



November 16, 2007

Dear Homeowner,

Enclosed is the approved Park Paseo Homeowners Association annual budget for calendar year 2008. Please note that the Association's Board of Directors determined that a two dollar (\$2.00) increase to the monthly Association dues was indicated in order to meet increasing operating costs. Effective January 1, 2008, the Association monthly dues will be seventy dollars (\$70.00) per month.

The 2008 budget reflects the projected revenue and costs associated with ongoing maintenance and enhancement of our Association common areas and facilities. As our Association enters its 30th year of existence, we continue to experience increasing costs for utilities (gas, electricity and water) and maintenance of our aging infrastructure. The incremental increase in monthly dues is needed to fund these projected costs and to replenish the reserve funding needs as determined by the Association's reserve study.

One of the major projects that the Board is considering for 2008 is the review and potential use of solar energy to heat the pool and provide electricity for the clubhouse.

We remain in fine financial condition and our modest increase in monthly dues will help insure that we continue to be one of the best association values around!

Also enclosed is the billing policy for calendar year 2008, the Assessment and Reserve Funding Disclosure and summary of the Association's insurance coverage.

Please note the monthly assessment is due by the 1st of each month, and will be delinquent 15 days after it is 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 15th of each month.

Thank you for your involvement and cooperation relative to Association operations. If you have any questions concerning the enclosed documents, please call the Association office at 730-1560

Sincerely,

Your Board of Directors

PARK PASEO HOMEOWNERS ASSOCIATION
2008 Approved Operating Budget

Category	2007 Projected Actual Totals	2008 Approved Budget
INCOME		
Assessment Fees	510,000.00	525,000.00
Late Fees	4,000.00	4,000.00
Fines-CC&R Violation	1,000.00	1,000.00
Key Fees	1,800.00	1,800.00
Transfer Fees	3,650.00	3,500.00
Interest Income	23,500.00	20,500.00
Document Fees	1,150.00	1,100.00
Clubhouse Use Fee	11,000.00	11,000.00
Sale of Easement	16,200.00	
Miscellaneous Income		
Total Income	\$ 572,300.00	\$ 567,900.00
EXPENSE		
Facilities/Recreation		
Electricity	25,000.00	28,500.00
Gas	14,000.00	15,000.00
Telephone	2,950.00	2,940.00
Waste Collection	1,270.00	1,200.00
Handyman Services	9,100.00	9,100.00
Janitorial Services	12,400.00	12,400.00
Janitorial Supplies	1,000.00	1,150.00
Pool Maintenance	13,235.00	13,250.00
Pool Supplies	1,000.00	1,100.00
Pool Repairs	6,100.00	6,000.00
Building Repairs/Plumbing	3,500.00	3,600.00
Electrical Repairs	2,000.00	1,400.00
Equipment Repairs	1,000.00	800.00
Lifeguard Services	17,000.00	22,000.00
Gate/Lock Repairs	1,850.00	3,500.00
Miscellaneous/Contingency	1,700.00	1,200.00
Tennis Repairs/Supplies	350.00	500.00
Pest Control	1,250.00	1,100.00
Security Services	46,000.00	48,000.00
Licenses/Permits	1,100.00	1,500.00
Subscriptions/Education		600.00
Social	1,300.00	1,300.00

Total Facilities Expense	\$ 163,105.00	\$ 176,140.00
Landscape Expense		
Landscape Maintenance	122,650.00	122,650.00
Landscape Supplies	1,950.00	1,700.00
Irrigation Repair	11,500.00	11,000.00
Tree Trimming	14,000.00	10,000.00
Water	24,500.00	24,500.00
Concrete R/R Maintenance	2,300.00	3,000.00
Total Landscape Expense	<u>\$ 176,900.00</u>	<u>\$ 172,850.00</u>
Administrative Expense		
Management Services	62,000.00	64,605.00
Administrative Support	7,150.00	9,360.00
Audit/Accounting	7,350.00	7,350.00
Federal/State Taxes	2,000.00	2,000.00
Property Taxes	75.00	75.00
NSF Bank Fees	940.00	990.00
Insurance	18,000.00	20,000.00
Legal	4,400.00	2,350.00
Postage	4,950.00	4,300.00
Office Expenses	2,100.00	2,200.00
Printing	3,400.00	3,100.00
Newsletter	3,400.00	3,000.00
Miscellaneous	900.00	1,200.00
Total Administrative Expense	<u>\$ 116,665.00</u>	<u>\$ 120,530.00</u>
Total Operating Expense	456,670.00	469,520.00
Reserve Allocations	93,656.00	99,867.00
Transfer from Unappropriated		
Total Expense	\$ 550,326.00	\$ 569,387.00
Total Income	\$ 572,300.00	\$ 567,900.00
Total Expense	\$ 550,326.00	\$ 569,387.00
Net Income or <Deficit>	<u>\$ 21,974.00</u>	<u>\$ (1,487.00)</u>

Park Paseo Homeowners Association
Assessment and Reserve Funding Disclosure Summary

- (1) The current assessment per ownership interest is \$ 70 per MONTH. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached summary.
- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, See note immediately below):	Purpose of the assessment:
Total: \$		

Note: If assessments vary by the size of the type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached report.

