6,864	6,864	6,864
Lighting - Walkway, Prosa 1997	15	0	7	4,128	2,147	2,147
*** CATEGORY SUMMARY:				42,264	38,169	37,955
Pool - Filter, 60 Sq Ft, Prosa	12	+1	1	742	685	685
Pool - Filter, 72 sq. ft., Main	12	0	3	4,028	3,021	3,021
Pool - Heater, 1,260K BTU, Main	12	0	7	19,626	7,766	7,766
Pool - Heater, 400K Prosa	12	+3	1	2,413	2,252	2,252
Pool - Motor, Main	8	0	4	1,728	864	864
Pool - Motor, Prosa	8	+5	0	609	609	609

Park Paseo Homeowners Association  
RDA Owner's Summary

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Pool - Pump, Main	8	+9	0	3,765	3,765	3,765
Pool - Pump, Prosa	8	0	2	318	239	239
Pool - Replaster/Tile Repl, Main	10	0	2	40,524	32,351	32,351
Pool - Replaster/Tile Repl, Prosa	10	0	3	22,429	15,644	15,644
Spa - Filter, 60 Sq Ft, Main	10	+3	0	742	742	742
Spa - Heater, 400K BTU, Main	10	+2	4	2,413	1,609	1,609
Spa - Pump/Motor, Main	8	0	4	864	432	432
Spa - Replaster/Tile Repl, Main	10	0	2	4,033	3,220	3,220
Wader - Filter, 36 Sq Ft, Main	9	0	4	582	305	305
Wader - Heater, 125K BTU, Main	10	+3	0	1,659	1,659	1,659
Wader - Pump/Motor, Main	8	0	3	545	336	336
Wader - Replaster/Tile Repl, Main	12	0	4	3,529	2,344	2,344
*** CATEGORY SUMMARY:				110,549	77,843	77,843
Pool Area - Deck Caulking, Main	4	0	2	5,180	2,590	2,590
Pool Area - Deck Caulking, Prosa	4	0	1	2,360	1,701	1,701
Pool Area - Diving Board, Main	18	-4	5	1,627	1,028	1,028
Pool Area - Furniture, Main	7	+9	0	23,718	23,718	23,718
Pool Area - Furniture, Prosa	7	+9	0	5,740	5,740	5,740
*** CATEGORY SUMMARY:				38,625	34,777	34,777
Rec Area - Barbecues, Main	14	0	11	6,204	1,211	1,211
Rec Area - Barbecues, Main, 1994	10	+1	0	585	585	585
Rec Area - Barbecues, Prosa	10	+8	0	1,170	1,170	1,170
Rec Area - Ceramic Shower, Prosa	25	0	2	5,440	5,005	5,005
Rec Area - Drinking Fntns, Chilled	12	+9	0	2,308	2,308	2,308
Rec Area - Drinking Fntns, Concrete	30	+3	5	4,745	4,026	4,026
Rec Area - Play Equip, Alba	20	0	14	16,709	5,013	0
Rec Area - Play Equip, Main, Prosa	20	0	12	37,999	14,615	10,833
Rec Area - Rstrm Counters, Prosa	20	+4	1	826	792	792
Rec Area - Rstrm Fixtures, Prosa	25	0	2	4,662	4,289	4,289
Rec Area - Rstrm Partitions, Prosa	15	+9	1	2,402	2,302	2,302
Rec Area - Rstrm Tile, Prosa	25	+2	4	6,997	5,960	5,960
Rec Area - Sand Repl, Main	10	+4	0	2,481	2,481	2,481
Rec Area - Sand Repl, Prosa/Alba	10	+4	0	2,801	2,801	2,801
Rec Area - Water Heater, Prosa	10	+11	0	4,304	4,304	4,304
*** CATEGORY SUMMARY:				99,633	56,861	48,066
Tennis Court - Benches 8'	15	+2	0	2,895	2,895	2,895
Tennis Court - Chain Link	25	+5	2	14,557	13,587	13,587
Tennis Court - Concrete Replacement	10	0	9	61,800	6,180	6,180
Tennis Court - Lighting	25	+7	4	10,384	9,086	9,086
Tennis Court - Resurfacing	6	0	5	9,216	1,536	1,536
Tennis Court - Windscreen	6	0	0	2,531	2,531	2,531
*** CATEGORY SUMMARY:				101,383	35,814	35,814
Clubhouse - Addition	99	0	98	0	0	0

