



DATE: NOVEMBER 20, 2014

TO: THE MEMBERSHIP – PARK PASEO HOMEOWNERS ASSOCIATION

FROM: THE BOARD OF DIRECTORS

RE: ANNUAL POLICY STATEMENT & BUDGET FOR FISCAL YEAR BEGINNING JANUARY 1, 2015

In compliance with California Civil Code, attached is the Park Paseo Homeowners Association budget for the fiscal year beginning January 1, 2015. This budget reflects the continuing efforts of the Board of Directors to maintain and enhance the Association's common area and amenities while at the same time keeping expenditures in line.

**The budget indicates a slight increase in monthly dues from \$89.00 per month to \$95.00 per month to adequately cover the rising operating costs, rising homeowner delinquencies and to fund the reserve accounts for future repairs and replacements. With this budget, the Board of Directors does not anticipate that any special assessments will be required to replace, repair or restore any major component of the reserve program. Effective January 1, 2015, your new assessment rate will be \$95.00 per month.**

Please find the following items as required by state law and/or your association's governing documents:

- 2015 Fiscal Year Budget
- Summary Pages of the Reserve Study
- Reserve Assessment and Funding Disclosure Summary
- 5 year Reserve Plan
- Association's current Assessment and Billing Collection Policy
- Notice of Assessments and Foreclosure Policy
- Architectural Submittal and Appeal Process
- Discipline Policy
- Fine Schedule
- Summary of the Association's Insurance Coverage
- Alternative Dispute Resolution
- Internal Dispute Resolution Procedure

To assist with the preparation of the budget, the Association retained the services of a professional reserve analyst to review the funding program for the Association and 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.

The board has determined that the association's reserves will be funded in the upcoming fiscal year via regular assessments.

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23726 Birtcher Drive, Lake Forest, CA 92630 · Phone 949.768.7261 · Fax 949.465.2456 · [www.pcminternet.com](http://www.pcminternet.com)

According to the reserve analyst, the association is currently 96% funded to the ideal funding amount. As of the most recent financial statement for the current fiscal year, the association has \$723,814.43 in reserve funds and anticipates that the amount will increase to \$747,812.43 at the end of this fiscal year. **If the association was required to replace all major components at once the cost to do so would be \$1,453,445.00, and the association is 51.5% funded toward that total cost.** California Civil Code requires this amount to be disclosed to you in boldface type with this budget.

Civil Code also requires the board to disclose any reserve components that have not been completed in accordance with last years reserve analyst recommendations. The following major components were identified to be repaired or replaced, but the association did not do so for reasons noted:

<b>Component</b>	<b>Reason for Deferral of Repairs</b>
Clubhouse Doors – Entry Original,	Still in working order, will not be replaced at this time.
Clubhouse Sliding Doors - Original	Still in working order, will not be replaced at this time.
Clubhouse – Water Heater	Still in working order, will not be replaced at this time.
Golf Cart – Replacement	Cart has been retired
Lighting, Exterior – Main Pool/Clubhouse	Will be addressed as part of landscape/facilities renovation project.
Lighting, Exterior – Prosa, 1992	Will be addressed as part of landscape/facilities renovation project.
Lighting – Walkway	Will be addressed as part of landscape/facilities renovation project.
Main Pool – Motor, Pump, Deck Repair, Spa Pump/Motor/Booster, Wader Pump/Motor	Replacement either not yet necessary or work in progress.
Main Pool – Furniture, 2001 and 2007	Will be addressed as part of landscape/facilities renovation project.
Painting – Wrought Iron, Streets	Completed in month of October 2014
Prosa Pool – Ceramic Shower, Deck Repairs, Furniture, Water Heater	Will be addressed as part of landscape/facilities renovation project.
Rec Areas – Drinking fountain, Prosa	Still in working order, will not be replaced at this time.
Rec Areas – Sand Replacement, Main	Bids being reviewed at this time.
Rec Areas – Sand Replacement, Prosa	Bid approved, work to be complete early 2015
Signs – Monument	Will be addressed as part of landscape/facilities renovation project.

