

NOV 30 2013

949.768.7261 | 800.369.7260 | pcminternet.com
23726 Birtcher Drive, Lake Forest, CA 92630

November 26, 2013

Dear Park Paseo Homeowner:

In compliance with Civil Code §1365, attached is the budget for the Park Paseo Homeowners Association's fiscal year ending December 31, 2014. This budget reflects the continuing efforts of the Board of Directors to maintain and enhance the Association's common areas. The budget indicates an increase in monthly dues of \$4.00 in order to adequately cover rising operating costs (such as landscape maintenance, utilities, etc.) for the Association and to fund the reserve accounts for future repairs and replacements (such as the pool deck repairs, wood repairs and replacements, roof repairs and replacements, etc.). **Therefore, effective January 1, 2014 your new assessment rate will be \$89.00 per month.**

The Board of Directors is constantly evaluating the Association funds regarding special assessments that may be necessary to replace, repair or restore any major component to the reserve program. A special assessment is not planned at this time.

The Association annually evaluates its reserve requirements and has retained the services of a professional reserve analyst to review the funding program and to provide recommendations for future funding of the reserve accounts. A summary of the study is provided for your review and copies of the complete reserve study are available upon request.

In addition, to the fiscal year budget and reserve study, please find the following disclosure items:

- Reserve Assessment and Funding Disclosure Summary
- Association's Assessment and Billing Collection Policy/AB2289
- Summary of the Association's insurance coverage
- Summary of California Civil Code Sections 1363.850 and 1369.590 regarding IDR, Internal Dispute Resolution, and ADR, Alternative Dispute Resolution

California Civil Code §1363 requires the Association to advise all owners of the right to obtain a copy of the minutes of the General Session Board of Directors meetings. Any requests for such meeting minutes must be made in writing to the Board at the address below and a distribution fee will be charged. Minutes are also available on the Association's website, which is www.parkpaseoirvine.com.

In addition, California Civil Code §1367.1 (k) requires the Association to advise all owners of the right to submit a secondary address to the association for the purpose of assessment collection, provided that the request is made in writing and mailed to the association in a manner that shall indicate that the association has received it.

California Civil Code §1378 (c) requires the Association to annually provide its members with any requirements for association approval of physical changes to the property. A description of the types of changes that require approval, as well the as the procedure used to evaluate the applications, has also been included for your review.

Thank you for your continued support of the Association. If you should have any questions regarding the enclosed information, please contact your Community Manager, Trevor Fenwick at PCM, (949) 465 - 2415. Thank you.

Sincerely,

PARK PASEO HOMEOWNERS ASSOCIATION BOARD OF DIRECTORS

Better Living. Maintained.

PARK PASEO HOMEOWNERS ASOC.
Fiscal Year End - December, 2014
Annual Budget 625 Units

			<u>ANNUAL AMOUNT</u>	<u>MONTHLY AMOUNT</u>	<u>PER UNIT/ PER MONTH</u>
INCOME:					
4010	0000	ASSESSMENTS - OWNERS	667,500	55,625.00	89.00
4206	0000	KEY INCOME	1,500	125.00	.20
4231	0000	CLUBHOUSE RENTAL	7,500	625.00	1.00
TOTAL INCOME			676,500	56,375.00	90.20
GENERAL & ADMINISTRATIVE:					
5002	0000	AUDIT	1,800	150.00	.24
5006	0000	BANK CHARGES	0	.00	.00
5026	0000	INSURANCE EXPENSE	18,000	1,500.00	2.40
5033	0000	LEGAL	3,000	250.00	.40
5034	0000	COLLECTION/LEGAL COSTS & FEES	500	41.67	.07
5036	0000	LICENSES & FEES	1,400	116.67	.19
5039	0000	MANAGEMENT FEES	60,000	5,000.00	8.00
5041	0000	MISCELLANEOUS	1,000	83.33	.13
5041	1033	SOCIAL EVENTS	2,500	208.33	.33
5043	0000	NEWSLETTER	1,500	125.00	.20
5046	0000	PRINTING	3,000	250.00	.40
5047	0000	POSTAGE	4,500	375.00	.60
5050	0000	RESERVE ANALYSIS FEES	2,300	191.67	.31
5061	0000	SALARIES & RELATED	20,000	1,666.67	2.67
5068	0000	OFFICE SUPPLIES	5,000	416.67	.67
5090	0000	TAXES	200	16.67	.03
5096	0000	COPIES	2,000	166.67	.27
TOTAL GENERAL & ADMIN. EXPEN			126,700	10,558.33	16.89
LANDSCAPE:					
5225	1004	IRRIGATION REPAIRS	12,000	1,000.00	1.60
5235	0000	LANDSCAPE MAINT. CONTRACT	125,000	10,416.67	16.67
5236	0000	LANDSCAPE EXTRAS	10,000	833.33	1.33
5236	1058	LANDSCAPE RENOVATION	20,000	1,666.67	2.67
5290	1012	TREE TRIMMING	12,000	1,000.00	1.60
TOTAL LANDSCAPE EXPENSES			179,000	14,916.67	23.87
MAINTENANCE:					
5202	0000	KEYS AND LOCKS	1,800	150.00	.24
5205	0000	BUILDING REPAIRS & MAINT.	3,000	250.00	.40
5218	0000	ELECTRICAL MAINTENANCE	500	41.67	.07
5220	1002	EQUIPMENT MAINTENANCE	500	41.67	.07
5231	0000	JANITORIAL SERVICE CONTRACT	12,486	1,040.50	1.66
5231	1000	JANITORIAL EXTRAS	1,000	83.33	.13
5231	1003	JANITORIAL SUPPLIES	1,500	125.00	.20
5244	0000	PLUMBING REPAIRS	1,000	83.33	.13

PARK PASEO HOMEOWNERS ASOC.
 Fiscal Year End - December, 2014
 Annual Budget 625 Units

			<u>ANNUAL AMOUNT</u>	<u>MONTHLY AMOUNT</u>	<u>PER UNIT/ PER MONTH</u>
MAINTENANCE:					
5249	0000	POOL CONTRACT	14,000	1,166.67	1.87
5250	0000	POOL REPAIRS	7,500	625.00	1.00
5250	1000	POOL SUPPLIES/CHEMICALS	2,000	166.67	.27
5250	1008	POOL MONITOR	20,000	1,666.67	2.67
5251	0000	PEST CONTROL	1,500	125.00	.20
5255	0000	REPAIRS & MAINTENANCE	12,000	1,000.00	1.60
5255	1028	CONCRETE REPAIR	25,000	2,083.33	3.33
5255	1084	TENNIS COURT MAINTENANCE	500	41.67	.07
5293	0000	VANDALISM	150	12.50	.02
5296	0000	LIGHTING MAINTENANCE CONTRACT	888	74.00	.12
TOTAL MAINTENANCE EXPENSES			105,324	8,777.00	14.04
PROPERTY PROTECTION:					
5363	0000	PROPERTY PROTECTION	45,000	3,750.00	6.00
TOTAL PROPERTY PROTECTION EX			45,000	3,750.00	6.00
UTILITIES:					
5419	0000	ELECTRICITY	28,000	2,333.33	3.73
5423	0000	GAS	13,000	1,083.33	1.73
5454	0000	REFUSE DISPOSAL	1,500	125.00	.20
5481	0000	TELEPHONE	4,000	333.33	.53
5495	0000	WATER	30,000	2,500.00	4.00
TOTAL UTILITIES			76,500	6,375.00	10.20
RESERVES:					
6000	0000	LIGHTING	12,668	1,055.67	1.69
6008	0000	CONTINGENCY	4,193	349.42	.56
6025	0000	IRRIGATION SYSTEM	3,884	323.67	.52
6034	1031	LANDSCAPE RESERVE	14,851	1,237.58	1.98
6039	0000	CLUBHOUSE RESERVE	26,669	2,222.42	3.56
6046	1000	TRELLIS RESERVE	3,223	268.58	.43
6048	0000	PAINTING RESERVE	6,800	566.67	.91
6050	1002	POOL/SPA	14,620	1,218.33	1.95
6050	1051	POOL AREA	11,996	999.67	1.60
6050	1055	PROSA POOL	5,296	441.33	.71
6050	1056	PROSA POOL AREA	6,143	511.92	.82
6053	1033	ROOF BUILDING	2,726	227.17	.36
6057	1000	RECREATION AREA RESERVE 2	10,489	874.08	1.40
6065	0000	FENCES & WALLS	11,352	946.00	1.51
6068	1002	SIGNS	221	18.42	.03
6084	0000	TENNIS COURT	5,169	430.75	.69
6085	1050	ASPHALT/SLURRY COAT	3,294	274.50	.44