- (3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **Yes**
- (4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N/A	
Total:	

- (5) All major components are included in the reserve study and are included in its calculations. At the request of the association, certain reserve components have been excluded as they are maintained through the operating budget.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is \$661,475, based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis, Southern California as of October, 2007. The projected reserve fund cash balance at the end of the current fiscal year is \$590,379, resulting in reserves being 89 percent funded at this date. The association per unit per month deficiency is \$9.48.
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 1365.2.5 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$ (b), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$ (a), leaving the reserve at (c) percent funding. (See below)

Year Ending	Projected Reserve Balance (a)	Estimated Amount Required in Reserves (b)	Percent Fully Funded (c)
2008	\$584,590	\$645,068	91%
2009	\$425,485	\$471,207	90%
2010	\$503,356	\$543,769	93%
2011	\$541,572	\$576,223	94%
2012	\$497,814	\$524,456	95%

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$ (a), leaving the reserve at (b) percent funding. (See below).

Year Ending	Projected Reserve Balance (a)	Percent Fully Funded (b)

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. The preparer of this form will be indemnified and held harmless against all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which may become subject in connection of this engagement, because of any false, misleading or incomplete information which has been relied upon by others, or which may result from any improper use or reliance on the disclosure by you or any third party.

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

Report Date	October 9, 2007	Parameters:	
Version	020	Inflation	3.50%
Account Number	1393	Annual Contribution Increase	3.50%
Budget Year Beginning	1/ 1/08	Investment Yield	4.00%
Ending	12/31/08	Taxes on Yield	30.00%
Total Units Included	625	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/08:	\$590,379.00

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: November 11, 2005; September 2002; September 2000
September 1997; January 1995 and June 1986

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$8,322.21
(\$13.32 per unit per month)	
Average Net Monthly Interest Contribution This Year:	1,218.72
Net Monthly Allocation to Reserves 1/ 1/08 to 12/31/08:	\$9,540.93
(\$15.27 per unit per month)	

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

REPORT DATE: October 9, 2007
VERSION: 020
ACCOUNT NUMBER: 1393

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Concrete - Repairs	10	0	6	56,550	22,620	22,620
*** CATEGORY SUMMARY:				56,550	22,620	22,620
Parking Lot - Asphalt Overlay	20	+3	12	5,885	2,746	0
Parking Lot - Asphalt Repairs	4	0	0	1,844	1,844	1,844
Parking Lot - Asphalt Slurry Seal	4	0	0	2,040	2,040	2,040
*** CATEGORY SUMMARY:				9,768	6,630	3,884
Roofs - Cedar Shake	25	+7	1	5,124	4,964	4,964
Roofs - Composition Roll, Clubhouse	18	+13	0	1,105	1,105	1,105
Roofs - Tile, Clubhouse, Repairs	5	0	3	3,750	1,500	1,500
*** CATEGORY SUMMARY:				9,979	7,569	7,569
Painting - Int Restrooms, Clubhouse	8	0	0	3,669	3,669	3,669
Painting - Int Restrooms, Prosa	8	0	0	1,676	1,676	1,676
Painting - Main Spa, Equipment Room	5	+2	0	2,266	2,266	2,266
Painting - Stucco	10	+1	0	2,000	2,000	2,000
Painting - Woodwork, Clubhouse 2000	5	+2	0	9,651	9,651	9,651
Painting - Woodwork, Prosa	5	+2	0	2,645	2,645	2,645
Painting - Wrought Iron, Clubhouse	3	-1	0	4,985	4,985	4,985
Painting - Wrought Iron, Prosa	3	0	0	2,213	2,213	2,213
Painting - Wrought Iron, Streets	3	-1	0	761	761	761
*** CATEGORY SUMMARY:				29,866	29,866	29,866
Fencing - Wrought Iron, Main Pool	10	+7	1	64,029	60,263	60,263
Fencing - Wrought Iron, Street, '04	20	0	16	3,067	529	0
Fencing - Wrought Iron, Street, '90	20	0	2	796	714	714
Fencing - Wrought Iron, Prosa Pool	10	+8	1	30,010	28,343	28,343
*** CATEGORY SUMMARY:				97,902	89,848	89,320
Lighting - Exterior, Main Pool/Club	10	+7	1	11,522	10,827	10,827
Lighting - Exterior, Prosa, 1992	10	+7	1	2,232	2,097	2,097
Lighting - Interior, Clubhouse	25	+10	4	12,850	11,381	11,381
Lighting - Interior, Prosa Cabana	25	+5	4	1,424	1,234	1,234
Lighting - Parking Lot, 2000	22	0	14	1,179	402	0
Lighting - Parking Lot, Original	22	+10	1	5,895	5,711	5,711
Lighting - Walkway, 1990	15	+4	1	7,744	7,316	7,316
Lighting - Walkway, Prosa 1997	15	0	4	4,552	3,303	3,303
*** CATEGORY SUMMARY:				47,398	42,272	41,870
Main Pool - Filter	12	0	0	4,440	4,440	4,440
Main Pool - Heater	12	0	4	21,653	14,176	14,176
Main Pool - Motor	8	0	1	1,905	1,667	1,667