Park Paseo Homeowners Association  
RDA Owner's Summary

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Appliances, 1977	15	+12	0	564	564	564
Clubhouse - Appliances, 1991	15	0	1	1,137	1,061	1,061
Clubhouse - Appliances, 1998	15	0	8	1,377	630	630
Clubhouse - Billiard Tables	25	+3	0	7,518	7,518	7,518
Clubhouse - Cabinets, Kitchen	20	+8	0	2,390	2,390	2,390
Clubhouse - Carpet	8	+5	0	6,312	6,312	6,312
Clubhouse - Ceramic Tile, Counters	20	-5	3	2,288	1,830	1,830
Clubhouse - Ceramic Tile, Shower	20	+10	2	1,646	1,537	1,537
Clubhouse - Floor, Vinyl Sheet	15	0	6	420	252	252
Clubhouse - Furnishings	10	0	0	25,000	25,000	25,000
Clubhouse - Heat/Air Conditioning	18	+9	0	21,379	21,379	21,379
Clubhouse - Office, Comp./Monitor	5	0	0	4,455	4,455	4,455
Clubhouse - Office, Copier	5	0	0	2,381	2,381	2,381
Clubhouse - Office, Fax Machine	6	+3	0	1,143	1,143	1,143
Clubhouse - Office, Furnishings	4	+8	0	2,614	2,614	2,614
Clubhouse - Restroom Ceramic Tile	20	0	5	14,844	11,070	11,070
Clubhouse - Restroom Counters	16	+4	5	944	704	704
Clubhouse - Restroom Fixtures	25	0	10	5,952	3,539	3,539
Clubhouse - Restroom Lockers	15	0	0	4,393	4,393	4,393
Clubhouse - Restroom Partitions	15	+1	1	3,190	2,990	2,990
Clubhouse - Restroom Shwr Door,1999	16	0	10	1,228	444	444
Clubhouse - Sink, Kitchen	20	0	8	768	457	7
Clubhouse - Wallpaper	15	-3	0	7,372	7,372	7,372
Clubhouse - Water Heater	12	+2	0	4,304	4,304	4,304
Clubhouse - Window Blinds	12	0	0	6,462	6,462	6,462
Trellis - Wood, Patio Cover	15	0	13	10,000	1,333	0
*** CATEGORY SUMMARY:				140,082	122,135	120,802
Irrigation Controllers - Enclosures	25	0	0	9,100	9,100	9,100
Irrigation Controllers - Replace	12	+1	1	29,160	26,917	26,917
Landscape - Tree Trimming	3	0	1	25,536	16,250	16,250
*** CATEGORY SUMMARY:				63,796	52,267	52,267
Bulletin Board - Clubhouse	10	+2	1	820	747	747
Signs - Monument	30	+3	5	3,182	2,700	2,700
*** CATEGORY SUMMARY:				4,002	3,447	3,447
Golf Cart - Replacement	12	0	0	2,000	2,000	2,000
*** CATEGORY SUMMARY:				2,000	2,000	2,000
TOTAL ASSET SUMMARY:				683,254	476,948	464,689
CONTINGENCY @ 3.00%:					14,308	13,941
GRAND TOTAL:					491,257	478,630

Percent Fully Funded: 97%

**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 30 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 six million dollars (\$6,000,000) 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.

## Annual Insurance Disclosure

California Civil Code Section 1365.9 requires that the Association provide notice of the amount and type of insurance carried by the association. Park Paseo HOA carries the following policies of insurance:

- A. General Liability Insurance
  - 1. The insurer is: Philadelphia Indemnity
  - 2. The policy limits are: \$ 1,000,000 occ. / \$ 2,000,000 agg.
  - 3. The deductible is: N/A
  - 4. The term of the policy: 01/16/04 - 01/16/05
  
- B. Property Insurance
  - 1. The insurer is: Philadelphia Indemnity
  - 2. The policy limits are: \$ 435,000
  - 3. The deductible is: \$ 1,000
  - 4. The term of the policy: 01/16/04 - 01/16/05
  
- C. Earthquake Insurance
  - 1. The insurer is: Great American
  - 2. The policy limits are: \$ 500,000
  - 3. The deductible is: 7.5% deductible per Bldg / \$25,000 min per occ
  - 4. The term of the policy: 01/01/04 - 01/01/05
  
- D. Fidelity Insurance
  - 1. The insurer is: Great American
  - 2. The policy limits are: \$ 500,000
  - 3. The deductible is: \$ 10,000
  - 4. The term of the policy: 01/01/04 - 01/01/05
  
- E. Directors and Officers
  - 1. The insurer is: CNA
  - 2. The policy limits are: \$ 1,000,000
  - 3. The deductible is: \$ 2,500
  - 4. The term of the policy: 01/01/04 - 01/01/05
  
- F. Umbrella
  - 1. The insurer is: Philadelphia Indemnity
  - 2. The policy limits are: \$ 5,000,000 agg / \$ 5,000,000 occ
  - 3. The deductible is: N/A
  - 4. The term of the policy: 01/16/04 - 01/16/05

Agent Information

Robco Insurance Services, Inc (800) 525-7596

The Association carries the levels of insurance specified by Civil Code Section 1365.9, and pursuant to that section, owners may not be held individually liable **only** for their proportional share of assessments levied to pay the amounts of any judgment which may be rendered in favor of a plaintiff bringing action in tort arising solely by reason of an ownership interest in the common area which exceeds the limits of the Association's insurance.

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.

In the event a member fails to abide by the Architectural Guidelines and Standards, a penalty of \$25.00 may be levied by the Board of Directors for each day the violation exists. This may occur after a third offense has been noted and ignored.

**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.