**ADDITIONAL DISCLOSURES:**

All owners have a right to obtain a copy of minutes of the Regular General Session Board of Directors meetings. Any requests for such meeting minutes must be made in writing to the Park Paseo Homeowners Association Board of Directors at PCM, 23726 Birtcher Drive, Lake Forest, CA 92630 and a distribution fee will be charged. Copies of Board meeting minutes are available upon request throughout the year and are available for review on the Association's website at [www.parkpaseoirvine.com](http://www.parkpaseoirvine.com).

Owners may 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.

Official communication to the Association from any member should be sent to:

Trevor Fenwick, Community Manager  
Park Paseo Homeowners Association  
c/o PCM, 23726 Birtcher Drive, Lake Forest, CA 92630

Civil Code allows General Notices to the membership to be posted in a prominent location that has been designated by the Association and that is accessible to all members. As such, please be advised that the Association has designated the Christamon Pool bulletin board as the location for posting of General Notices.

Please be advised that the Association has also designated its Christamon Pool bulletin board for the location where Pesticide Notifications will be posted for the Association. Please note the posting location is subject to change.

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.

*\* Please note that Neither the board, nor management, are reserve study experts and must rely on third parties for information related to reserve funding and these disclosures.*

PARK PASEO HOMEOWNERS ASOC.  
 Fiscal Year End - December, 2015  
 Annual Budget 625 Units

	<u>ANNUAL AMOUNT</u>	<u>MONTHLY AMOUNT</u>	<u>PER UNIT/ PER MONTH</u>
<b>INCOME:</b>			
4010 0000 ASSESSMENTS - OWNERS	712,500	59,375.00	95.00
4206 0000 KEY INCOME	1,500	125.00	.20
4231 0000 CLUBHOUSE RENTAL	7,500	625.00	1.00
4325 0000 PRIOR YEAR SURPLUS	12,441	1,036.75	1.66
TOTAL INCOME	733,941	61,161.75	97.86
<b>GENERAL &amp; ADMINISTRATIVE:</b>			
5002 0000 AUDIT	1,800	150.00	.24
5005 0000 BAD DEBTS	10,000	833.33	1.33
5026 0000 INSURANCE EXPENSE	16,000	1,333.33	2.13
5033 0000 LEGAL	7,500	625.00	1.00
5034 0000 COLLECTION/LEGAL COSTS & FEES	500	41.67	.07
5036 0000 LICENSES & FEES	1,400	116.67	.19
5039 0000 MANAGEMENT FEES	81,000	6,750.00	10.80
5040 0000 MANAGEMENT EXTRAS	1,200	100.00	.16
5041 0000 MISCELLANEOUS	1,000	83.33	.13
5041 1033 SOCIAL EVENTS	3,500	291.67	.47
5043 0000 NEWSLETTER	1,500	125.00	.20
5046 0000 PRINTING	3,000	250.00	.40
5047 0000 POSTAGE	5,000	416.67	.67
5050 0000 RESERVE ANALYSIS FEES	1,800	150.00	.24
5068 0000 OFFICE SUPPLIES	5,500	458.33	.73
5090 0000 TAXES	200	16.67	.03
5096 0000 COPIES	1,000	83.33	.13
TOTAL GENERAL & ADMIN. EXPEN	141,900	11,825.00	18.92
<b>LANDSCAPE:</b>			
5225 1004 IRRIGATION REPAIRS	15,000	1,250.00	2.00
5235 0000 LANDSCAPE MAINT. CONTRACT	140,000	11,666.67	18.67
5236 0000 LANDSCAPE EXTRAS	10,000	833.33	1.33
5290 1012 TREE TRIMMING	12,000	1,000.00	1.60
TOTAL LANDSCAPE EXPENSES	177,000	14,750.00	23.60
<b>MAINTENANCE:</b>			
5202 0000 KEYS AND LOCKS	1,500	125.00	.20
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	2,000	166.67	.27