Park Paseo Homeowners Association
RDA Owner's Summary

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Main Pool - Pump	8	0	5	4,152	1,557	1,557
Main Pool - Refiberglass & Tile	14	0	3	44,887	35,211	35,211
Main Pool - Spa Filter	10	+6	0	817	817	817
Main Pool - Spa Heater	10	+2	1	2,660	2,438	2,438
Main Pool - Spa Pump/Motor	8	0	1	952	833	833
Main Pool - Spa Refiberglass & Tile	12	0	1	5,533	5,069	5,069
Main Pool - Spa, Sump Pump	8	0	7	2,381	183	0
Main Pool - Wader Filter	12	0	4	640	416	416
Main Pool - Wader Heater	12	0	10	2,665	348	0
Main Pool - Wader Pump/Motor	8	0	0	600	600	600
Main Pool - Wader Refiberglassing	14	0	3	4,922	3,861	3,861
*** CATEGORY SUMMARY:				98,207	71,615	71,084
Main Pool Area - Barbecues	14	0	8	6,844	2,838	0
Main Pool Area - Barbecues, 1994	10	+4	0	644	644	644
Main Pool Area - Ceramic Shower	25	+10	4	1,804	1,598	1,598
Main Pool Area - Deck Caulking	4	0	0	7,910	7,910	7,910
Main Pool Area - Furniture, 2001	7	0	0	15,098	15,098	15,098
Main Pool Area - Furniture, 2007	7	0	6	12,921	1,145	1,145
*** CATEGORY SUMMARY:				45,221	29,233	26,395
Prosa Pool - Filter	12	+3	0	817	817	817
Prosa Pool - Heater	12	+5	0	2,660	2,660	2,660
Prosa Pool - Motor	8	0	0	670	670	670
Prosa Pool - Pump	8	0	0	349	349	349
Prosa Pool - Refiberglass & Tile	14	0	4	25,119	17,899	17,899
*** CATEGORY SUMMARY:				29,615	22,395	22,395
Prosa Pool Area - Barbecues	10	+12	0	1,288	1,288	1,288
Prosa Pool Area - Ceramic Shower	25	+5	4	5,965	5,169	5,169
Prosa Pool Area - Deck Caulking	4	0	0	2,608	2,608	2,608
Prosa Pool Area - Furniture	7	0	0	6,312	6,312	6,312
Prosa Pool Area - Rstrm Counters	20	+7	1	916	882	882
Prosa Pool Area - Rstrm Fixtures	25	+2	1	4,653	4,481	4,481
Prosa Pool Area - Rstrm Partitions	20	+10	4	2,642	2,290	2,290
Prosa Pool Area - Rstrm Tile	25	+5	4	7,622	6,606	6,606
Prosa Pool Area - Water Heater	18	+11	3	2,914	2,613	2,613
*** CATEGORY SUMMARY:				34,920	32,248	32,248
Clubhouse - Billiard Tables	25	+8	2	8,234	7,735	7,735
Clubhouse - Carpet, 2005	8	0	5	4,617	1,606	1,606
Clubhouse - Carpet, Orig	8	+18	2	10,004	9,234	9,234
Clubhouse - Doors, Entry, 2005	25	0	22	10,712	1,158	0
Clubhouse - Doors, Entry, Orig	25	+10	4	8,500	7,529	7,529
Clubhouse - Doors, Interior	25	0	7	1,542	1,110	1,110
Clubhouse - Doors, Restrooms	25	+10	4	1,960	1,736	1,736
Clubhouse - Exterior Staircase	30	0	28	15,218	774	0

