



Homeowners Association

November 17, 2010

Dear Homeowner:

Enclosed is the Board-approved Park Paseo Homeowners Association (the "Association") annual budget for calendar year 2011. As you will note, the dues necessary to meet the obligations and reserve requirements of the Association require a two-dollar (\$2.00) increase over the current monthly dues. Therefore, effective January 1, 2011, the monthly dues will be eighty-three dollars (\$83.00).

Each year the Association contracts with an outside reserve study company to ensure that sufficient funds are set in order to maintain, repair and replace our community assets as needed. As a result of the 2010 survey, the Board redefined certain reserve expenditures as operating expenses, notably tree trimming, concrete walkway repairs and landscape renovation. These category changes, along with increased maintenance and repair costs to irrigation and electrical systems, as well as general aging infrastructure maintenance, a slight increase in monthly dues is required.

Over the next year, you will continue to see upgrade and maintenance activity in the neighborhood.

The 2010 planned projects include:

- Painting and wood repair at the Christamon clubhouse facility and Prosa pool building
- Replacement of the patio cover at the Christamon pool
- Additional greenbelt walkway concrete repair
- Sand replacement at the tot lots
- New and additional benches and trash receptacles throughout the community

Also enclosed with this letter are the Association's billing policy for calendar year 2011, the Assessment and Reserve Funding Disclosure, and a summary of insurance coverage. Please note that the monthly assessment payment is due by the 1<sup>st</sup> of each month, and is delinquent on the 15<sup>th</sup> day of the month. A late fee of ten dollars (\$10.00) is assessed for payments received after the 15<sup>th</sup> of the month. Courtesy reminder statements are mailed to homeowners each month but non receipt of the statement does not absolve homeowners of timely payment.

Thank you for your continued involvement and cooperation to make our Association a wonderful community. If you have any questions, please call the Association office at (714) 730-1560.

Sincerely,

Your Board of Directors

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

**PARK PASEO HOMEOWNERS ASSOCIATION  
2011 Proposed Operating Budget**

Category	2010 Approved Budget	2010 Projected Actual Totals	2011 Proposed Budget
<b>INCOME</b>			
Assessment Fees	607,500.00	607,500.00	622,500.00
Late Charges	4,400.00	4,400.00	3,900.00
Interest Income	10,000.00	6,000.00	6,000.00
Clubhouse Rental	13,000.00	15,000.00	14,000.00
Transfer Fees	1,350.00	1,800.00	1,500.00
Fines-CC&R Violation	1,000.00	500.00	600.00
Document Fees	1,500.00	1,800.00	1,500.00
Key Income/Fees	1,000.00	1,500.00	1,000.00
Miscellaneous/NSF Income	50.00	130.00	100.00
<b>Total Income</b>	<b>\$ 639,800.00</b>	<b>\$ 638,630.00</b>	<b>\$ 651,100.00</b>
<b>EXPENSE</b>			
<b>Utilities Expense</b>			
Electricity	30,500.00	29,000.00	31,200.00
Gas	14,900.00	14,500.00	15,200.00
Water	26,500.00	25,000.00	26,500.00
Telephone, payphones & internet	3,400.00	3,400.00	5,000.00
Waste Collection/Refuse	1,455.00	1,455.00	1,455.00
<b>Total Utilities Expense</b>	<b>76,755.00</b>	<b>73,355.00</b>	<b>79,355.00</b>
<b>Facilities/Recreation</b>			
<b>Pool &amp; Spa</b>			
Pool Maintenance Contract	13,700.00	13,700.00	13,700.00
Pool Supplies/Chemicals	2,000.00	1,900.00	1,900.00
Pool Repairs	5,700.00	5,700.00	5,700.00
Lifeguard Services	16,500.00	16,600.00	16,500.00
<b>Total Pool &amp; Spa Expense</b>	<b>37,900.00</b>	<b>37,900.00</b>	<b>37,800.00</b>
<b>Landscape &amp; Irrigation</b>			
Landscape Maintenance Contract	124,800.00	124,800.00	124,800.00
Landscape Renovation & Supplies	3,300.00	16,000.00	10,000.00
Irrigation Repair	6,500.00	6,900.00	15,000.00
Concrete R/R Maintenance	2,500.00	21,600.00	9,000.00
Tree Trimming	4,000.00	4,500.00	12,000.00
<b>Total Landscape &amp; Irrigation</b>	<b>141,100.00</b>	<b>173,800.00</b>	<b>170,800.00</b>
<b>General Maintenance</b>			
Miscellaneous/Contingency	1,200.00	1,200.00	1,200.00