PARK PASEO HOMEOWNERS ASOC.
Fiscal Year End - December, 2014
Annual Budget 625 Units

	<u>ANNUAL AMOUNT</u>	<u>MONTHLY AMOUNT</u>	<u>PER UNIT/ PER MONTH</u>
RESERVES:			
6086 1000 TERMITE RESERVE	382	31.83	.05
TOTAL RESERVES	143,976	11,998.00	19.20
TOTAL EXPENSES	676,500	56,375.00	90.20
NET PROFIT (LOSS)	0	.00	.00
	=====	=====	=====

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

Report Date	November 18, 2013	Parameters:	
Version	032	Inflation	2.00%
Account Number	1393	Annual Contribution Increase	2.00%
Budget Year Beginning	1/ 1/14	Investment Yield	1.00%
Ending	12/31/14	Taxes on Yield	30.00%
Total Units Included	625	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/14:	\$759,538.00

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: October 11, 2013

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$10,305.29
(\$16.49 per unit per month)	
Average Net Monthly Interest Contribution This Year:	239.55
Net Monthly Allocation to Reserves 1/ 1/14 to 12/31/14:	\$10,544.84
(\$16.87 per unit per month)	

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

REPORT DATE: November 18, 2013
 VERSION: 032
 ACCOUNT NUMBER: 1393

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Carpet, Replace	0	11,770.00	11,770.00
Clubhouse - Doors, Entry, Orig	0	15,132.00	15,132.00
Clubhouse - Doors, Sliding Original	0	6,244.00	6,244.00
Clubhouse - HVAC Heat/Air Clubhouse	0	29,718.00	29,718.00
Clubhouse - Water Heater	0	3,433.00	3,433.00
Golf Cart - Replacement, Unfunded	0	0.00	0.00
Landscape - Tree Trimming, Windrow	0	30,000.00	30,000.00
Lighting - Exterior, Main Pool/Club	0	13,350.00	13,350.00
Lighting - Exterior, Prosa, 1992	0	2,580.00	2,580.00
Lighting - Walkway	0	110,000.03	110,000.03
Main Pool - Spa Pump/Motor	0	1,100.00	1,100.00
Main Pool Area - Deck Repair	0	25,000.00	25,000.00
Main Pool Area - Furniture, 2001	0	18,625.00	18,625.00
Main Pool Area - Furniture, 2007	0	15,276.00	15,276.00
Painting - Wrought Iron, Streets	0	165.78	165.78
Prosa Pool - Heater	0	15,000.00	15,000.00
Prosa Pool Area - Ceramic Shower	0	6,978.25	6,978.25
Prosa Pool Area - Deck Repairs	0	12,500.00	12,500.00
Prosa Pool Area - Furniture	0	8,705.00	8,705.00
Prosa Pool Area - Water Heater	0	3,433.00	3,433.00
Rec Area - Drinking Fountain, Pross	0	1,452.00	1,452.00
Rec Area - Sand Repl, Alba	0	7,000.00	7,000.00
Rec Area - Sand Repl, Main	0	6,000.00	6,000.00
Rec Area - Sand Repl, Prosa	0	6,000.00	6,000.00
Roofs - Tile, Clubhouse, Replace	0	54,000.00	54,000.00
Signs - Monument	0	3,167.00	3,167.00
Clubhouse - Doors, Interior	1	1,816.32	1,816.32
Lighting - Interior, Clubhouse	1	14,919.76	14,919.76
Main Pool - Spa Heater	1	3,000.00	3,000.00
Main Pool - Spa, Sump Pump	1	2,442.05	2,442.05
Main Pool - Wader Filter	1	884.10	884.10
Parking Lot - Asphalt Repairs	1	1,490.20	1,490.20
Parking Lot - Asphalt Slurry Seal	1	1,393.61	1,393.61
Tennis Court - Resurfacing	1	10,996.36	10,996.36
Tennis Court - Windscreen	1	3,093.39	3,093.39
Termite Control/Fumigation	1	4,723.58	4,723.58
Clubhouse - Furnishings	2	24,000.00	24,000.00
Irrigation - Enclosures	2	24,516.77	24,516.77
Landscape - Tree Trimming, Jac.	2	4,304.35	4,304.35
Lighting - Parking Lot, Original	2	6,631.54	6,631.54
Main Pool - Filter	2	5,076.92	5,076.92

Park Paseo Homeowners Association
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Main Pool - Heater	2	17,433.16	17,433.16
Main Pool - Spa Filter	2	1,186.36	1,186.36
Main Pool - Spa Pump/Motor, Booster	2	2,228.57	2,228.57
Main Pool Area - Barbecues	2	2,627.67	2,627.67
Painting - Main Spa, Equipment Room	2	1,537.60	1,537.60
Painting - Woodwork, Clubhouse	2	6,601.59	6,601.59
Painting - Woodwork, Prosa	2	1,809.27	1,809.27
Prosa Pool - Pump/Motor Systems	2	1,800.00	1,800.00
Prosa Pool Area - Rstrm Counters	2	992.00	992.00
Prosa Pool Area - Rstrm Fixtures	2	5,123.76	5,123.76
Prosa Pool Area - Rstrm Partitions	2	2,912.94	2,912.94
Prosa Pool Area - Wood Repairs	2	2,100.00	2,100.00
Clubhouse - Billiard Tables	3	8,878.15	8,878.15
Clubhouse - Deck, Railing, Wood	3	3,816.24	3,816.24
Clubhouse - Doors, Restrooms	3	2,164.50	2,164.50
Clubhouse - Kitchen, Appliances	3	3,819.77	3,819.77
Clubhouse - Office, Equipment	3	6,949.15	6,949.15
Clubhouse - Wallpaper	3	9,871.61	9,871.61
Clubhouse - Window Blinds	3	11,382.06	11,382.06
Lighting - Interior, Prosa Cabana	3	1,557.94	1,557.94
Main Pool Area - Ceramic Shower	3	1,952.10	1,952.10
Main Pool Area - Deck Caulking	3	2,896.25	2,896.25
Painting - Int Restrooms, Clubhouse	3	2,641.28	2,641.28
Prosa Pool Area - Deck Caulking	3	823.67	823.67
Rec Area - Play Equip, Alba	3	18,163.33	18,163.33
Rec Area - Play Equip, Main, Prosa	3	41,943.00	41,943.00
Signs - Bulletin Board, Clubhouse	3	921.40	921.40
Tennis Court - Lighting	3	12,284.00	12,284.00
Main Pool - Wader Heater	4	1,956.52	1,956.52
Parking Lot - Asphalt Overlay	4	9,535.76	9,535.76
Prosa Pool Area - Barbecues	5	1,241.79	1,241.79
Prosa Pool Area - Rstrm Tile	5	7,708.19	7,708.19
Painting - Int Restrooms, Prosa	6	327.80	327.80
Prosa Pool - Filter, 2008	6	1,301.44	1,301.44
Tennis Court - Chain Link	6	16,637.95	16,637.95
Main Pool - Motor/Pump System	7	538.46	538.46
Main Pool - Wader Pump/Motor	7	101.06	101.06
Painting - Stucco	7	826.84	826.84
Lighting - Parking Lot, 2000	8	871.69	871.69
Rec Area - Benches	9	2,713.60	2,713.60