**PARK PASEO HOMEOWNERS ASOC.**  
**Fiscal Year End - December, 2015**  
**Annual Budget                      625 Units**

			<u>ANNUAL AMOUNT</u>	<u>MONTHLY AMOUNT</u>	<u>PER UNIT/ PER MONTH</u>
<b>MAINTENANCE:</b>					
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
5296	1007	LIGHT REPAIRS	5,000	416.67	.67
5296	1009	LIGHTING SUPPLIES	1,000	83.33	.13
TOTAL MAINTENANCE EXPENSES			112,024	9,335.33	14.94
<b>PROPERTY PROTECTION:</b>					
5363	0000	PROPERTY PROTECTION	45,000	3,750.00	6.00
TOTAL PROPERTY PROTECTION EX			45,000	3,750.00	6.00
<b>UTILITIES:</b>					
5419	0000	ELECTRICITY	32,000	2,666.67	4.27
5423	0000	GAS	11,000	916.67	1.47
5454	0000	REFUSE DISPOSAL	2,000	166.67	.27
5481	0000	TELEPHONE	4,000	333.33	.53
5495	0000	WATER	40,000	3,333.33	5.33
TOTAL UTILITIES			89,000	7,416.67	11.87
<b>RESERVE ALLOCATION:</b>					
6000	0000	LIGHTING	56,056	4,671.33	7.47
6008	0000	CONTINGENCY	3,612	301.00	.48
6025	0000	IRRIGATION SYSTEM	3,286	273.83	.44
6034	1031	LANDSCAPE RESERVE	15,244	1,270.33	2.03
6039	0000	CLUBHOUSE RESERVE	20,224	1,685.33	2.70
6046	1000	TRELLIS RESERVE	2,906	242.17	.39
6048	0000	PAINTING RESERVE	5,904	492.00	.79
6050	1002	POOL/SPA	12,517	1,043.08	1.67
6050	1051	POOL AREA	10,506	875.50	1.40
6050	1055	PROSA POOL	3,684	307.00	.49
6050	1056	PROSA POOL AREA	5,368	447.33	.72
6053	1033	ROOF BUILDING	2,193	182.75	.29
6057	1000	RECREATION AREA RESERVE 2	9,307	775.58	1.24
6065	0000	FENCES & WALLS	9,747	812.25	1.30
6068	1002	SIGNS	194	16.17	.03

PARK PASEO HOMEOWNERS ASOC.  
 Fiscal Year End - December, 2015  
 Annual Budget                      625 Units

	<u>ANNUAL AMOUNT</u>	<u>MONTHLY AMOUNT</u>	<u>PER UNIT/ PER MONTH</u>
<b>RESERVE ALLOCATION:</b>			
6084 0000 TENNIS COURT	5,427	452.25	.72
6085 1050 ASPHALT/SLURRY COAT	2,465	205.42	.33
6086 1000 TERMITE RESERVE	377	31.42	.05
 TOTAL RESERVE ALLOCATION	 169,017	 14,084.75	 22.54
 TOTAL EXPENSES	 733,941	 61,161.75	 97.86
 NET PROFIT (LOSS)	 0	 .00	 .00
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**Park Paseo Homeowners Association**  
**Irvine, California**  
RDA Reserve Analysis Report Summary

Report Date	July 24, 2014	Parameters:	
Version	034	Inflation	2.00%
Account Number	1393	Annual Contribution Increase	2.00%
Budget Year Beginning	1/ 1/15	Investment Yield	1.00%
Ending	12/31/15	Taxes on Yield	30.00%
Total Units Included	625	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/15:	\$733,211.00

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:	\$10,334.67
( \$16.54 per unit per month)	
Average Net Monthly Interest Contribution This Year:	285.55
Net Monthly Allocation to Reserves 1/ 1/15 to 12/31/15:	\$10,620.22
( \$16.99 per unit per month)	