Park Paseo Homeowners Association
RDA Owner's Summary

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Floor Tile	25	0	22	15,138	1,637	0
Clubhouse - Furnishings	10	0	8	30,000	6,000	0
Clubhouse - Heat/Air Conditioning	20	+12	1	23,410	22,678	22,678
Clubhouse - Kitchen, Appliances	12	0	9	4,350	994	0
Clubhouse - Kitchen, Cabinets	25	0	22	20,139	2,177	0
Clubhouse - Kitchen, Sink	25	0	22	642	69	0
Clubhouse - Office, Refurbishment	20	0	19	10,596	445	0
Clubhouse - Restroom Ceramic Tile	25	0	7	16,036	11,546	3,784
Clubhouse - Restroom Counters	20	0	2	1,048	942	942
Clubhouse - Restroom Fixtures	25	0	7	6,061	4,364	0
Clubhouse - Restroom Lockers	22	0	4	4,802	3,929	3,929
Clubhouse - Restroom Partitions	20	0	2	3,500	3,149	3,149
Clubhouse - Restroom Shower Door	10	0	9	1,616	98	0
Clubhouse - Wallpaper	15	0	12	11,306	2,056	0
Clubhouse - Water Heater	12	0	2	2,914	2,428	2,428
Clubhouse - Window Blinds	10	0	7	12,961	3,575	0
*** CATEGORY SUMMARY:				225,306	96,970	65,860
Tennis Court - Benches 8'	15	+5	0	5,056	5,056	5,056
Tennis Court - Chain Link	25	+12	6	15,997	13,403	13,403
Tennis Court - Lighting	25	+12	6	11,344	9,504	9,504
Tennis Court - Resurfacing	6	+4	6	10,224	4,090	4,090
Tennis Court - Windscreen	6	+4	0	2,728	2,728	2,728
*** CATEGORY SUMMARY:				45,349	34,781	34,781
Rec Area - Drinking Fntns, Concrete	30	0	0	5,115	5,115	5,115
Rec Area - Drinking Fountains	16	+11	1	2,520	2,427	2,427
Rec Area - Play Equip, Alba	20	0	11	18,435	8,296	0
Rec Area - Play Equip, Main, Prosa	20	0	9	41,924	22,574	0
Rec Area - Sand Repl, Main	10	+7	0	2,711	2,711	2,711
Rec Area - Sand Repl, Prosa/Alba	10	+7	0	3,061	3,061	3,061
*** CATEGORY SUMMARY:				73,766	44,184	13,314
Trellis - Wood, Repairs	30	0	0	15,000	15,000	15,000
*** CATEGORY SUMMARY:				15,000	15,000	15,000
Signs - Bulletin Board, Clubhouse	12	+3	1	903	840	840
Signs - Monument	30	0	0	3,540	3,540	3,540
*** CATEGORY SUMMARY:				4,443	4,380	4,380
Golf Cart - Replacement	12	+7	3	5,000	4,211	4,211
*** CATEGORY SUMMARY:				5,000	4,211	4,211
Landscape - Tree Trimming	1	0	0	4,000	4,000	4,000
Landscape - Tree Trimming, Jac.	4	0	2	9,000	3,977	3,977
Landscape - Tree Trimming, Windrow	3	0	1	30,000	18,387	18,387

Park Paseo Homeowners Association
RDA Owner's Summary

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
*** CATEGORY SUMMARY:				43,000	26,364	26,364
Irrigation - Backflow Devices	24	+8	1	8,736	8,463	8,463
Irrigation - Controllers	12	+4	1	37,869	35,502	35,502
Irrigation - Enclosures	24	+8	1	15,337	14,858	14,858
*** CATEGORY SUMMARY:				61,942	58,823	58,823
Termite Control/Fumigation	15	0	3	4,000	3,200	3,200
*** CATEGORY SUMMARY:				4,000	3,200	3,200
TOTAL ASSET SUMMARY:				937,234	642,209	573,184
CONTINGENCY @ 3.00%:					19,266	17,196
GRAND TOTAL:					661,476	590,379

Percent Fully Funded: 89%

**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 **16 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 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.

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.

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.

Insurance Disclosure Statement

(As required by California Civil Code Section 1365)

Park Paseo HOA

**Park Paseo HOA
25 Christamon West
Irvine, CA 92720**

The California **Civil Code** Section 1365 requires that the Association send an insurance disclosure statement to each of its members. Accordingly, we are providing you the following information in compliance with the **Civil Code**.