Janitorial Services Contract	10,925.00	10,925.00	10,925.00
Janitorial Supplies	1,150.00	1,150.00	1,350.00
Janitorial Maintenance Extras	790.00	790.00	790.00
Pest Control (also bees)	1,500.00	1,300.00	1,500.00
Gate/Lock Repairs	500.00	500.00	500.00
Maintenance & Repair (handyman)	7,000.00	7,200.00	7,500.00
Building Repairs	2,500.00	2,000.00	3,000.00
Plumbing	600.00	600.00	800.00
Electrical Repairs	1,400.00	1,600.00	2,600.00
Equipment Repairs	600.00	500.00	600.00
Tennis Repairs/Supplies	500.00	500.00	600.00
Vandalism	200.00	200.00	200.00
Security Services	37,900.00	37,900.00	39,000.00
Common Area Misc	300.00	300.00	300.00
<b>Total General Maintenance</b>	<b>67,065.00</b>	<b>66,665.00</b>	<b>70,865.00</b>
<b>Total Facilities/Rec Expense</b>	<b>246,065.00</b>	<b>278,365.00</b>	<b>279,465.00</b>
<b>Administrative Expense</b>			
Federal/State Taxes	9,500.00	9,500.00	6,500.00
Audit	2,000.00	2,725.00	2,725.00
Reserve Study	1,700.00	2,000.00	1,800.00
Licenses/Permits/Property Taxes	880.00	880.00	880.00
Legal/Professional	4,000.00	4,000.00	5,000.00
Accounting Services (Asyst)	21,660.00	21,660.00	22,000.00
Computer & Internet services	600.00	600.00	600.00
Insurance (liab,D&O,erthqk,wrkr cmp)	18,000.00	21,300.00	22,500.00
Management Services	72,996.00	72,996.00	72,996.00
Administrative Support	4,680.00	4,680.00	4,680.00
Subscriptions/Education/Memberships	600.00	600.00	600.00
Postage	1,350.00	1,350.00	1,400.00
Social & Meetings (e.g. July 4th)	2,050.00	2,100.00	2,500.00
Office Supplies/Expenses/Mileage	1,115.00	1,115.00	2,000.00
Printing	700.00	900.00	1,400.00
NSF Bank Fees	40.00	40.00	40.00
Miscellaneous	1,000.00	1,000.00	1,000.00
<b>Total Administrative Expense</b>	<b>\$ 142,871.00</b>	<b>\$ 147,446.00</b>	<b>\$ 148,621.00</b>
Total Operating Expense	465,691.00	499,166.00	507,441.00
Reserve Allocations	174,665.00	174,665.00	141,479.88
<b>Total Expense</b>	<b>\$ 640,356.00</b>	<b>\$ 673,831.00</b>	<b>\$ 648,920.88</b>
<b>Total Income</b>	<b>\$ 639,800.00</b>	<b>\$ 638,630.00</b>	<b>\$ 651,100.00</b>
<b>Total Expense</b>	<b>\$ 640,356.00</b>	<b>\$ 673,831.00</b>	<b>\$ 648,920.88</b>
<b>Net Income or &lt;Deficit&gt;</b>	<b>\$ (556.00)</b>	<b>\$ (35,201.00)</b>	<b>\$ 2,179.12</b>

# Park Paseo Homeowners Association

## Assessment and Reserve Funding Disclosure Summary For the Fiscal Year January 1, 2011 through December 31, 2011

- (1) The regular assessment per ownership interest is **\$83** per mo. *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:
N/A		
	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.
- (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 \$785,029, based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis California, LLC as of September 28, 2010. The projected reserve fund cash balance at the end of the current fiscal year is \$576,089, resulting in reserves being 73 percent funded at this date. The current deficiency in reserve funding expressed on a per unit basis is \$334.
- (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 recommendation below)*

Year Ending	Projected Reserve Balance (a)	Estimated Amount Required in Reserves (b)	Percent Fully Funded (c)
2011	\$547,673	\$713,089	77%
2012	\$644,138	\$784,333	82%
2013	\$468,827	\$583,299	80%
2014	\$409,606	\$511,404	80%
2015	\$412,558	\$504,656	82%

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 approved budget below)*

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

At the time this summary was prepared, the assumed long-term before tax interest rate earned on reserve funds was 2% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2% per year.