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

REPORT DATE: July 24, 2014  
 VERSION: 034  
 ACCOUNT NUMBER: 1393

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Doors, Entry, Orig	0	15,432.00	15,432.00
Clubhouse - Doors, Interior	0	1,928.00	1,928.00
Clubhouse - Doors, Sliding Original	0	6,368.00	6,368.00
Clubhouse - Water Heater	0	3,501.00	3,501.00
Golf Cart - Replacement, Unfunded	0	0.00	0.00
Lighting - Exterior, Main Pool/Club	0	13,598.00	13,598.00
Lighting - Exterior, Prosa, 1992	0	2,630.00	2,630.00
Lighting - Interior, Clubhouse	0	15,594.00	15,594.00
Lighting - Walkway	0	110,000.03	110,000.03
Main Pool - Spa Pump/Motor	0	1,122.00	1,122.00
Main Pool - Spa, Sump Pump	0	2,869.00	2,869.00
Main Pool - Wader Filter	0	969.00	969.00
Main Pool Area - Deck Repair	0	25,000.00	25,000.00
Main Pool Area - Furniture, 2001	0	18,981.00	18,981.00
Main Pool Area - Furniture, 2007	0	15,581.00	15,581.00
Painting - Wrought Iron, Streets	0	165.78	165.78
Parking Lot - Asphalt Repairs	0	2,593.10	2,593.10
Parking Lot - Asphalt Slurry Seal	0	2,432.26	2,432.26
Prosa Pool Area - Ceramic Shower	0	7,099.79	7,099.79
Prosa Pool Area - Deck Repairs	0	12,500.00	12,500.00
Prosa Pool Area - Furniture	0	8,865.00	8,865.00
Prosa Pool Area - Water Heater	0	3,501.00	3,501.00
Rec Area - Drinking Fountain, Prosa	0	1,481.00	1,481.00
Rec Area - Sand Repl, Main	0	6,000.00	6,000.00
Signs - Monument	0	3,230.00	3,230.00
Tennis Court - Resurfacing	0	12,240.00	12,240.00
Tennis Court - Windscreen	0	3,321.36	3,321.36
Termite Control/Fumigation	0	5,060.00	5,060.00
Clubhouse - Furnishings	1	27,000.00	27,000.00
Irrigation - Enclosures	1	25,682.15	25,682.15
Landscape - Tree Trimming, Jac.	1	6,652.17	6,652.17
Lighting - Parking Lot, Original	1	6,942.31	6,942.31
Main Pool - Filter	1	5,649.23	5,649.23
Main Pool - Spa Filter	1	1,293.55	1,293.55
Main Pool - Spa Pump/Motor, Booster	1	2,462.57	2,462.57
Main Pool Area - Barbecues	1	3,717.55	3,717.55
Painting - Main Spa, Equipment Room	1	2,167.20	2,167.20
Painting - Woodwork, Clubhouse	1	9,303.56	9,303.56
Painting - Woodwork, Prosa	1	2,549.79	2,549.79
Prosa Pool - Pump/Motor Systems	1	2,040.00	2,040.00
Prosa Pool Area - Rstrm Counters	1	1,042.41	1,042.41
Prosa Pool Area - Rstrm Fixtures	1	5,377.06	5,377.06