Park Paseo Homeowners Association
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Roofs - Composition Roll, Clubhouse	9	638.82	638.82
Clubhouse - Restroom Shower Door	11	612.50	612.50
Main Pool - Spa Refiberglass & Tile	11	745.42	67.73
Rec Area - Trash Cans	12	2,086.20	0.00
Tennis Court - Benches, Tennis/Grds	12	3,875.20	0.00
Clubhouse - Office, Refurbishment	13	4,315.34	0.00
Main Pool - Refiberglass & Tile	13	5,225.64	0.00
Main Pool - Wader Refiberglassing	13	663.00	0.00
Prosa Pool - Refiberglass & Tile	13	2,283.57	0.00
Rec Area - Drinking Fountain, C\H	13	451.30	0.00
Clubhouse - HVAC Heat/Air, Office	14	1,015.80	0.00
Irrigation - Controllers	14	1,980.00	0.00
Clubhouse - Restroom Counters	15	944.00	0.00
Clubhouse - Restroom Partitions	15	1,291.25	0.00
Clubhouse - Doors, Entry, 2005	16	4,449.51	0.00
Clubhouse - Floor Tile	16	6,288.14	0.00
Clubhouse - Kitchen, Cabinets	16	8,365.68	0.00
Clubhouse - Kitchen, Sink	16	265.62	0.00
Clubhouse - Restroom Lockers/Bench	17	4,545.45	0.00
Fencing - W/I, Alba West/Entrada	17	115.04	0.00
Fencing - W/I, Delamesa/Campanero	17	972.40	0.00
Walls - Stucco Repairs	17	329.79	0.00
Clubhouse - Restroom	20	0.00	0.00
Clubhouse - Restroom Ceramic Tile	20	2,292.76	0.00
Clubhouse - Restroom Epoxy Floor	20	444.23	0.00
Clubhouse - Restroom Fixtures	20	1,418.00	0.00
Fencing - Aluminum, Prosa Pool	21	7,985.92	0.00
Painting - Aluminum, Pools	21	1,618.62	0.00
Clubhouse - Exterior Staircase	22	4,573.98	0.00
Clubhouse - Doors, Double Slide	23	544.64	0.00
Clubhouse - Women's Shower	23	243.70	0.00
Fencing - Aluminum, Main Pool	26	17,540.55	0.00
Trellis - Prosa Pool	26	1,520.00	0.00
Trellis - Clubhouse	27	3,783.14	0.00

Park Paseo Homeowners Association
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Roofs - DaVinci Roof - Prosa	47	672.22	0.00
Total Asset Summary:		830,193.91	737,415.53
Contingency @ 3.00%:		24,905.82	22,122.47
Grand Total:		855,099.73	759,538.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	89%		

Park Paseo Homeowners Association
Funding Status Report

REPORT DATE: November 18, 2013
VERSION: 032
ACCOUNT NUMBER: 1393

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Parking Lot - Asphalt Overlay	20	+1	4	11,847	9,536	9,536
Parking Lot - Asphalt Repairs	3	0	1	2,542	1,490	1,490
Parking Lot - Asphalt Slurry Seal	3	0	1	2,377	1,394	1,394
*** CATEGORY SUMMARY:				16,767	12,420	12,420
Roofs - Composition Roll, Clubhouse	18	0	9	1,302	639	639
Roofs - DaVinci Roof - Prosa	50	0	47	11,204	672	0
Roofs - Tile, Clubhouse, Replace	35	-17	0	54,000	54,000	54,000
*** CATEGORY SUMMARY:				66,506	55,311	54,639
Painting - Aluminum, Pools	25	0	21	10,116	1,619	0
Painting - Int Restrooms, Clubhouse	8	0	3	4,226	2,641	2,641
Painting - Int Restrooms, Prosa	8	0	6	1,570	328	328
Painting - Main Spa, Equipment Room	5	0	2	2,728	1,538	1,538
Painting - Stucco	10	0	7	3,142	827	827
Painting - Woodwork, Clubhouse	5	0	2	11,713	6,602	6,602
Painting - Woodwork, Prosa	5	0	2	3,210	1,809	1,809
Painting - Wrought Iron, Streets	3	0	0	166	166	166
*** CATEGORY SUMMARY:				36,871	15,529	13,910
Fencing - Aluminum, Main Pool	30	0	26	139,155	17,541	0
Fencing - Aluminum, Prosa Pool	25	0	21	49,912	7,986	0
Fencing - W/I, Alba West/Entrada	20	0	17	924	115	0
Fencing - W/I, Delamesa/Campanero	20	0	17	6,483	972	0
Walls - Stucco Repairs	20	0	17	2,500	330	0
*** CATEGORY SUMMARY:				198,974	26,944	0
Lighting - Exterior, Main Pool/Club	10	0	0	13,350	13,350	13,350
Lighting - Exterior, Prosa, 1992	10	0	0	2,580	2,580	2,580
Lighting - Interior, Clubhouse	25	+13	1	15,323	14,920	14,920
Lighting - Interior, Prosa Cabana	25	+10	3	1,704	1,558	1,558
Lighting - Parking Lot, 2000	22	0	8	1,398	872	872
Lighting - Parking Lot, Original	22	+17	2	6,990	6,632	6,632
Lighting - Walkway	15	0	0	110,000	110,000	110,000
*** CATEGORY SUMMARY:				151,345	149,911	149,911
Main Pool - Filter	12	+1	2	6,000	5,077	5,077
Main Pool - Heater	12	+4	2	20,000	17,433	17,433
Main Pool - Motor/Pump System	8	0	7	7,000	538	538
Main Pool - Refiberglass & Tile	14	0	13	73,159	5,226	0
Main Pool - Spa Filter	10	+7	2	1,350	1,186	1,186
Main Pool - Spa Heater	10	+3	1	3,250	3,000	3,000
Main Pool - Spa Pump/Motor	8	0	0	1,100	1,100	1,100

