



October 13, 2008

Dear Homeowner:

Enclosed is the Board-approved Park Paseo Homeowners Association annual budget for calendar year 2009. As you will note, the dues necessary to meet the obligations of the Association require a six dollar (\$6.00) increase over the current monthly dues. Therefore, effective January 1, 2009, the monthly dues will be seventy-six dollars (\$76.00) a month. Most of this increase (\$4.00) is earmarked to fund reserves to meet the maintenance and replacement obligations on our physical assets, many of which are now 30 years old. The Association contracts with an outside reserve study company every year to ensure that we are setting aside sufficient funds to be able to repair, replace and maintain our community assets as needed. This year's on-site survey was very extensive and provided the Board with valuable input on areas that need to be addressed.

In these difficult times, the Board was very concerned about the impact of a dues increase on the community. While making sure that the reserves were fully funded according to the reserve study, the Board sought to reduce operating expenses in many areas in order to minimize the increase in dues. However, certain operating costs are projected to go up significantly in the next year, especially in the area of utilities.

Over the next year you will see significant activity in updating our main clubhouse and other areas with needed projects, such as the replacement of the perimeter fencing around both pool facilities and the repair of the main facility restrooms. In the future, other priorities will be addressed such as the Prosa pool facility and the spa area at the main pool. The goal is always to protect the value of your investment in not only your home but also your association common areas, which real estate agents have always pointed out as a selling feature for our community in comparison to other neighborhoods in Northwood.

Also enclosed with this letter is the billing policy for calendar year 2009, the Assessment and Reserve Funding Disclosure and a summary of the Association's insurance coverages. Please note that the monthly assessment payment is due by the 1<sup>st</sup> of each month, and is delinquent 15 days after it is due. Though courtesy reminder statements are mailed to homeowners each month, a late fee of \$10.00 is assessed for all payments received after the 15<sup>th</sup> of the month.

Thank you for your involvement and cooperation to make our Association the wonderful community it is. We regret that the dues needed to be increased and will continue to look for ways to reduce operating expenses in the future while maintaining our Association and its facilities as one of the best association values in Irvine. If you have any questions, please call the Association office at 730-1560.

Sincerely,

Your Board of Directors

25 Christamon West, Irvine, California 92620 • (714) 730-1560

**PARK PASEO HOMEOWNERS ASSOCIATION**  
**2009 Approved Operating Budget**

<b>Category</b>	<b>2008 Projected Actual Totals</b>	<b>2009 Approved Budget</b>
<b>INCOME</b>		
Assessment Fees	525,000.00	570,000.00
Late Fees	4,400.00	4,400.00
Fines-CC&R Violation	1,000.00	1,000.00
Key Fees	1,200.00	1,200.00
Transfer Fees	1,150.00	1,150.00
Interest Income	21,000.00	16,000.00
Document Fees	400.00	400.00
Clubhouse Use Fee	11,000.00	13,000.00
Sale of Easement		
Miscellaneous Income	30.00	30.00
<b>Total Income</b>	<b>\$ 565,180.00</b>	<b>\$ 607,180.00</b>
<b>EXPENSE</b>		
<b>Facilities/Recreation</b>		
Electricity	26,000.00	30,000.00
Gas	19,000.00	21,000.00
Telephone	2,800.00	2,900.00
Waste Collection	1,280.00	1,380.00
Handyman Services	5,800.00	7,000.00
Janitorial Services	12,000.00	10,700.00
Janitorial Supplies	1,050.00	1,150.00
Pool Maintenance	13,150.00	13,580.00
Pool Supplies	1,500.00	1,600.00
Pool Repairs	6,500.00	6,500.00
Building Repairs/Plumbing	4,400.00	3,600.00
Electrical Repairs	1,000.00	1,400.00
Equipment Repairs	1,100.00	800.00
Lifeguard Services	16,000.00	16,740.00
Gate/Lock Repairs	2,550.00	1,000.00
Miscellaneous/Contingency	1,200.00	1,300.00
Tennis Repairs/Supplies	400.00	500.00
Pest Control	1,400.00	1,300.00
Security Services	46,500.00	37,900.00
Licenses/Permits	1,500.00	1,500.00
Subscriptions/Education		600.00
Social	2,100.00	2,200.00