*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 Reserve Analysis Report Summary

Report Date	September 28, 2010	Parameters:	
Version	025	Inflation	2.00%
Account Number	1393	Annual Contribution Increase	2.00%
Budget Year Beginning	1/ 1/11	Investment Yield	2.00%
Ending	12/31/11	Taxes on Yield	30.00%
Total Units Included	625	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/11:	\$576,089.00

Project Profile & Introduction

For budgeting purposes, unless otherwise indicated, we have used the following placed-in-service dates for aging all of the original components throughout these areas:

Clubhouse/Main Pool.....January 1977  
 Prosa Pool.....January 1982

RDA field inspections: September 17, 2010; August 2008; November 2005  
 September 2002; September 2000; September 1997

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$11,240.63
( \$17.99 per unit per month)	
Average Net Monthly Interest Contribution This Year:	549.36
Net Monthly Allocation to Reserves 1/ 1/11 to 12/31/11:	\$11,789.99
( \$18.86 per unit per month)	

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

REPORT DATE: September 28, 2010  
 VERSION: 025  
 ACCOUNT NUMBER: 1393

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Carpet, Original	0	10,981.53	10,981.53
Clubhouse - Doors, Entry, Orig	0	13,950.00	13,950.00
Fencing - Wrought Iron, Street, '90	0	854.00	854.00
Irrigation - Enclosures	0	24,000.00	24,000.00
Landscape - Tree Trimming, Jac.	0	9,000.00	9,000.00
Main Pool Area - Barbecues	0	7,513.00	7,513.00
Main Pool Area - Barbecues, 1994	0	707.00	707.00
Main Pool Area - Deck Caulking	0	9,292.50	9,292.50
Main Pool Area - Deck, Repairs	0	11,407.53	11,407.53
Painting - Int Restrooms, Prosa	0	1,810.16	1,810.16
Painting - Main Spa, Equipment Room	0	2,486.00	2,486.00
Painting - Stucco	0	3,000.00	3,000.00
Painting - Woodwork, Clubhouse 2000	0	10,681.80	10,681.80
Painting - Woodwork, Prosa	0	2,927.52	2,927.52
Painting - Wrought Iron, Streets	0	945.56	945.56
Prosa Pool Area - Water Heater	0	3,189.00	3,189.00
Prosa Pool Area - Wood Repairs	0	3,500.00	3,500.00
Rec Area - Sand Repl, Main	0	6,000.36	6,000.36
Signs - Monument	0	3,000.00	3,000.00
Termite Control/Fumigation	0	4,650.00	4,650.00
Trellis - Wood, Repairs	0	35,000.00	35,000.00
Walls - Stucco Repairs	0	5,000.00	5,000.00
Main Pool - Spa Pump/Motor	1	931.82	931.82
Main Pool - Wader Refiberglassing	1	4,664.80	4,664.80
Parking Lot - Asphalt Repairs	1	1,449.87	1,449.87
Parking Lot - Asphalt Slurry Seal	1	1,459.36	1,459.36
Prosa Pool Area - Deck Caulking	1	2,264.60	2,264.60
Prosa Pool Area - Deck Repairs	1	5,449.68	5,449.68
Tennis Court - Resurfacing	1	9,828.00	9,828.00
Tennis Court - Windscreen	1	2,833.40	2,833.40
Clubhouse - Carpet, 2005	2	3,745.56	3,745.56
Clubhouse - Doors, Sliding Doors	2	6,847.22	6,847.22
Clubhouse - HVAC Heat/Air Clubhouse	2	24,205.17	24,205.17
Irrigation - Controllers	2	39,600.00	39,600.00
Landscape - Tree Trimming, Windrow	2	8,823.53	8,823.53
Lighting - Exterior, Main Pool/Club	2	11,359.46	11,359.46
Lighting - Exterior, Prosa, 1992	2	2,197.50	2,197.50
Main Pool - Filter	2	5,294.12	5,294.12
Main Pool - Motor	2	1,208.33	1,208.33
Main Pool - Pump	2	4,125.00	4,125.00
Main Pool - Refiberglass & Tile	2	46,340.31	46,340.31