Park Paseo Homeowners Association
Funding Status Report

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Main Pool - Spa Pump/Motor, Booster	8	+6	2	2,600	2,229	2,229
Main Pool - Spa Refiberglass & Tile	12	0	11	8,945	745	68
Main Pool - Spa, Sump Pump	8	0	1	2,813	2,442	2,442
Main Pool - Wader Filter	12	+3	1	950	884	884
Main Pool - Wader Heater	12	0	4	3,000	1,957	1,957
Main Pool - Wader Pump/Motor	8	0	7	950	101	101
Main Pool - Wader Refiberglassing	14	0	13	9,282	663	0
*** CATEGORY SUMMARY:				140,399	42,581	36,015
Main Pool Area - Barbecues	5	0	2	4,662	2,628	2,628
Main Pool Area - Ceramic Shower	25	+15	3	2,110	1,952	1,952
Main Pool Area - Deck Caulking	4	0	3	11,585	2,896	2,896
Main Pool Area - Deck Repair	30	0	0	25,000	25,000	25,000
Main Pool Area - Furniture, 2001	7	0	0	18,625	18,625	18,625
Main Pool Area - Furniture, 2007	7	0	0	15,276	15,276	15,276
*** CATEGORY SUMMARY:				77,258	66,377	66,377
Prosa Pool - Filter, 2008	12	0	6	2,700	1,301	1,301
Prosa Pool - Heater	12	0	0	15,000	15,000	15,000
Prosa Pool - Pump/Motor Systems	8	+3	2	2,200	1,800	1,800
Prosa Pool - Refiberglass & Tile	14	0	13	31,970	2,284	0
*** CATEGORY SUMMARY:				51,870	20,385	18,101
Prosa Pool Area - Barbecues	8	0	5	3,811	1,242	1,242
Prosa Pool Area - Ceramic Shower	25	0	0	6,978	6,978	6,978
Prosa Pool Area - Deck Caulking	4	0	3	3,295	824	824
Prosa Pool Area - Deck Repairs	30	0	0	12,500	12,500	12,500
Prosa Pool Area - Furniture	7	0	0	8,705	8,705	8,705
Prosa Pool Area - Rstrm Counters	20	+14	2	1,054	992	992
Prosa Pool Area - Rstrm Fixtures	25	+9	2	5,444	5,124	5,124
Prosa Pool Area - Rstrm Partitions	20	+14	2	3,095	2,913	2,913
Prosa Pool Area - Rstrm Tile	25	+12	5	8,913	7,708	7,708
Prosa Pool Area - Water Heater	18	0	0	3,433	3,433	3,433
Prosa Pool Area - Wood Repairs	5	0	2	3,500	2,100	2,100
*** CATEGORY SUMMARY:				60,728	52,519	52,519
Clubhouse - Billiard Tables	25	+15	3	9,598	8,878	8,878
Clubhouse - Carpet, Replace	8	0	0	11,770	11,770	11,770
Clubhouse - Doors, Double Slide	25	0	23	6,808	545	0
Clubhouse - Doors, Entry, 2005	25	0	16	12,664	4,450	0
Clubhouse - Doors, Entry, Orig	25	0	0	15,132	15,132	15,132
Clubhouse - Doors, Interior	25	0	1	1,892	1,816	1,816
Clubhouse - Doors, Restrooms	25	+15	3	2,340	2,165	2,165
Clubhouse - Doors, Sliding Original	25	0	0	6,244	6,244	6,244
Clubhouse - Exterior Staircase	30	0	22	17,991	4,574	0
Clubhouse - Floor Tile	25	0	16	17,897	6,288	0
Clubhouse - Furnishings	10	0	2	30,000	24,000	24,000

Park Paseo Homeowners Association
Funding Status Report

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - HVAC Heat/Air Clubhouse	20	0	0	29,718	29,718	29,718
Clubhouse - HVAC Heat/Air, Office	20	0	14	3,386	1,016	0
Clubhouse - Kitchen, Appliances	12	0	3	5,142	3,820	3,820
Clubhouse - Kitchen, Cabinets	25	0	16	23,810	8,366	0
Clubhouse - Kitchen, Sink	25	0	16	756	266	0
Clubhouse - Office, Equipment	8	+2	3	10,000	6,949	6,949
Clubhouse - Office, Refurbishment	20	0	13	12,525	4,315	0
Clubhouse - Restroom	25	0	20	0	0	0
Clubhouse - Restroom Ceramic Tile	25	0	20	11,464	2,293	0
Clubhouse - Restroom Counters	20	0	15	3,776	944	0
Clubhouse - Restroom Epoxy Floor	25	0	20	2,221	444	0
Clubhouse - Restroom Fixtures	25	0	20	7,090	1,418	0
Clubhouse - Restroom Lockers/Bench	22	0	17	20,000	4,545	0
Clubhouse - Restroom Partitions	20	0	15	5,165	1,291	0
Clubhouse - Restroom Shower Door	16	0	11	1,960	613	613
Clubhouse - Wallpaper	15	-3	3	13,289	9,872	9,872
Clubhouse - Water Heater	12	0	0	3,433	3,433	3,433
Clubhouse - Window Blinds	10	+2	3	15,322	11,382	11,382
Clubhouse - Women's Shower	25	0	23	3,301	244	0
*** CATEGORY SUMMARY:				304,694	176,789	135,791
Tennis Court - Benches, Tennis/Grds	15	0	12	19,376	3,875	0
Tennis Court - Chain Link	30	+13	6	19,336	16,638	16,638
Tennis Court - Lighting	25	+15	3	13,280	12,284	12,284
Tennis Court - Resurfacing	6	+5	1	12,096	10,996	10,996
Tennis Court - Windscreen	6	+12	1	3,282	3,093	3,093
*** CATEGORY SUMMARY:				67,370	46,887	43,012
Rec Area - Benches	12	0	9	11,087	2,714	2,714
Rec Area - Drinking Fountain, C\H	16	0	13	2,879	451	0
Rec Area - Drinking Fountain, Prosa	16	+15	0	1,452	1,452	1,452
Rec Area - Play Equip, Alba	18	0	3	21,796	18,163	18,163
Rec Area - Play Equip, Main, Prosa	18	+2	3	49,569	41,943	41,943
Rec Area - Sand Repl, Alba	10	0	0	7,000	7,000	7,000
Rec Area - Sand Repl, Main	10	0	0	6,000	6,000	6,000
Rec Area - Sand Repl, Prosa	10	0	0	6,000	6,000	6,000
Rec Area - Trash Cans	15	0	12	10,431	2,086	0
*** CATEGORY SUMMARY:				116,214	85,809	83,272
Clubhouse - Deck, Railing, Wood	12	+5	3	4,634	3,816	3,816
Trellis - Clubhouse	30	0	27	43,323	3,783	0
Trellis - Prosa Pool	30	0	26	11,400	1,520	0
*** CATEGORY SUMMARY:				59,357	9,119	3,816
Signs - Bulletin Board, Clubhouse	15	+8	3	1,065	921	921
Signs - Monument	30	0	0	3,167	3,167	3,167

Park Paseo Homeowners Association
Funding Status Report

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
*** CATEGORY SUMMARY:				4,232	4,088	4,088
Golf Cart - Replacement, Unfunded	12	0	0	0	0	0
*** CATEGORY SUMMARY:				0	0	0
Landscape - Tree Trimming, Jac.	4	0	2	9,000	4,304	4,304
Landscape - Tree Trimming, Windrow	3	0	0	30,000	30,000	30,000
*** CATEGORY SUMMARY:				39,000	34,304	34,304
Irrigation - Controllers	15	0	14	29,700	1,980	0
Irrigation - Enclosures	24	+15	2	25,842	24,517	24,517
*** CATEGORY SUMMARY:				55,542	26,497	24,517
Termite Control/Fumigation	15	+4	1	4,986	4,724	4,724
*** CATEGORY SUMMARY:				4,986	4,724	4,724
TOTAL ASSET SUMMARY:				1,452,112	830,194	737,416
CONTINGENCY @ 3.00%:					24,906	22,122
GRAND TOTAL:					855,100	759,538