<b>Total Facilities Expense</b>	\$ 167,230.00	\$ 164,650.00
<b>Landscape Expense</b>		
Landscape Maintenance	122,650.00	124,800.00
Landscape Supplies	3,300.00	3,300.00
Irrigation Repair	5,800.00	6,500.00
Tree Trimming	5,000.00	4,500.00
Water	24,500.00	26,500.00
Concrete R/R Maintenance	2,000.00	2,500.00
<b>Total Landscape Expense</b>	<u>\$ 163,250.00</u>	<u>\$ 168,100.00</u>
<b>Administrative Expense</b>		
Management Services	64,605.00	66,605.00
Administrative Support	9,360.00	6,860.00
Audit/Accounting	7,350.00	15,000.00
Federal/State Taxes	14,000.00	10,000.00
Property Taxes	80.00	80.00
NSF Bank Fees	800.00	800.00
Insurance	18,110.00	20,000.00
Legal	4,000.00	3,500.00
Postage	5,000.00	1,300.00
Office Expenses	700.00	700.00
Printing	2,500.00	1,500.00
Newsletter	3,600.00	2,880.00
Miscellaneous	1,000.00	1,000.00
<b>Total Administrative Expense</b>	<u>\$ 131,105.00</u>	<u>\$ 130,225.00</u>
Total Operating Expense	461,585.00	462,975.00
Reserve Allocations	114,491.00	144,665.00
Transfer from Unappropriated		
<b>Total Expense</b>	\$ 576,076.00	\$ 607,640.00
<b>Total Income</b>	\$ 565,180.00	\$ 607,180.00
<b>Total Expense</b>	\$ 576,076.00	\$ 607,640.00
<b>Net Income or &lt;Deficit&gt;</b>	<u>\$ (10,896.00)</u>	<u>\$ (460.00)</u>

**Park Paseo Homeowners Association**  
**Assessment and Reserve Funding Disclosure Summary**

- (1) The current assessment per ownership interest is \$ 76 per m.o.. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page N/A 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 \$778,440, based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis, Southern California as of September, 2008. The projected reserve fund cash balance at the end of the current fiscal year is \$593,198, resulting in reserves being 76 percent funded at this date. The association per unit per month deficiency is \$24.70.
- (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)
2009	\$458,572	\$601,943	76%
2010	\$540,968	\$661,145	82%
2011	\$438,344	\$534,316	82%
2012	\$423,388	\$505,988	84%
2013	\$457,078	\$529,102	86%

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)
	Please See Above	

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	September 2, 2008	Parameters:	
Version	021	Inflation	3.50%
Account Number	1393	Annual Contribution Increase	3.50%
Budget Year Beginning	1/ 1/09	Investment Yield	3.00%
Ending	12/31/09	Taxes on Yield	30.00%
Total Units Included	625	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/09:	\$593,198.00

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: August 8, 2008; November 2005; September 2002  
September 2000; September 1997

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$11,391.04
( \$18.23 per unit per month)	
Average Net Monthly Interest Contribution This Year:	664.45
Net Monthly Allocation to Reserves 1/ 1/09 to 12/31/09:	\$12,055.49
( \$19.29 per unit per month)	