The following is a summary of the association's insurance coverage for policy period 2007-2008:

1. Property Insurance

- (A) Insurance carrier: Philadelphia Insurance
- (B) The policy limits of insurance: \$435,000.
- (C) The amount of deductible \$1,000.
- (D) The policy term is: 1/16/07 to 1/16/08

2. Liability Insurance

- (A) Insurance carrier: Philadelphia Insurance
- (B) The policy limits of insurance: \$1,000,000 with -0- Deductible
\$5,000,000 Umbrella with \$10,000 Retention
Equals total \$6,000,000 Limit.
- (D) The policy term is: 1/16/07 to 1/16/08

3. Fidelity Bond

- (A) Insurance carrier: Travelers
- (B) The policy limits of insurance: \$500,000.
- (C) The amount of deductible \$10,000.
- (D) The policy term is: 1/16/07 to 1/16/08

4. Directors & Officers Insurance

- (A) Insurance carrier: CNA
- (B) The policy limits of insurance: \$1,000,000 plus \$5,000,000 Umbrella limit
- (C) The amount of deductible \$2,500
- (D) The policy term is: 1/16/07 to 1/16/08

5. Earthquake Insurance

- (A) Insurance carrier: Lloyd's of London
- (B) The policy limits of insurance: \$500,000.
- (C) The amount of deductible 7.5%
- (D) The policy term is: 1/25/07 to 1/25/08

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 those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance 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 of a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID JH
R001093

DATE (MM/DD/YYYY)
02/08/07

PRODUCER Robco Insurance Branch #1 27362 Calle Arroyo San Juan Capistrano CA 92675 Phone: 949-487-6131 Fax: 949-487-6151	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.												
INSURED Park Paseo HOA Park Paseo HOA 25 Christamon West Irvine CA 92720	<table border="1" style="width: 100%;"> <tr> <th style="width: 80%;">INSURERS AFFORDING COVERAGE</th> <th style="width: 20%;">NAIC #</th> </tr> <tr> <td>INSURER A: Philadelphia Insurance</td> <td></td> </tr> <tr> <td>INSURER B: St. Paul Travelers Insurance Co.</td> <td></td> </tr> <tr> <td>INSURER C: CNA Insurance Co.</td> <td></td> </tr> <tr> <td>INSURER D: Great American Insurance Co.</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> </table>	INSURERS AFFORDING COVERAGE	NAIC #	INSURER A: Philadelphia Insurance		INSURER B: St. Paul Travelers Insurance Co.		INSURER C: CNA Insurance Co.		INSURER D: Great American Insurance Co.		INSURER E:	
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INSURER E:													

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	PHPK149110	01/16/07	01/16/08	EACH OCCURRENCE	\$ 1000000
C		<input checked="" type="checkbox"/> D&O Claims Made 2500 Deduct.	0250503666	01/16/07	10/16/08	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100000
		GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				MED EXP (Any one person)	\$ 5000
						PERSONAL & ADV INJURY	\$ 1000000
						GENERAL AGGREGATE	\$ 2000000
						PRODUCTS - COMP/OP AGG	\$ 2000000
						D&O	1000000
A		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	PHPK149110	01/16/07	01/16/08	COMBINED SINGLE LIMIT (Ea accident)	\$ 1000000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$10,000	PHUB055648	01/16/07	01/16/08	EACH OCCURRENCE	\$ 5,000,000.
						AGGREGATE	\$ 5,000,000.
							\$
							\$
							\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS	OTH-ER
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
A		PROP/COMMON AREA	PHPK149110	01/16/07	01/16/08	1000 Ded	435,000.
B		FIDELITY BOND	104838949	01/16/07	01/16/08	10000 Ded	500,000.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

Blank space for Certificate Holder information.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

NOTEPAD:

INSURED'S NAME Park Paseo HOA

R001093

PAGE 3

OP ID JH

DATE 02/08/07

Earthquake -Policy No. 04-756000647-L-00 effective 1/25/07 to 1/25/08
limit \$500,000 with 7.5% deductible on Clubhouse and 10% deductible per
other items.

PARK PASEO HOMEOWNERS ASSOCIATION

SCHEDULE OF FINES AND FEES

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 \$75.00 or \$30.00 each if the set is not needed.

2. Escrow transfer fee is \$150.00.

3. Lenders certification letter fee is \$50.00.

4. Turn around rush fee (24 hour) is \$50.00.

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 schedule, shall be imposed by action of the Board of Directors after reasonable notice and hearing.

Returned Checks:

Checks returned from banks as uncollectible will result in a \$10.00 charge to the homeowner.