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

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Prosa Pool Area - Rstrm Partitions	1	3,055.41	3,055.41
Prosa Pool Area - Wood Repairs	1	2,800.00	2,800.00
Clubhouse - Billiard Tables	2	9,253.00	9,253.00
Clubhouse - Deck, Railing, Wood	2	4,170.88	4,170.88
Clubhouse - Doors, Restrooms	2	2,264.80	2,264.80
Clubhouse - Kitchen, Appliances	2	4,345.03	4,345.03
Clubhouse - Office, Equipment	2	7,966.10	7,966.10
Clubhouse - Wallpaper	2	11,215.97	11,215.97
Clubhouse - Window Blinds	2	12,948.91	12,948.91
Landscape - Tree Trimming, Windrow	2	9,272.73	9,272.73
Lighting - Interior, Prosa Cabana	2	1,631.14	1,631.14
Main Pool Area - Ceramic Shower	2	2,039.75	2,039.75
Main Pool Area - Deck Caulking	2	5,897.50	5,897.50
Painting - Int Restrooms, Clubhouse	2	3,218.67	3,218.67
Prosa Pool Area - Deck Caulking	2	1,679.07	1,679.07
Rec Area - Play Equip, Alba	2	19,760.89	19,760.89
Rec Area - Play Equip, Main, Prosa	2	45,374.36	45,374.36
Signs - Bulletin Board, Clubhouse	2	988.38	988.38
Tennis Court - Lighting	2	12,798.40	12,798.40
Main Pool - Wader Heater	3	2,261.74	2,261.74
Parking Lot - Asphalt Overlay	3	10,314.62	10,314.62
Prosa Pool Area - Barbecues	4	1,790.64	1,790.64
Prosa Pool Area - Rstrm Tile	4	8,088.70	8,088.70
Painting - Int Restrooms, Prosa	5	545.40	545.40
Prosa Pool - Filter, 2008	5	1,565.22	1,565.22
Tennis Court - Chain Link	5	17,327.12	17,327.12
Main Pool - Motor/Pump System	6	1,490.77	1,490.77
Main Pool - Wader Pump/Motor	6	226.79	226.79
Painting - Stucco	6	1,180.42	1,180.42
Clubhouse - Carpet, Replace	7	354.55	354.55
Lighting - Parking Lot, 2000	7	955.59	955.59
Rec Area - Benches	8	3,716.62	3,716.62
Roofs - Composition Roll, Clubhouse	8	725.55	725.55
Rec Area - Sand Repl, Alba	9	480.69	480.69
Rec Area - Sand Repl, Prosa	9	292.86	292.86
Clubhouse - Restroom Shower Door	10	748.50	748.50
Main Pool - Spa Refiberglass & Tile	10	1,520.50	1,520.50

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

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Main Pool - Heater	11	1,110.17	1,110.17
Prosa Pool - Heater	11	488.46	488.46
Rec Area - Trash Cans	11	2,836.80	2,836.80
Tennis Court - Benches, Tennis/Grds	11	5,267.73	5,267.73
Clubhouse - Office, Refurbishment	12	5,045.59	5,045.59
Main Pool - Refiberglass & Tile	12	10,660.29	10,660.29
Main Pool - Spa Heater	12	183.45	183.45
Main Pool - Wader Refiberglassing	12	1,352.43	1,352.43
Prosa Pool - Refiberglass & Tile	12	4,658.43	4,658.43
Rec Area - Drinking Fountain, C\H	12	650.68	650.68
Irrigation - Controllers	13	4,039.20	4,039.20
Clubhouse - Restroom Counters	14	1,152.00	1,152.00
Clubhouse - Restroom Partitions	14	1,576.50	1,576.50
Clubhouse - Doors, Entry, 2005	15	5,061.68	5,061.68
Clubhouse - Floor Tile	15	7,153.59	7,153.59
Clubhouse - Kitchen, Cabinets	15	9,517.49	9,517.49
Clubhouse - Kitchen, Sink	15	302.15	302.15
Clubhouse - Restroom Lockers/Bench	16	5,454.55	5,454.55
Fencing - W/I, Alba West/Entrada	16	165.89	165.89
Fencing - W/I, Delamesa/Campanero	16	1,322.34	1,322.34
Walls - Stucco Repairs	16	457.45	457.45
Clubhouse - HVAC, Clubhouse/Office	19	1,051.78	1,051.78
Clubhouse - Restroom	19	0.00	0.00
Clubhouse - Restroom Ceramic Tile	19	2,798.72	2,798.72
Clubhouse - Restroom Epoxy Floor	19	543.44	543.44
Clubhouse - Restroom Fixtures	19	1,731.84	1,731.84
Fencing - Aluminum, Prosa Pool	20	10,182.00	10,182.00
Painting - Aluminum, Pools	20	2,066.58	2,066.58
Clubhouse - Exterior Staircase	21	5,287.29	5,287.29
Clubhouse - Doors, Double Slide	22	833.28	833.28
Clubhouse - Women's Shower	22	384.15	384.15
Fencing - Aluminum, Main Pool	25	22,662.37	310.25
Trellis - Prosa Pool	25	1,938.00	0.00
Trellis - Clubhouse	26	5,352.47	0.00
Roofs - Tile, Clubhouse, Replace	34	929.81	0.00