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

REPORT DATE: September 2, 2008  
 VERSION: 021  
 ACCOUNT NUMBER: 1393

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Concrete - Repairs	1	0	0	5,000	5,000	5,000
*** CATEGORY SUMMARY:				5,000	5,000	5,000
Parking Lot - Asphalt Overlay	20	0	8	10,435	6,154	0
Parking Lot - Asphalt Repairs	4	0	0	3,923	3,923	3,923
Parking Lot - Asphalt Slurry Seal	4	0	0	2,118	2,118	2,118
*** CATEGORY SUMMARY:				16,477	12,196	6,041
Roofs - Cedar Shake	25	0	0	5,274	5,274	5,274
Roofs - Composition Roll, Clubhouse	18	0	0	1,136	1,136	1,136
Roofs - Tile, Clubhouse, Replace	50	0	37	23,090	5,975	0
*** CATEGORY SUMMARY:				29,500	12,384	6,409
Painting - Int Restrooms, Clubhouse	8	0	8	3,767	0	0
Painting - Int Restrooms, Prosa	8	0	0	1,720	1,720	1,720
Painting - Main Spa, Equipment Room	5	0	0	2,332	2,332	2,332
Painting - Stucco	10	+4	1	2,500	2,315	2,315
Painting - Woodwork, Clubhouse 2000	5	+5	1	10,026	8,971	8,971
Painting - Woodwork, Prosa	5	+2	0	2,748	2,748	2,748
Painting - Wrought Iron, Streets	3	0	0	872	872	872
Painting - Wrt. Iron, Pools Unfund	10	0	10	0	0	0
*** CATEGORY SUMMARY:				23,965	18,957	18,957
Fencing - Wrought Iron, Main Pool	25	-8	0	95,000	95,000	95,000
Fencing - Wrought Iron, Prosa Pool	25	0	25	35,000	0	0
Fencing - Wrought Iron, Street, '04	20	0	15	3,173	711	0
Fencing - Wrought Iron, Street, '90	20	0	1	805	764	764
Walls - Stucco Repairs	25	0	0	5,000	5,000	5,000
*** CATEGORY SUMMARY:				138,979	101,475	100,764
Lighting - Exterior, Main Pool/Club	10	+9	2	11,884	10,605	10,605
Lighting - Exterior, Prosa, 1992	10	+9	2	2,300	2,052	2,052
Lighting - Interior, Clubhouse	25	+13	6	13,245	11,154	0
Lighting - Interior, Prosa Cabana	25	+5	3	1,468	1,321	1,321
Lighting - Parking Lot, 2000	22	0	13	1,220	474	0
Lighting - Parking Lot, Original	22	+12	2	6,100	5,741	5,741
Lighting - Walkway	15	+8	4	49,725	40,718	0
*** CATEGORY SUMMARY:				85,942	72,065	19,720
Main Pool - Filter	12	+3	2	4,752	4,118	4,118
Main Pool - Heater	12	0	3	22,410	16,606	16,606
Main Pool - Motor	8	+1	1	1,971	1,752	1,752
Main Pool - Pump	8	0	4	4,297	2,149	0

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

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Main Pool - Refiberglass & Tile	14	0	2	50,483	43,228	43,228
Main Pool - Spa Filter	10	+8	1	845	797	797
Main Pool - Spa Heater	10	+3	1	2,753	2,541	2,541
Main Pool - Spa Pump/Motor	8	+2	2	985	788	788
Main Pool - Spa Refiberglass & Tile	12	0	0	6,383	6,383	6,383
Main Pool - Spa, Sump Pump	8	0	6	2,464	514	0
Main Pool - Wader Filter	12	0	3	662	488	488
Main Pool - Wader Heater	12	0	9	2,758	600	0
Main Pool - Wader Pump/Motor	8	+2	1	621	558	558
Main Pool - Wader Refiberglassing	14	0	2	5,725	4,902	4,902
*** CATEGORY SUMMARY:				107,109	85,424	82,161
Main Pool Area - Barbecues	14	-7	0	7,083	7,083	7,083
Main Pool Area - Barbecues, 1994	10	+7	2	667	585	585
Main Pool Area - Ceramic Shower	25	+13	6	1,850	1,558	0
Main Pool Area - Deck Caulking	4	0	0	8,750	8,750	8,750
Main Pool Area - Deck, Repairs	30	+3	1	10,854	10,525	10,525
Main Pool Area - Furniture, 2001	7	+3	2	16,446	13,157	13,157
Main Pool Area - Furniture, 2007	7	0	5	13,373	3,216	0
*** CATEGORY SUMMARY:				59,023	44,875	40,100
Prosa Pool - Filter	12	0	11	1,297	65	0
Prosa Pool - Heater	12	0	0	2,753	2,753	2,753
Prosa Pool - Motor	8	0	0	693	693	693
Prosa Pool - Pump	8	+3	1	361	328	328
Prosa Pool - Refiberglass & Tile	14	0	3	26,348	20,668	20,668
*** CATEGORY SUMMARY:				31,452	24,508	24,442
Prosa Pool Area - Barbecues	10	+15	2	1,334	1,227	1,227
Prosa Pool Area - Ceramic Shower	25	+3	1	6,119	5,901	5,901
Prosa Pool Area - Deck Caulking	4	0	3	2,885	627	627
Prosa Pool Area - Deck Repairs	30	0	3	5,364	4,828	4,828
Prosa Pool Area - Furniture	7	+3	2	7,698	6,158	6,158
Prosa Pool Area - Rstrm Counters	20	+9	2	944	879	879
Prosa Pool Area - Rstrm Fixtures	25	+4	2	4,772	4,443	4,443
Prosa Pool Area - Rstrm Partitions	20	+10	3	2,714	2,443	2,443
Prosa Pool Area - Rstrm Tile	25	+5	3	7,817	7,035	3,213
Prosa Pool Area - Water Heater	18	+11	2	3,007	2,800	2,800
Prosa Pool Area - Wood Repairs	5	0	0	3,500	3,500	3,500
*** CATEGORY SUMMARY:				46,154	39,840	36,018
Clubhouse - Billiard Tables	25	+10	3	8,496	7,768	7,768
Clubhouse - Carpet, 2005	8	0	4	4,779	2,285	0
Clubhouse - Carpet, Original	8	+20	3	10,353	9,243	9,243
Clubhouse - Doors, Entry, 2005	25	0	21	11,086	1,648	0
Clubhouse - Doors, Entry, Orig	25	0	0	8,772	8,772	8,772
Clubhouse - Doors, Interior	25	0	6	1,593	1,211	0