Percent Fully Funded: 89%

Park Paseo Homeowners Association
Asset Listing - Summary by Category

REPORT DATE: November 18, 2013
 VERSION: 032
 ACCOUNT NUMBER: 1393

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
Parking Lot - Asphalt Overlay	4	11,847	60.19	65.96
Parking Lot - Asphalt Repairs	1	2,542	90.73	91.89
Parking Lot - Asphalt Slurry Seal	1	2,377	84.85	85.94
*** CATEGORY SUMMARY:		16,767	235.77	243.79
Roofs - Composition Roll, Clubhouse	9	1,302	7.26	7.66
Roofs - DaVinci Roof - Prosa	47	11,204	26.71	26.80
Roofs - Tile, Clubhouse, Replace	0	54,000	161.16	161.68
*** CATEGORY SUMMARY:		66,506	195.13	196.14
Painting - Aluminum, Pools	21	10,116	46.25	46.40
Painting - Int Restrooms, Clubhouse	3	4,226	48.18	49.88
Painting - Int Restrooms, Prosa	6	1,570	18.46	18.71
Painting - Main Spa, Equipment Room	2	2,728	52.41	53.48
Painting - Stucco	7	3,142	30.00	30.58
Painting - Woodwork, Clubhouse	2	11,713	225.02	229.61
Painting - Woodwork, Prosa	2	3,210	61.67	62.93
Painting - Wrought Iron, Streets	0	166	4.74	4.76
*** CATEGORY SUMMARY:		36,871	486.73	496.35
Fencing - Aluminum, Main Pool	26	139,155	529.74	531.44
Fencing - Aluminum, Prosa Pool	21	49,912	228.20	228.93
Fencing - W/I, Alba West/Entrada	17	924	5.09	5.11
Fencing - W/I, Delamesa/Campanero	17	6,483	35.72	35.83
Walls - Stucco Repairs	17	2,500	13.78	13.82
*** CATEGORY SUMMARY:		198,974	812.53	815.13
Lighting - Exterior, Main Pool/Club	0	13,350	119.74	120.12
Lighting - Exterior, Prosa, 1992	0	2,580	23.14	23.21
Lighting - Interior, Clubhouse	1	15,323	50.25	59.14
Lighting - Interior, Prosa Cabana	3	1,704	5.86	6.79
Lighting - Parking Lot, 2000	8	1,398	6.77	7.30
Lighting - Parking Lot, Original	2	6,990	22.43	26.38
Lighting - Walkway	0	110,000	678.56	680.74
*** CATEGORY SUMMARY:		151,345	906.75	923.68
Main Pool - Filter	2	6,000	44.83	47.95
Main Pool - Heater	2	20,000	128.23	138.84
Main Pool - Motor/Pump System	7	7,000	81.83	82.41
Main Pool - Refiberglass & Tile	13	73,159	514.30	515.95
Main Pool - Spa Filter	2	1,350	8.26	8.98
Main Pool - Spa Heater	1	3,250	24.42	26.25
Main Pool - Spa Pump/Motor	0	1,100	12.18	12.22

Park Paseo Homeowners Association
Asset Listing - Summary by Category

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
Main Pool - Spa Pump/Motor, Booster	2	2,600	18.24	19.60
Main Pool - Spa Refiberglass & Tile	11	8,945	72.91	73.18
Main Pool - Spa, Sump Pump	1	2,813	34.06	35.60
Main Pool - Wader Filter	1	950	6.54	7.08
Main Pool - Wader Heater	4	3,000	24.64	25.86
Main Pool - Wader Pump/Motor	7	950	10.78	10.87
Main Pool - Wader Refiberglassing	13	9,282	65.25	65.46
*** CATEGORY SUMMARY:		140,399	1,046.47	1,070.25
Main Pool Area - Barbecues	2	4,662	89.57	91.40
Main Pool Area - Ceramic Shower	3	2,110	6.63	7.79
Main Pool Area - Deck Caulking	3	11,585	251.66	254.16
Main Pool Area - Deck Repair	0	25,000	84.49	84.76
Main Pool Area - Furniture, 2001	0	18,625	234.19	234.94
Main Pool Area - Furniture, 2007	0	15,276	192.08	192.70
*** CATEGORY SUMMARY:		77,258	858.62	865.75
Prosa Pool - Filter, 2008	6	2,700	21.79	22.62
Prosa Pool - Heater	0	15,000	113.53	113.89
Prosa Pool - Pump/Motor Systems	2	2,200	18.99	20.10
Prosa Pool - Refiberglass & Tile	13	31,970	224.75	225.47
*** CATEGORY SUMMARY:		51,870	379.06	382.08
Prosa Pool Area - Barbecues	5	3,811	46.00	46.87
Prosa Pool Area - Ceramic Shower	0	6,978	27.46	27.55
Prosa Pool Area - Deck Caulking	3	3,295	71.57	72.28
Prosa Pool Area - Deck Repairs	0	12,500	42.25	42.39
Prosa Pool Area - Furniture	0	8,705	109.46	109.81
Prosa Pool Area - Rstrm Counters	2	1,054	3.71	4.30
Prosa Pool Area - Rstrm Fixtures	2	5,444	19.18	22.24
Prosa Pool Area - Rstrm Partitions	2	3,095	10.90	12.64
Prosa Pool Area - Rstrm Tile	5	8,913	29.24	33.84
Prosa Pool Area - Water Heater	0	3,433	17.98	18.04
Prosa Pool Area - Wood Repairs	2	3,500	61.95	63.38
*** CATEGORY SUMMARY:		60,728	439.70	453.34
Clubhouse - Billiard Tables	3	9,598	30.16	35.45
Clubhouse - Carpet, Replace	0	11,770	130.31	130.73
Clubhouse - Doors, Double Slide	23	6,808	28.77	28.86
Clubhouse - Doors, Entry, 2005	16	12,664	73.69	73.93
Clubhouse - Doors, Entry, Orig	0	15,132	59.55	59.74
Clubhouse - Doors, Interior	1	1,892	8.37	9.46
Clubhouse - Doors, Restrooms	3	2,340	7.35	8.64
Clubhouse - Doors, Sliding Original	0	6,244	24.57	24.65
Clubhouse - Exterior Staircase	22	17,991	79.00	79.25
Clubhouse - Floor Tile	16	17,897	104.14	104.47
Clubhouse - Furnishings	2	30,000	281.68	296.63
Clubhouse - HVAC Heat/Air Clubhouse	0	29,718	141.80	142.26

Park Paseo Homeowners Association
Asset Listing - Summary by Category

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
Clubhouse - HVAC Heat/Air, Office	14	3,386	22.24	22.31
Clubhouse - Kitchen, Appliances	3	5,142	41.94	44.31
Clubhouse - Kitchen, Cabinets	16	23,810	138.55	139.00
Clubhouse - Kitchen, Sink	16	756	4.40	4.41
Clubhouse - Office, Equipment	3	10,000	94.76	99.13
Clubhouse - Office, Refurbishment	13	12,525	88.05	88.33
Clubhouse - Restroom	20	0	0.00	0.00
Clubhouse - Restroom Ceramic Tile	20	11,464	54.70	54.88
Clubhouse - Restroom Counters	15	3,776	23.29	23.36
Clubhouse - Restroom Epoxy Floor	20	2,221	10.60	10.63
Clubhouse - Restroom Fixtures	20	7,090	33.83	33.94
Clubhouse - Restroom Lockers/Bench	17	20,000	110.21	110.56
Clubhouse - Restroom Partitions	15	5,165	31.86	31.96
Clubhouse - Restroom Shower Door	11	1,960	11.72	12.12
Clubhouse - Wallpaper	3	13,289	108.39	114.52
Clubhouse - Water Heater	0	3,433	25.98	26.06
Clubhouse - Window Blinds	3	15,322	124.97	132.03
Clubhouse - Women's Shower	23	3,301	13.95	13.99
*** CATEGORY SUMMARY:		304,694	1,908.83	1,955.61
Tennis Court - Benches, Tennis/Grds	12	19,376	146.65	147.12
Tennis Court - Chain Link	6	19,336	57.27	67.19
Tennis Court - Lighting	3	13,280	41.73	49.05
Tennis Court - Resurfacing	1	12,096	105.02	111.79
Tennis Court - Windscreen	1	3,282	19.30	21.17
*** CATEGORY SUMMARY:		67,370	369.97	396.32
Rec Area - Benches	9	11,087	85.85	87.71
Rec Area - Drinking Fountain, C\H	13	2,879	20.24	20.31
Rec Area - Drinking Fountain, Pross	0	1,452	8.45	8.48
Rec Area - Play Equip, Alba	3	21,796	123.49	134.52
Rec Area - Play Equip, Main, Prosa	3	49,569	263.36	288.75
Rec Area - Sand Repl, Alba	0	7,000	62.78	62.98
Rec Area - Sand Repl, Main	0	6,000	53.82	53.99
Rec Area - Sand Repl, Prosa	0	6,000	53.82	53.99
Rec Area - Trash Cans	12	10,431	78.95	79.20
*** CATEGORY SUMMARY:		116,214	750.76	789.93
Clubhouse - Deck, Railing, Wood	3	4,634	27.51	29.83
Trellis - Clubhouse	27	43,323	159.78	160.29
Trellis - Prosa Pool	26	11,400	43.40	43.54
*** CATEGORY SUMMARY:		59,357	230.69	233.66
Signs - Bulletin Board, Clubhouse	3	1,065	5.10	5.66
Signs - Monument	0	3,167	10.70	10.73
*** CATEGORY SUMMARY:		4,232	15.80	16.39
Golf Cart - Replacement, Unfunded	0	0	0.00	0.00