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

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Roofs - DaVinci Roof - Prosa	46	913.81	0.00
Total Asset Summary:		743,341.55	711,855.34
Contingency @ 3.00%:		22,300.25	21,355.66
Grand Total:		765,641.80	733,211.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	96%		

**Park Paseo Homeowners Association**  
**RDA Standard Projections**

REPORT DATE: July 24, 2014  
VERSION: 034  
ACCOUNT NUMBER: 1393

Beginning Accumulated Reserves: \$733,211

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'15	1,453,445	124,016	3,427	302,062	558,591	574,743	97%
'16	1,482,514	126,342	3,463	123,243	565,153	570,663	99%
'17	1,512,165	127,744	2,875	214,250	481,522	473,111	102%
'18	1,542,408	126,133	3,636	21,579	589,713	578,354	102%
'19	1,573,256	122,701	4,437	14,024	702,826	696,099	101%
'20	1,604,721	130,509	4,836	73,931	764,240	755,884	101%
'21	1,636,816	131,767	5,210	82,668	818,549	810,077	101%
'22	1,669,552	134,737	5,757	60,481	898,562	891,072	101%
'23	1,702,943	139,000	6,340	59,315	984,587	977,469	101%
'24	1,737,002	142,746	7,086	40,940	1,093,478	1,087,411	101%
'25	1,771,742	147,139	7,614	76,543	1,171,689	1,164,818	101%
'26	1,807,177	148,990	7,417	183,690	1,144,405	1,133,859	101%
'27	1,843,320	149,918	6,918	227,943	1,073,299	1,058,625	101%
'28	1,880,187	147,398	7,584	60,819	1,167,462	1,160,299	101%
'29	1,917,790	158,053	7,597	158,014	1,175,097	1,164,780	101%
'30	1,956,146	157,458	6,989	252,133	1,087,411	1,073,373	101%
'31	1,995,269	157,439	7,516	89,119	1,163,247	1,154,397	101%
'32	2,035,175	166,440	8,062	91,397	1,246,351	1,237,713	101%
'33	2,075,878	172,203	8,768	76,694	1,350,628	1,341,267	101%
'34	2,117,396	173,882	9,389	93,249	1,440,650	1,432,660	101%
'35	2,159,744	177,987	8,545	305,298	1,321,885	1,306,353	101%
'36	2,202,938	175,486	8,364	211,218	1,294,516	1,279,660	101%
'37	2,246,997	178,702	9,004	94,164	1,388,058	1,378,789	101%
'38	2,291,937	188,797	9,394	136,853	1,449,396	1,438,502	101%
'39	2,337,776	191,501	10,464	46,988	1,604,372	1,597,340	100%
'40	2,384,531	197,951	9,065	404,183	1,407,205	1,387,605	101%
'41	2,432,222	194,416	6,947	506,960	1,101,608	1,069,320	103%
'42	2,480,866	187,840	7,888	64,391	1,232,946	1,213,365	102%
'43	2,530,484	196,696	8,306	140,229	1,297,719	1,284,421	101%
'44	2,581,093	207,697	8,870	129,671	1,384,615	1,371,873	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, 2015 through December 31, 2015

(1) The regular assessment per ownership interest is \$95.00 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 \$765,641 based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis California, LLC as of August, 2015. The projected reserve fund cash balance at the end of the current fiscal year is \$733,211, resulting in reserves being 96 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 \$52.