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

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Doors, Restrooms	25	+13	6	2,020	1,701	0
Clubhouse - Exterior Staircase	30	0	27	15,750	1,335	0
Clubhouse - Floor Tile	25	0	21	15,667	2,329	0
Clubhouse - Furnishings	10	0	7	30,000	9,000	0
Clubhouse - HVAC Heat/Air Clubhouse	20	+12	0	24,159	24,159	24,159
Clubhouse - HVAC Heat/Air, Office	20	0	19	3,000	150	0
Clubhouse - Kitchen, Appliances	12	0	8	4,502	1,415	0
Clubhouse - Kitchen, Cabinets	25	0	21	20,843	3,098	0
Clubhouse - Kitchen, Sink	25	0	21	664	99	0
Clubhouse - Office, Equipment	8	0	6	10,000	2,340	0
Clubhouse - Office, Refurbishment	20	0	18	10,966	1,014	0
Clubhouse - Restroom	25	0	25	0	0	0
Clubhouse - Restroom Ceramic Tile	25	0	25	16,712	0	0
Clubhouse - Restroom Counters	20	0	20	1,072	0	0
Clubhouse - Restroom Fixtures	25	0	25	6,216	0	0
Clubhouse - Restroom Lockers/Bench	22	0	22	20,000	0	0
Clubhouse - Restroom Partitions	20	0	20	4,525	0	0
Clubhouse - Restroom Shower Door	10	0	10	1,672	0	0
Clubhouse - Wallpaper	15	0	11	11,678	2,919	0
Clubhouse - Water Heater	12	+1	2	3,007	2,544	2,544
Clubhouse - Window Blinds	10	0	6	13,414	5,088	0
*** CATEGORY SUMMARY:				260,945	88,119	52,487
Tennis Court - Benches 8'	15	+8	2	5,859	5,350	5,350
Tennis Court - Chain Link	25	+12	5	16,553	14,316	0
Tennis Court - Lighting	25	+12	5	11,648	10,074	0
Tennis Court - Resurfacing	6	+1	2	10,656	7,611	7,611
Tennis Court - Windscreen	6	0	0	2,847	2,847	2,847
*** CATEGORY SUMMARY:				47,563	40,198	15,808
Rec Area - Drinking Fntns, Concrete	30	+4	2	5,275	4,965	4,965
Rec Area - Drinking Fountains	16	0	0	2,588	2,588	2,588
Rec Area - Play Equip, Alba	18	0	8	19,080	10,600	0
Rec Area - Play Equip, Main, Prosa	18	0	6	43,391	28,514	0
Rec Area - Sand Repl, Main	10	0	0	2,781	2,781	2,781
Rec Area - Sand Repl, Prosa/Alba	10	0	0	3,140	3,140	3,140
*** CATEGORY SUMMARY:				76,256	52,588	13,474
Clubhouse - Deck, Railing, Wood	12	+1	4	4,086	2,829	0
Trellis - Wood, Repairs	30	0	0	35,000	35,000	35,000
*** CATEGORY SUMMARY:				39,086	37,829	35,000
Signs - Bulletin Board, Clubhouse	12	+6	3	934	772	0
Signs - Monument	30	0	0	12,000	12,000	12,000
*** CATEGORY SUMMARY:				12,934	12,772	12,000
Golf Cart - Replacement	12	+8	3	5,000	4,250	4,250