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

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Main Pool - Spa Pump/Motor, Booster	2	2,004.55	2,004.55
Main Pool - Spa Refiberglass & Tile	2	6,120.42	6,120.42
Main Pool - Wader Filter	2	964.77	964.77
Main Pool - Wader Pump/Motor	2	633.12	633.12
Main Pool Area - Furniture, 2001	2	14,470.00	14,470.00
Prosa Pool - Heater	2	10,909.09	10,909.09
Prosa Pool - Pump/Motor Systems	2	1,537.50	1,537.50
Prosa Pool - Refiberglass & Tile	2	25,977.65	25,977.65
Prosa Pool Area - Barbecues	2	1,309.26	1,309.26
Prosa Pool Area - Ceramic Shower	2	6,014.47	6,014.47
Prosa Pool Area - Furniture	2	6,770.00	6,770.00
Rec Area - Drinking Fountains	2	2,565.10	2,565.10
Rec Area - Sand Repl, Prosa/Alba	2	6,174.64	6,174.64
Clubhouse - Billiard Tables	3	8,281.30	8,281.30
Clubhouse - Deck, Railing, Wood	3	3,435.93	3,435.93
Clubhouse - Water Heater	3	2,591.06	2,591.06
Golf Cart - Replacement	3	4,318.18	4,318.18
Lighting - Interior, Prosa Cabana	3	1,408.31	1,408.31
Lighting - Parking Lot, Original	3	5,968.38	5,968.38
Lighting - Walkway	3	73,953.07	73,953.07
Main Pool - Heater	3	16,361.96	16,361.96
Main Pool - Spa Filter	3	992.11	992.11
Main Pool - Spa Heater	3	2,737.50	2,737.50
Main Pool Area - Furniture, 2007	3	7,722.04	1,287.65
Prosa Pool Area - Rstrm Tile	3	7,441.36	0.00
Rec Area - Drinking Fntns, Concrete	3	5,136.76	0.00
Signs - Bulletin Board, Clubhouse	3	835.71	0.00
Clubhouse - Window Blinds	4	8,341.72	0.00
Lighting - Interior, Clubhouse	4	12,592.53	0.00
Main Pool - Spa, Sump Pump	4	1,234.71	0.00
Main Pool Area - Ceramic Shower	4	1,739.48	0.00
Prosa Pool Area - Rstrm Counters	4	861.21	0.00
Prosa Pool Area - Rstrm Fixtures	4	4,407.12	0.00
Prosa Pool Area - Rstrm Partitions	4	2,504.55	0.00
Rec Area - Play Equip, Main, Prosa	4	35,510.40	0.00
Clubhouse - Furnishings	5	15,000.00	0.00
Clubhouse - Doors, Interior	6	1,314.44	0.00
Clubhouse - Doors, Restrooms	6	1,819.00	0.00
Clubhouse - Kitchen, Appliances	6	2,319.77	0.00
Clubhouse - Office, Equipment	6	3,898.31	0.00
Painting - Int Restrooms, Clubhouse	6	990.99	0.00
Rec Area - Play Equip, Alba	6	13,494.00	0.00
Tennis Court - Chain Link	6	14,883.50	0.00

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

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Tennis Court - Lighting	6	10,404.00	0.00
Main Pool - Wader Heater	7	1,095.65	0.00
Parking Lot - Asphalt Overlay	7	7,336.97	0.00
Clubhouse - Wallpaper	9	4,775.23	0.00
Painting - Aluminum, Pools	9	947.68	0.00
Prosa Pool - Filter, 2008	9	323.38	0.00
Lighting - Parking Lot, 2000	11	626.58	0.00
Prosa Pool - Filter, 2010	11	120.83	0.00
Roofs - Composition Roll, Clubhouse	12	389.33	0.00
Fencing - Wrought Iron, Street, '04	13	1,102.67	0.00
Clubhouse - Restroom Shower Door	14	221.00	0.00
Rec Area - Trash Cans	15	0.00	0.00
Tennis Court - Benches	15	0.00	0.00
Clubhouse - Office, Refurbishment	16	2,248.20	0.00
Clubhouse - HVAC Heat/Air, Office	17	476.40	0.00
Clubhouse - Restroom Counters	18	353.60	0.00
Clubhouse - Restroom Partitions	18	475.50	0.00
Clubhouse - Doors, Entry, 2005	19	2,701.62	0.00
Clubhouse - Floor Tile	19	3,818.34	0.00
Clubhouse - Kitchen, Cabinets	19	5,079.78	0.00
Clubhouse - Kitchen, Sink	19	161.50	0.00
Clubhouse - Restroom Lockers/Bench	20	1,818.18	0.00
Clubhouse - Restroom	23	0.00	0.00
Clubhouse - Restroom Appoxy Floor	23	166.29	0.00
Clubhouse - Restroom Ceramic Tile	23	1,179.63	0.00
Clubhouse - Restroom Fixtures	23	511.76	0.00
Fencing - Aluminum, Prosa Pool	24	1,854.00	0.00
Roofs - Cedar Shake	24	411.93	0.00
Clubhouse - Exterior Staircase	25	2,548.68	0.00
Fencing - Aluminum, Main Pool	29	3,257.72	0.00
Trellis - Prosa Pool	29	352.93	0.00