Park Paseo Homeowners Association
Asset Listing - Summary by Category

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
*** CATEGORY SUMMARY:		0	0.00	0.00
Landscape - Tree Trimming, Jac.	2	9,000	204.84	208.02
Landscape - Tree Trimming, Windrow	0	30,000	858.15	860.91
*** CATEGORY SUMMARY:		39,000	1,062.99	1,068.93
Irrigation - Controllers	14	29,700	195.08	195.71
Irrigation - Enclosures	2	25,842	82.93	97.54
*** CATEGORY SUMMARY:		55,542	278.01	293.25
Termite Control/Fumigation	1	4,986	27.33	30.18
*** CATEGORY SUMMARY:		4,986	27.33	30.18
TOTAL ASSET SUMMARY:		1,452,112	10,005.14	10,230.78
CONTINGENCY @ 3.00%:			300.15	314.06
GRAND TOTAL:			10,305.29	10,544.84

Park Paseo Homeowners Association
RDA Standard Projections

REPORT DATE: November 18, 2013
VERSION: 032
ACCOUNT NUMBER: 1393

Beginning Accumulated Reserves: \$759,538

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'14	1,452,112	123,663	2,875	406,629	479,447	552,040	87%
'15	1,481,154	125,733	3,417	50,501	558,096	620,524	90%
'16	1,510,777	128,225	3,313	145,019	544,614	594,251	92%
'17	1,540,993	130,605	2,760	211,308	466,671	501,157	93%
'18	1,571,813	133,208	3,555	21,396	582,038	608,067	96%
'19	1,603,249	136,255	4,426	14,048	708,671	727,314	97%
'20	1,635,314	139,187	4,928	70,691	782,094	792,081	99%
'21	1,668,020	141,508	5,022	131,740	796,885	796,415	100%
'22	1,701,380	144,272	5,942	16,717	930,381	924,213	101%
'23	1,735,408	141,892	6,609	54,219	1,024,663	1,017,747	101%
'24	1,770,116	144,504	7,201	65,398	1,110,970	1,104,047	101%
'25	1,805,519	148,022	7,900	53,789	1,213,103	1,206,962	101%
'26	1,841,629	151,651	7,799	171,933	1,200,619	1,190,561	101%
'27	1,878,461	150,315	7,369	220,166	1,138,138	1,125,943	101%
'28	1,916,031	151,314	7,438	148,127	1,148,763	1,138,575	101%
'29	1,954,351	156,762	6,854	244,561	1,067,818	1,053,061	101%
'30	1,993,438	157,117	7,210	113,055	1,119,091	1,106,926	101%
'31	2,033,307	161,213	7,771	86,359	1,201,716	1,192,942	101%
'32	2,073,973	168,454	8,334	92,054	1,286,449	1,277,786	101%
'33	2,115,453	172,629	9,083	71,971	1,396,191	1,388,581	101%
'34	2,157,762	177,514	9,484	126,934	1,456,255	1,447,065	101%
'35	2,200,917	178,494	8,434	336,953	1,306,230	1,289,354	101%
'36	2,244,935	177,192	8,714	146,546	1,345,590	1,331,860	101%
'37	2,289,834	182,091	9,401	90,208	1,446,875	1,437,818	101%
'38	2,335,631	190,954	9,868	129,168	1,518,529	1,508,445	101%
'39	2,382,343	194,491	10,685	85,992	1,637,714	1,629,397	101%
'40	2,429,990	198,975	9,398	390,596	1,455,490	1,436,305	101%
'41	2,478,590	191,665	7,310	502,250	1,152,215	1,125,705	102%
'42	2,528,162	198,204	7,756	138,512	1,219,664	1,194,802	102%
'43	2,578,725	193,915	8,735	64,623	1,357,691	1,346,751	101%

NOTE: In some cases, the projected ending reserves may exceed the fully funded reserves during years following high expenditures. This is a result of the provision for a contingency in the report, which in the projections, is never expended. The contingency is continually adjusted according to present needs and any excess is redistributed among all assets considered.

Park Paseo Homeowners Association

Assessment and Reserve Funding Disclosure Summary For the Fiscal Year January 1, 2014 through December 31, 2014

- (1) The regular assessment per ownership interest is **\$89.00 per month**.
- (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:	

- (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 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$855,099 based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis California, LLC as of November, 2013. The projected reserve fund cash balance at the end of the current fiscal year is \$759,538, resulting in reserves being 89 percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$N/A. The current deficiency in reserve funding expressed on a per unit basis is \$153.
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 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)
2014	479,447	552,040	87%
2015	558,096	620,524	90%
2016	544,614	594,251	92%
2017	466,671	501,157	93%
2018	582,038	608,067	96%

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)
2014	499,826	91%
2015	599,808	97%
2016	594,251	102%
2017	501,157	110%
2018	608,067	114%

At the time this summary was prepared, the assumed long-term before tax interest rate earned on reserve funds was 1% 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
Assessment and Billing Collection Policy

Prompt payment of Assessments by all owners is critical to the financial health of the Association, and to *the enhancement of the property values of our homes*. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&R's) and the California Civil Code to enforce the members' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&R's and *Civil Code Section § 5320*, the following are the Association's assessment practices and policies:

1. *Assessments are billed monthly and are due and payable on the "first day of the month."* A courtesy billing statement is sent monthly to the *"billing address on record"* with the Association. **However, it is the Owner of Record's responsibility to pay each assessment in full each month regardless of the receipt of a statement.** All other assessments, including Special Assessments, are due and payable on the date specified by the Board on the **Notice of Assessment** which date will not be less than thirty (30) days after the date of notice of the special assessment.
2. Assessments, late charges, interest and collection costs, including any attorney fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied *Civil Code Section §§ 5650(a) & 5660*.
3. Assessments not received within *Fifteen (15) days* of the stated due date are delinquent and shall be subject to a late charge of *Ten dollars (\$10.00) or Ten percent (10%), whichever is greater* for each delinquent assessment per unit.
4. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection expenses, including attorney's fees, unless the owner and the Association enter into an agreement providing for payments to be applied in a different manner.
5. An *Interest charge at the rate of 6% per annum* will be assessed against any outstanding balance including delinquent assessments, late charges, and cost of collection, which may include attorney fees. Such interest charges shall continue to be assessed each month until the account is brought current.
6. If an assessment is not received within *forty-five (45) days of the "stated due date"*, the Association will send a *"Pre-lien" letter* to the owner as required by *Civil Code Section §§ 5650(a) & 5660*, by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a *Seventy-five dollar (\$75.00) fee for the Pre-lien letter. In addition, the owner will also be charged a Thirty-five dollar (\$35.00) fee for each Title check requested and a Thirty-five dollar (\$35.00) fee for a Resolution to Lien.*
7. If an owner fails to pay the amounts set forth in the pre-lien letter within *thirty (30) days* of the date of that letter, a *"Lien"* for the amount of any delinquent assessments, late charges, interest and/or costs of collection including attorneys' fees may be assessed against the owner's property. The owner will be charged a *One hundred fifty dollar (\$150.00) fee for the preparation and recordation of the Lien.* After the expiration of thirty (30) days following recordation of the lien, the lien may be enforced in

any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure *Civil Code Section §§§§ 5725 (b), 5735(a),(b), 5700(a), 5710(a),(c)*, subject to the limitations set forth below under “Additional Provisions to Conform to Law” and as otherwise provided by law.