(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)
2015	558,591	574,743	97%
2016	565,153	570,663	99%
2017	481,522	473,111	102%
2018	589,713	578,354	102%
2019	702,826	696,099	101%

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)
2015	603,373	105%
2016	656,820	115%
2017	622,088	131%
2018	784,666	136%
2019	959,591	138%

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 BIRTCHEER 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

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-

mitted for approval as herein specified for use on any Lot shall not be deemed to be a waiver by the Architectural Committee of its right to object to any of the features or elements embodied in such plans and specifications, if or when the same features or elements are embodied in any subsequent plans and specifications submitted for approval as herein provided for use on other Lots. Neither Declarant nor the Architectural Committee or a member thereof shall be liable to anyone by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval, disapproval or the failure to approve or disapprove any plans.

Section 5. Appeal. In the event plans and specifications submitted to the Architectural Committee are disapproved in whole or in part, the party or parties making such submission may appeal to the Board by submitting a written request for appeal. The written request shall be submitted to the Board not more than thirty (30) days following the final decision of the Architectural Committee. The Board shall submit such request to the Architectural Committee for review, whose written recommendations will be submitted to the Board. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellant.

Section 6. Non-applicability to Declarant. The provisions of this Article VI entitled "Architectural Control" shall not apply to Lots owned by Declarant for purposes of development.

**PARK PASEO HOMEOWNERS ASSOCIATION  
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&Rs and Rules and Regulations of the Association, therefore, pursuant to the authority vested in the Board of Directors by the CC&Rs and the Bylaws, the following schedule of fines and fees is hereby established and 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 + repair and legal costs	\$100 + repair and 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 Sunday eve or left out after eve of pickup	Warning	\$25.00	\$50.00
E. Unauthorized vehicles in driveways (boats, trailers, RVs, commercial vehicles)	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&Rs or any 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.

The schedule of Fines was adopted by the Association's Board of Directors on March 11, 1996 and shall be binding on the members of the Association, and shall not be the exclusive remedy of the Association to deal with violations of the CC&Rs, Bylaws, or Rules and Regulations. Members shall be responsible for the acts or omissions of their guests, lessees, or invitees.

All fines and fees, pursuant to this schedule, shall be imposed by action of the Board of Directors after reasonable notice and hearing.

**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.

If facility keys (2) are not returned to the Association office two weeks prior to close of escrow, a \$300.00 fee will be charged at escrow closing.

**B. Delinquent Account Collection**

Returned Check	\$10.00
Late Charge	\$10.00
Late Reminder & Support	\$15.00
Pre-lien letter	\$75.00
Additional pre-lien letter	\$35.00 each
Title check fee	\$35.00 each
Resolution to record lien	\$35.00
Lien filing fee	\$150.00
Additional lien mailings	\$50.00 each
Attorney package prep	\$200.00
Payment plan administration	\$15.00 per month
Lien release	\$75.00

*(See the Park Paseo Assessment and Collection Policy)*

**C. Transfer of Ownership Agent shall be compensated through escrow for changes in ownership as follows (*not all fees apply to every transaction*):**

Resale Transfer	\$275.00 (\$200 requested at opening of escrow/non-refundable)
Resale Transfer/Disclosures	\$365.00 (documents and financial package)
Resale Transfer/Disclosures	\$430.00 (documents, financial package and minutes)
Financial package only	\$45.00 per set
Documents package only	\$73.00 per set
Meeting Minutes only	\$70.00
Certification Letter	\$80.00 (PCM form)
Certification Letter	\$175.00 (Lender form)
Appraisal Report	\$50.00
Refinance Demand	\$115.00
Updated Escrow Demand	\$55.00
Expedite Fees	\$50.00-\$200.00



# PARK PASEO HOMEOWNERS ASSOCIATION

## Insurance Disclosure Form

State law requires that community associations disclose to the individual homeowners the extent of liability coverage carried by the Association. Our Association carries the following coverages: **Directors and Officers Insurance:** The association carries Directors and Officers insurance in compliance with Civil Code 5800.