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

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Roofs - Tile, Clubhouse, Replace	35	7,334.59	0.00
Total Asset Summary:		762,163.63	559,309.71
Contingency @ 3.00%:		22,864.91	16,779.29
Grand Total:		785,028.54	576,089.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	73%		

**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.

1. **Property Insurance** **Policy # PHPK503567**
  - (A) Insurance carrier: Philadelphia Insurance Company
  - (B) The policy limits of insurance: \$435,000
  - (C) The amount of deductible \$1,000
  - (D) The policy term is: 01/16/10 to 01/16/11
  
2. **Liability Insurance** **Policy # PHPK503567**
  - (A) Insurance carrier: Philadelphia Insurance Company
  - (B) The policy limits of insurance: \$1,000,000-Occurrence/\$2,000,000-Aggregate
  - (C) The amount of deductible N/A
  - (D) The policy term is: 01/16/10 to 01/16/11
  
3. **Umbrella Insurance** **Policy # PHUB291835**
  - (A) Insurance carrier: Philadelphia Insurance Company
  - (B) The policy limits of insurance: \$5,000,000-Occurrence/\$5,000,000-Aggregate
  - (C) The amount of deductible \$10,000
  - (D) The policy term is: 01/16/10 to 01/16/11
  
4. **Fidelity Bond** **Policy # 104838949**
  - (A) Insurance carrier: Travelers Insurance Company
  - (B) The policy limits of insurance: \$500,000
  - (C) The amount of deductible \$10,000
  - (D) The policy term is: 01/16/10 to 01/16/11

5. **Directors & Officers Insurance** Policy # 0250503666

- (A) Insurance carrier: CNA Insurance Company
- (B) The policy limits of insurance: \$1,000,000
- (C) The amount of deductible \$2,500
- (D) The policy term is: 01/16/10 to 01/16/11

6. **Earthquake Insurance** Policy # 04-7500144301-L-00

- (A) Insurance carrier: Lloyd's Syndicate #4242
- (B) The policy limits of insurance: \$562,432-Buildings/\$100,000-Additional Property
- (C) The amount of deductible 7.5% deductible per building (clubhouse) and 10% deductible on additional property
- (D) The policy term is: 01/25/10-01/25/11

7. **Worker's Compensation Insurance** Policy # C070178102

- (A) Insurance carrier: Zenith Insurance Company
- (B) The policy limits of insurance: \$1,000,000-Per Accident/Per Employee/Policy Limit
- (C) The amount of deductible N/A
- (D) The policy term is: 02/14/10-02/14/11

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 HG  
PARKP-5

DATE (MM/DD/YYYY)  
05/13/10

**PRODUCER**  
Armstrong/Robitaille/Riegle  
(Formerly Robco Insurance Svc)  
31501 Rancho Viejo Rd #103  
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 92620

**INSURERS AFFORDING COVERAGE**

NAIC #

INSURER A: Philadelphia Insurance Company  
INSURER B: CNA Insurance Company  
INSURER C: Travelers Insurance Company  
INSURER D: Lloyd's of London  
INSURER E: Zenith Insurance Company