Park Paseo Homeowners Association  
RDA Owner's Summary

DESCRIPTION	USE +/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
*** CATEGORY SUMMARY:			5,000	4,250	4,250
Landscape - Tree Trimming	1	0	4,000	4,000	4,000
Landscape - Tree Trimming, Iron Bar	2	0	4,500	0	0
Landscape - Tree Trimming, Jac.	4	0	9,000	6,488	6,488
Landscape - Tree Trimming, Windrow	3	0	30,000	30,000	30,000
*** CATEGORY SUMMARY:			47,500	40,488	40,488
Irrigation - Backflow Devices	24	+10	8,890	8,367	8,367
Irrigation - Controllers	12	+6	39,150	34,800	34,800
Irrigation - Enclosures	24	+10	16,716	15,733	15,733
*** CATEGORY SUMMARY:			64,756	58,900	58,900
Termite Control/Fumigation	15	0	4,500	3,900	3,900
*** CATEGORY SUMMARY:			4,500	3,900	3,900
TOTAL ASSET SUMMARY:			1,102,140	755,768	575,920
CONTINGENCY @ 3.00%:				22,673	17,278
GRAND TOTAL:				778,441	593,198

Percent Fully Funded: 76%

**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. 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 92620**

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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 2008-2009:

### **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: 1/16/08 to 1/16/09

### **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: 1/16/08 to 1/16/09

### **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: 1/16/08 to 1/16/09

**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: 1/16/08 to 1/16/09

**5. Earthquake Insurance**

- (A) Insurance carrier: Lloyd's of London
- (B) The policy limits of insurance: \$620,000.
- (C) The amount of deductible 7.5%
- (D) The policy term is: 1/25/08 to 1/25/09

**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 SA  
R001093

DATE (MM/DD/YYYY)  
07/18/08

PRODUCER  
Robco Insurance Branch #3  
CERTIFICATE DEPARTMENT  
31501 Rancho Viejo Rd., #103  
San Juan Capistrano CA 92675  
Phone: 949-240-7130 Fax: 949-240-7514

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

**INSURERS AFFORDING COVERAGE**

**NAIC #**

INSURER A: Travelers  
INSURER B: Philadelphia Insurance  
INSURER C: CNA Insurance Co.  
INSURER D:  
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	
B		GENERAL LIABILITY	PHPK203975	01/16/08	01/16/09	EACH OCCURRENCE	\$ 1000000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100000
C		<input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR	0250503666	01/16/08	01/16/09	MED EXP (Any one person)	\$ 5000
		<input checked="" type="checkbox"/> D&O Claims Made				PERSONAL & ADV INJURY	\$ 1000000
		\$2,500 Deduct.				GENERAL AGGREGATE	\$ 2000000
		GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$ 2000000
		<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				<b>D&amp;O Limit</b>	<b>1000000</b>
B		AUTOMOBILE LIABILITY	PHPK203975	01/16/08	01/16/09	COMBINED SINGLE LIMIT (Ea accident)	\$ 1000000
		<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
		<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
		<input checked="" type="checkbox"/> HIRED AUTOS				AUTO ONLY - EA ACCIDENT	\$
		<input checked="" type="checkbox"/> NON-OWNED AUTOS				OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
B		GARAGE LIABILITY				EACH OCCURRENCE	\$ 5000000
		<input type="checkbox"/> ANY AUTO				AGGREGATE	\$ 5000000
B		EXCESS/UMBRELLA LIABILITY	PHUB075091	01/16/08	01/16/09		\$
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE					\$
		<input type="checkbox"/> DEDUCTIBLE					\$
		<input checked="" type="checkbox"/> RETENTION \$10000					\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS	OTHER
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	\$
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$
		OTHER				E.L. DISEASE - POLICY LIMIT	\$
A		Employee Dishonest	104838949	01/16/08	01/16/09	10K Ded.	\$500,000
B		Prop Comm Area	PHPK203975	01/16/08	01/16/09	1000 Ded	\$435,000.

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

\*Except for 10 days NOC for non-payment of premium.\*

**CERTIFICATE HOLDER**

**CANCELLATION**

**EVIDENC**

EVIDENCE OF COVERAGE

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 SA

DATE 07/18/08

Earthquake: Limit 620,000 with 7.5% deductible on building and 10% deductible on each item covered, effective 1/25/08 to 1/25/09 Carrier is Lloyd's Syndicate #4242

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 privileges 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.