**Property Insurance:**

<b>Name of Insurer:</b>	CSE Insurance Group		
<b>Policy Limits:</b>	\$1,000,000	<b>Amount of Deductible:</b>	\$1,000
<b>Date Policy Begins:</b>	01/16/2014	<b>Date Policy Ends:</b>	01/16/2015

**General Liability Insurance:**

<b>Name of Insurer:</b>	CSE Insurance Group		
<b>Policy Limits:</b>	\$1,000,000	<b>Amount of Deductible:</b>	NONE
<b>Date Policy Begins:</b>	01/16/2014	<b>Date Policy Ends:</b>	01/16/2015

**Earthquake and/or Flood Insurance:**

<b>Name of Insurer:</b>	Lloyds Synducate None		
<b>Policy Limits:</b>	\$562,432	<b>Amount of Deductible:</b>	7.5% per bldg 10% addtl prop
<b>Date Policy Begins:</b>	01/25/2014	<b>Date Policy Ends:</b>	01/25/2015

**Fidelity Insurance:**

<b>Name of Insurer:</b>	Liberty Mutual Insurance		
<b>Policy Limits:</b>	\$1,000,000	<b>Amount of Deductible:</b>	\$1,000
<b>Date Policy Begins:</b>	01/16/2014	<b>Date Policy Ends:</b>	01/16/2015

**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 Civil Code Section 5300(b)(9), 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.

**INTERNAL DISPUTE RESOLUTION POLICY REQUIRED BY  
CIVIL CODE SECTION 5915**

**ARTICLE 2. Internal Dispute Resolution**

**5915.**

- (a) This section applies to an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article.
- (b) Either party to a dispute within the scope of this article 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 an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
  - (3) The board shall designate a director 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.
- (c) An agreement reached under this section 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 common interest development or association.
  - (2) The agreement is either consistent with the authority granted by the board to its designee or the agreement is ratified by the board.
- (d) A member may not be charged a fee to participate in the process.

**ALTERNATIVE DISPUTE RESOLUTION POLICY REQUIRED BY  
CIVIL CODE SECTIONS 5925-5965**

**ARTICLE 3. Alternative Dispute Resolution Prerequisite to Civil Action**

**5925.**

As used in this article:

- (a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.
- (b) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:
- (1) Enforcement of this act.
  - (2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).
  - (3) Enforcement of the governing documents.

**5930.**

- (a) An association or a member may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.
- (b) This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.
- (c) This section does not apply to a small claims action.
- (d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

**5935.**

(a) Any party to a dispute may initiate the process required by Section 5930 by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:

- (1) A brief description of the dispute between the parties.
- (2) A request for alternative dispute resolution.
- (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.
- (4) If the party on whom the request is served is the member, a copy of this article.

(b) 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.

(c) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

**5940.**

(a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.

(c) The costs of the alternative dispute resolution shall be borne by the parties.

**5945.**

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 Section 5935 for response to a Request for Resolution.

(b) If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 5940.

**5950.**

(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 are satisfied:

- (1) Alternative dispute resolution has been completed in compliance with this article.
- (2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.
- (3) Preliminary or temporary injunctive relief is necessary.

(b) Failure to file a certificate pursuant to subdivision (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.

**5955.**

(a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. 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.

(b) The costs of the alternative dispute resolution shall be borne by the parties.

**5960.**

In an enforcement action in which attorney's fees and costs may be awarded, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

**5965.**

(a) An association shall annually provide its members a summary of the provisions of this article that specifically references this article. The summary shall include the following language:

"Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

(b) The summary shall be included in the annual policy statement prepared pursuant to Section 5310.

*(Added by Stats. 2012, Ch. 180, Sec. 2. Effective January 1, 2013. Operative January 1, 2014, by Sec. 3 of Ch. 180.)*