**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		<b>GENERAL LIABILITY</b>	PHPK503567	01/16/10	01/16/11	EACH OCCURRENCE	\$ 1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
B		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	0250503666	01/16/10	01/16/11	MED EXP (Any one person)	\$ 5,000
		<input checked="" type="checkbox"/> D&O DED-\$2,500				PERSONAL & ADV INJURY	\$ 1,000,000
		<b>CLAIMS MADE</b>				GENERAL AGGREGATE	\$ 2,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$ 2,000,000
		<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				<b>D&amp;O LIMIT</b>	<b>\$1,000,000</b>
A		<b>AUTOMOBILE LIABILITY</b>	PHPK503567	01/16/10	01/16/11	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
		<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					
		<input checked="" type="checkbox"/> NON-OWNED AUTOS					
		<b>GARAGE LIABILITY</b>				AUTO ONLY - EA ACCIDENT	\$
		<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC	\$
						AUTO ONLY: AGG	\$
A		<b>EXCESS/UMBRELLA LIABILITY</b>	PHUB291835	01/16/10	01/16/11	EACH OCCURRENCE	\$ 5,000,000
		<input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 5,000,000
		<input type="checkbox"/> DEDUCTIBLE					\$
		<input checked="" type="checkbox"/> RETENTION \$10,00					\$
E		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>	C070178102	02/14/10	02/14/11	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS	OTH-ER
		E.L. EACH ACCIDENT				\$ 1,000,000	
		E.L. DISEASE - EA EMPLOYEE				\$ 1,000,000	
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
A		<b>OTHER</b>					
		PROP/Common AREA	PHPK503567	01/16/10	01/16/11	DED-\$1000	\$435,000
C		FIDELITY BOND CRIM	104838949	01/16/10	01/16/11	DED-\$10K	\$500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS  
(\* ) EXCEPT 10-DAY NOTICE OF CANCELLATION FOR NON-PAYMENT OF PREMIUM.

**CERTIFICATE HOLDER**

**CANCELLATION**

EVIDENCE 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

Glenn Robinson



**NOTEPAD:**

INSURED'S NAME Park Paseo HOA

PARKP-5  
OP ID HG

PAGE 2  
DATE 05/13/10

COMPANY D-LLOYD's SYNDICATE #4242 (EARTHQUAKE)

POLICY #04-7500144301-L-00 EFFECTIVE 01/25/10-01/25/11

Limits: \$562,432-Buildings/\$100,000-Additional Property TOTAL: \$662,432

Deductibles: 7.5% deductible per building (clubhouse) and 10% deductible on additional property

EXCLUDES FLOOD

SCHEDULE OF FINES & FEES

Whereas, it is the policy of the Park Paseo Homeowners Association (PPHOA) to protect the rights and privileges of the members and to enforce the CC&R's and Rules and Regulations of the Association, therefore, pursuant to the authority vested in the Board of Directors by the CC&R's and the Bylaws, the following schedule of fines and fees is hereby established and supersedes all previously adopted schedules for such fines and fees.

<b>VIOLATION TYPE</b>	<b>1<sup>st</sup> OFFENSE</b>	<b>2<sup>nd</sup> OFFENSE</b>	<b>3<sup>rd</sup> OFFENSE</b>
A. Failure to comply with animal control rules	Warning	\$25.00	\$50.00 + poss. suspension of privileges
B. Damage to Assoc. Property	\$50.00 + repair & legal costs	\$100.00 + repair & legal costs	Legal Action
C. Littering or disposal of debris on or around common areas	Warning	\$25.00	\$50.00
D. Trash containers put out earlier than Sun. eve.- Or left out after eve of pickup	Warning	\$25.00	\$50.00
E. Unauthorized vehicles in driveways (boats, trailers RV's, Commercial veh.	Warning	\$25.00	\$50.00
F. Use of motor vehicles in common areas	Warning	\$25.00	\$50.00
G. Failure to comply with, or violation of, CC&R's or Rule not set forth above	Warning	\$25.00	\$50.00

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 the CC&R's, Bylaws, and Articles of Incorporation to escrow will cost \$75.00, or \$30.00 each if the entire set is not needed.
2. Escrow transfer fee is \$150.00.
3. Facility keys (2) \$300.00, unless returned to Association office two weeks prior to close of escrow.
4. Lenders certification letter fee is \$50.00.
5. Copies of 12 months BOD meeting minutes is \$60.00.
6. Rush fee for 24-hour turnaround is \$50.00 additional.

### **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.

### **D. Returned Checks**

Checks returned from banks or financial institutions as 'uncollectable' will result in a \$10.00 charge to the homeowner in addition to bank charges.

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&R's, 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.