8. If the balance due is not paid within *thirty (30) days of recordation of the Lien, the matter may be turned over to an Attorney for ‘legal action’, including an action to “Foreclose” the assessment lien and/or for a money judgment. The owner will be charged two hundred dollars (\$200.00) for preparing the matter to be sent to counsel.*
9. An owner is entitled to inspect the Association’s accounting books and records to verify the amounts owed pursuant to *Corporations Code Section § 8333*.
10. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interest, and costs of collection associated with the collection of those assessments.
11. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
12. Nothing herein limits or otherwise affects the Association’s rights to proceed in any lawful manner to collect any delinquent sums owed to the Association.
13. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and legal fees must be paid in full to the Association.
14. The delinquent owner will be responsible for all costs of collection, including attorneys’ fees, incurred by the Association to collect any delinquent sums *Civil Code Section § 5650(b)*.
15. All charges listed herein are subject to change without notice.
16. If an owner pays under protest, the owner can **at the same time** pursue dispute resolution AND commence an action in small claims court (amount at issue must not exceed jurisdictional monetary limit) *Civil Code Section § 5658*.

Additional Provisions to Conform to Law

Prior to the recording of a lien, homeowners that are delinquent will be sent a “Pre-lien” letter. The pre-lien letter will include an offer by the association to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the pre-lien letter, pursuant to the association’s meet and confer program required by *Civil Code Section § 5900, et seq.*

Prior to recording of a lien, the Board of Directors will approve the recording of the lien in open session at a regular or special board meeting.

The association may not foreclose unless delinquent assessments are greater than \$1,800 or greater than one year in arrears.

Prior to commencing Foreclosure, the association will offer to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the offer of such informal dispute resolution, pursuant to the association's meet and confer program required by *Civil Code Section § 5900*, et seq. and will also offer to engage in formal alternative dispute resolution with a neutral third party pursuant to *Civil Code section § 5925*, et seq.

Prior to commencement of foreclosure, the Board of Directors will approve the foreclosure in executive session and note the approval in the regular minutes of the association without identification of the name of the individual.

All foreclosures shall be subject to a ninety (90) day right of redemption.

Fee and Penalty Procedures

The following charges may be assessed in accordance with the Association's Assessment and Billing Collection Policy:

Late Charge	10% or \$10.00
Pre-Lien Letter	\$75.00
Additional Pre-Lien Letters	\$35.00 each
Title Check Fee	\$35.00 each
Resolution to Record Lien	\$35.00
Lien Fee	\$150.00
Additional Lien mailings	\$50.00 each
Lien Release	\$75.00
Payment Plan Admin. Fee	\$15.00 monthly
Attorney Package Preparation	\$200.00
Returned Check Fee	\$10.00

In addition to the above, if a matter is sent to counsel for legal action, or to a collection service for foreclosure or other action, the owner will be responsible for any attorneys' fees and costs incurred by such action.

**The mailing address for overnight payment of assessments is:
C/O PCM
23726 Birtcher Dr.
Lake Forest, Ca 92630**

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

1. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section § 8333.
2. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interest and costs of collection associated with collection of those assessments.
3. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also make a written request to meet with the Board in executive session to discuss a payment plan. If the owner requests to meet with the Board to discuss a payment plan within fifteen (15) days of receiving the pre-lien letter, then the Board shall meet with the owner within forty-five days of the postmark on the owner's request, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
4. An owner is entitled to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Article 2 (commencing with Section 5900) of Chapter 10.
5. Prior to initiating foreclosure against the owner's separate interest, the owner is entitled to submit a written request for alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.
6. Statements will be mailed from Management as a courtesy **AND MAY NOT REFLECT** the collection costs, attorneys' fees or other charges, or payments received by the collection service.
7. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.
8. All charges listed herein are subject to change upon thirty (30) days' prior written notice.
9. The mailing address for payments of assessments by overnight delivery is:
PCM 23726 BIRTCHE DRIVE, LAKE FOREST CA 92630.

Please note that should an account be referred to a (collection service, the collection service will provide the new address for overnight payments.

EXHIBIT "A"

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or non-judicial foreclosure subject to the conditions set forth in Section 5705 of the Civil Code. When using judicial or non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections §§§ §§§ 5600, 5605, 5650, 5660; 5700 and 5705 of the Civil Code)

In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections §§ 5600 and 5650 of the Civil Code)

The association must comply with the requirements of Sections §§§ 5650, 5673, 5675 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section § 5650 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section § 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section § 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section § 5655 of the Civil Code)

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section § 5900) of Chapter 10 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section § 5925) of Chapter 10 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section § 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section § 5665 of the Civil Code)

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section § 5665 of the Civil Code)*

*Citations to Code Sections are verbatim from Civil Code effective as of 1/1/2014

PARK PASEO HOMEOWNERS ASSOCIATION

Insurance Disclosure Form

State law requires that community associations disclose to the individual owners the extent of liability coverage carried by the Association. Our Association carries the following coverages:

Property Insurance:

Name of Insurer: CSE Insurance Group	
Policy Limits: \$1,000,000	Amount of Deductible: \$1,000
Date Policy Begins: 01/16/2013	Date Policy Ends: 01/16/2014

General Liability Insurance:

Name of Insurer: CSE Insurance Group	
Policy Limits: \$1,000,000	Amount of Deductible: \$1,000
Date Policy Begins: 01/16/2013	Date Policy Ends: 01/16/2014

Earthquake and/or Flood Insurance:

Name of Insurer: EQ: None Flood: None	
Policy Limit: EQ: Flood:	Amount of Deductible: EQ: Flood:
Date Policy Begins: EQ: Flood:	Date Policy Ends: EQ: Flood:

Fidelity Insurance:

Name of Insurer: Liberty Mutual Insurance	
Policy Limits: \$1,000,000	Amount of Deductible: \$1,000
Date Policy Begins: 01/16/2013	Date Policy Ends: 01/16/2014

Individual Liability Policies & Loss Assessment Coverage:

It is very important that you explore your own risks with a knowledgeable insurance agent and purchase coverage to protect you from any liability of an accident occurring in your own unit, the common area and/or any exclusive use common area (such as patios, garages, carports, balconies), and to protect you from any liability or insurance gaps in coverage between the Association's coverage and your own. We strongly recommend that you also inquire about Loss Assessment Coverage. The cost of an endorsement for loss assessment is very minimal and provides protection to individual unit owners for any extraordinary special assessments, such as excess liability over the Association's insurance proceeds or an extraordinary expense incurred by the Association and allocated to the owners, through a special assessment (such as a special assessment to pay for rebuilding costs which exceed insurance proceeds from an earthquake or fire loss). Individual homeowners are encouraged to obtain Loss Assessment Coverage for earthquake damage, particularly in light of policies which are now available by participating insurance carriers which have joined the California Earthquake Authority.

Statutory Disclosure

This summary of the Association's policies of insurance provides only certain information, as required by subdivision (f) 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, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

**SUMMARY REQUIRED BY CIVIL CODE SECTION 1363.850 - INTERNAL DISPUTE RESOLUTION
AND
SUMMARY REQUIRED BY CIVIL CODE SECTION 1369.590 (a) -ALTERNATIVE DISPUTE RESOLUTION**

Pursuant to the requirements of California *Civil Code* Section 1363.850, the Association hereby provides you with notice and a summary of the following Internal Dispute Resolution (“IDR”) and Alternative Dispute Resolution (“ADR”) procedures, as stated in California *Civil Code* Section 1363.840 as follows:

INTERNAL DISPUTE RESOLUTION:

Either party to a dispute within the scope of *Civil Code* Section 1363.810-1363.850 may invoke the following procedure:

1. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. A member of the Association may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
3. The Association’s board of directors shall designate a member of the board to meet and confer.
4. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the Association.

An agreement reached under those sections binds the parties and is judicially enforceable if both of the following conditions are satisfied:

1. The agreement is not in conflict with law or the governing documents of the Association.
2. The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

A member of the Association may not be charged a fee to participate in the IDR process.

ALTERNATIVE DISPUTE RESOLUTION:

Under certain circumstances, all California community associations and their individual members are to offer to participate in some form of Alternative Dispute Resolution (“ADR”) prior to initiating certain types of lawsuits pursuant to California *Civil Code* Section 1363.590.

Please be advised that *Civil Code* Sections 1363.840 and 1363.590 could be subject to different interpretations, as the statutory language has not yet been interpreted by any court. Each homeowner should consult with his/her own attorney regarding appropriate compliance with the statute.

I. SCOPE OF STATUTE:

Civil Code Section 1369.510 (a) defines “Alternative Dispute Resolution” as mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The form of ADR chosen may be binding or non-binding with the voluntary consent of the parties. *Civil Code* Section 1369.510 (b) defines “Enforcement Action” as a civil action or proceeding, other than a cross-complaint, filed by either individual homeowners or community associations, for any of the following purposes:

- A. Enforcement of the Davis-Stirling Common Interest Development Act, *Civil Code* Section 1350, *et seq.*
- B. Enforcement of the California Nonprofit Mutual Benefit Corporation Law (commencing with Section 7110 of the *Corporations Code*).
- C. Enforcement of the governing documents of the common interest development.

The Association or an owner or member of the Association may not file an Enforcement Action in the superior court unless the parties have endeavored to submit their dispute to ADR pursuant to *Civil Code* Section 1369.510.

Civil Code Section 1369.510 only applies to an Enforcement Action that is solely for declaratory relief, injunctive relief, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000). This section does not apply to a small claims action and except as otherwise provided by law, this section does not apply to an assessment dispute.

II. COMPLIANCE PROCEDURES:

The ADR process is initiated by one party serving all other parties with a “Request for Resolution,” which shall include all of the following:

- A. A brief description of the dispute between the parties.
- B. A request for alternative dispute resolution.
- C. 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.
- D. If the party on whom the request is served is the owner of a separate interest, a copy of *Civil Code* Sections 1369.510-1369.590.

Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the Request.

The party on whom a Request for Resolution is served has 30 days following service to accept or reject the Request. If the party does not accept the Request within that period, the Request is deemed rejected by that party. If the party, on whom a Request for Resolution is served, accepts the Request, the parties shall complete the ADR within 90 days after the party initiating the Request received the acceptance, unless this time period is extended by written stipulation signed by both parties. The costs of the Alternative Dispute Resolution shall be borne by the parties.

Statements, negotiations and documents made or created at, or in connection with, ADR (except for arbitration) are confidential.

If a Request for Resolution is served before the end of the applicable time limitation for commencing an Enforcement Action, the time limitation is tolled during the following periods:

- A. The period provided in *Civil Code* Section 1369.530 for response to a Request for Resolution.
- B. If the Request for Resolution is accepted, the period provided by *Civil Code* Section 1369.540 for completion of ADR, including any extension of time stipulated to by the parties pursuant to Section 1369.540.

Pursuant to *Civil Code* Section 1369.560 (a), at the time of commencement of an Enforcement Action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:

- A. ADR has been completed in compliance with this *Civil Code* Section 1369.510, *et seq.*
- B. One of the other parties to the dispute did not accept the terms offered for ADR.
- C. Preliminary or temporary injunctive relief is necessary.

Failure to file a certificate pursuant to *Civil Code* Section 1369.560 (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

Civil Code Section 1369.570 (a) provides that after an Enforcement Action is commenced, on written stipulation of the parties, the matter may be referred to ADR. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the *Government Code*.

III. FAILURE TO PARTICIPATE IN SOME FORM OF ADR:

In an Enforcement Action, in which fees and costs may be awarded pursuant to *Civil Code* Section 1354(c), the court, in determining the amount of an award of attorneys fees and costs, may consider whether a party's refusal to participate in ADR before commencement of the action was reasonable.

In accordance with California *Civil Code* Section 1369.590, the Board of Directors of the Association hereby advises you of the following:

Failure by a member of the Association to comply with the alternative dispute resolution requirements of Section 1369.520 of the *Civil Code* may result in the loss of your right to sue the Association or another member of the Association regarding enforcement of the governing documents of the applicable law.

IV. NO EFFECT ON VOLUNTARY PARTICIPATION IN ADR:

The parties may still agree, in writing, to refer any dispute involving enforcement of the Association's Governing Documents, California *Corporations Code* Section 7110, *et seq.*, or the Davis-Stirling Common Interest Development Act, *Civil Code* Section 1350, *et seq.* to some form of IDR/ADR, even in those disputes which may be technically outside of the IDR/ADR statutes.

shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or deed in lieu of foreclosure of a first mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 14. Waiver of Exemptions. Each owner does hereby waive, to the extent of any liens created pursuant to this Article V, the benefit of any homestead or exemption laws of the State of California, including Code of Civil Procedure Section 690.235 which may be in effect at the time any assessment, or installment thereof, becomes delinquent or any lien is imposed pursuant to the terms hereof.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Approval Required. No building, fence, wall or other structure shall be commenced, erected, painted, refurbished, remodeled or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design, location and color in relation to surrounding structures and topography by an Architectural Committee composed of three (3) or more representatives appointed by the Board of Directors, with such conditions as

the committee may impose.

Section 2. Failure to Approve. In the event the Architectural Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article VI will be deemed to have been fully complied with.

Section 3. Powers. Approval of said plans and specifications may be withheld not only because of noncompliance with any of the specific conditions, covenants and restrictions contained in this Declaration, but also by reason of the reasonable dissatisfaction of the Architectural Committee with the plan, the color scheme, finish, design, proportions, architecture, shape, height, style and appropriateness of the proposed structures or altered structures, the materials used therein, the kind, pitch or type of roof proposed to be placed thereon, or because of its reasonable dissatisfaction with any or all other matters or things which, in the reasonable judgment of the Architectural Committee, will render the proposed improvement inharmonious or out of keeping with the general plan of improvement of said property or with the improvements erected on other Lots. The approval of any such work shall be deemed conditional upon the commencement of such work within ninety (90) days after such approval has been obtained or within such longer or shorter period as shall have been specified by the Architectural Committee at the time of its approval work thereon must thereafter be prosecuted diligently to completion within a reasonable time and in any event before the expiration of such period as may be specified by the Architectural Committee.

Section 4. Approval Not Waiver. The approval of the Architectural Committee of any plans or specifications sub-