

DATE: November 21, 2019
TO: THE MEMBERSHIP – PARK PASEO HOMEOWNERS ASSOCIATION
FROM: THE BOARD OF DIRECTORS
RE: ANNUAL POLICY STATEMENT & BUDGET FOR FISCAL YEAR
BEGINNING JANUARY 1, 2020

In compliance with California Civil Code, attached is the Park Paseo Homeowner's Association budget for the fiscal year beginning January 1, 2020. 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 an increase in monthly dues from \$115.00 per month to \$118.00 per month to adequately cover the rising operating costs, which include increases from our landscape vendor, janitorial vendor, increases in utilities, and other maintenance costs to maintain a 40+ year old community. 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, 2020, your new assessment rate will be \$118.00 per month. Please remember to update any automated bill pay functions you have with your bank for the January payment. If you are registered with Associa-PCM's direct debit, the amount will automatically increase.

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

- FHA Certification Mandatory Disclosure Statement
- VA Certification Mandatory Disclosure Statement
- Civil Code § 5300(b)(12) Disclosure
- 2019 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
- Alternative Dispute Resolution
- Internal Dispute Resolution Procedure
- Architectural Submittal and Appeal Process
- Discipline Policy
- Fine Schedule
- Summary of the Association's Insurance Coverage

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.

According to the reserve analyst, the Association is currently 91% funded to the ideal funding amount. As of the most recent financial statement for the current fiscal year, the Association has \$1,166,873.42 in reserve funds and anticipates that the amount will increase to \$1,255,510.00 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 \$1,381,257.27 and the Association is 91% 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 year's reserve analyst recommendations. The following major components were identified to be repaired or replaced, but the Association did not do so for reasons noted:

<i>Component</i>	<i>Reason for Deferral of Repairs</i>
Irrigation Enclosures	Still in good condition
Main Pool Filter	Still in good working condition / Replace when fail
Main Spa Filter, Pump, Booster	Still in good working condition / Replace when fail
Main Wader Filter, Heater	Still in good working condition / Replace when fail
Painting – Clubhouse Woodwork	Will do wood repairs & painting together in 2020
Prosa Drinking Fountain	Still in good working condition

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 Homeowner's Association c/o Associa PCM, 27051 Towne Centre Drive, Suite 200, Foothill Ranch, CA 92610 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 TownSq and the community website at 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:

Community Manager
 Park Paseo Homeowner's Association
 25 Christamon West
 Irvine, CA 92620

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 bulletin board at the Clubhouse as the location for posting of General Notices.

Please be advised that the Association has also designated its Bulletin Board at the Clubhouse 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 at 714-730-1560. 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.*



FHA Certification Mandatory Disclosure Statement

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is **not** a condominium project. As of 11/20/2018 the association of this common interest development is not certified by the Federal Housing Administration.

Current status can be checked at <https://entp.hud.gov/idapp/html/condlook.cfm>

California Civil Code requires this be provided to the membership each year and must be on a separate piece of paper.



VA Certification Mandatory Disclosure Statement

Certification by the Federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is **not** a condominium project. As of 11/20/2018 the association of this common interest development is not certified by the Federal Department of Veterans Affairs.

Current status can be checked at:

<https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>

California Civil Code requires this be provided to the membership each year and must be on a separate piece of paper.



Civil Code § 5300(b)(12) Disclosure

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525*

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.

A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Property Address:

Owner of Property:

Owner's Mailing Address (if known or different from property address.):

Provider of the Section 4525 Items:

Print Name _____ Position or Title _____ Association or Agent

Date Form Completed:

Check or Complete Applicable Column or Columns Below

Document	Civil Code Section Included	Fee for Document	Not Available (N/A), Not Applicable (N/App), or Directly Provided (DP) by Seller and confirmed in writing by Seller as a current document
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	10.00	
CC&Rs	Section 4525(a)(1)	15.00	
Bylaws	Section 4525(a)(1)	15.00	
Operating Rules	Section 4525(a)(1)	15.00	
Age restrictions, if any	Section 4525(a)(2)	8.00	
Rental restrictions, if any	Section 4525(a)(9)	8.00	
Annual budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)	25.00	
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	20.00	
Financial statement review	Sections 5305 and 4525(a)(3)	25.00	
Assessment enforcement policy	Sections 5310 and 4525(a)(4)	10.00	
Insurance summary	Sections 5300 and 4525(a)(3)	10.00	
Required statement of fees	Section 4525	80.00	
Regular assessment	Section 4525(a)(4)		Included w/required statement of fees
Emergency assessment	Section 4525(a)(4)		Included w/required statement of fees
Special assessment	Section 4525(a)(4)		Included w/required statement of fees
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)		Included w/required statement of fees
Approved changes to assessments	Sections 5300 and 4525(a)(4), (8)	25.00	
Settlement notice regarding common area defects	Sections 4525(a)(6), (7), and 6100	8.00	
Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100	8.00	

Notice(s) of violation	Sections 5855 and 4525(a)(5)	8.00	
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section 4525(a)(10)	35.00	
Total fees for these documents	Section 4525	325.00	
* The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 shall be charged separately.			



Budget Summary Report
Park Paseo Homeowners Association
Dept: 776 - Park Paseo Homeowners Assoc.
FYE Dec 2020 - Approved Budget

	<u>2020 Budget</u>
Assessment Income	
4000 - Residential Assessments	885,000.00
Total Assessment Income	885,000.00
User Fee Income	
4225 - Key Fees	0.00
4275 - Social/Recreation/Activity Fees	0.00
4295 - Other User Income	0.00
Total User Fee Income	0.00
Rental Income	
4400 - Clubhouse Rental Fees	3,000.00
Total Rental Income	3,000.00
Collections Income	
4710 - Late Fees & Interest	0.00
Total Collections Income	0.00
Other Income	
4810 - Compliance Fines	0.00
4815 - Prior Yr Income/Deficit	0.00
4825 - Recovery of Bad Debt	0.00
4835 - Miscellaneous Income	0.00
Total Other Income	0.00
Investment Income	
4900 - Interest Earned - Operating Accounts	0.00
4910 - Interest Earned - Reserve Accounts	0.00
Total Investment Income	0.00
Total Park Paseo Homeowners Assoc. Income	888,000.00
Administrative	
5010 - Bad Debt	0.00
5090 - Office Supplies	500.00
5105 - Reserve Studies	1,695.00
5195 - Other Administrative Services	18,250.00
Total Administrative	20,445.00
Communications	
5200 - Community Events	3,500.00
5210 - Printing & Copying	2,800.00
5215 - Postage	1,500.00
5225 - Newsletters/Mailouts/Management Extras	17,000.00
Total Communications	24,800.00
Insurance	
5400 - Insurance Premiums	16,500.00
Total Insurance	16,500.00
Utilities	
6000 - Electric Service	33,000.00
6005 - Gas Service	13,250.00
6025 - Water Service	48,800.00
6035 - Trash and Recycling Service	2,300.00

Budget Summary Report
Park Paseo Homeowners Association
Dept: 776 - Park Paseo Homeowners Assoc.
FYE Dec 2020 - Approved Budget

	<u>2020 Budget</u>
Utilities	
6050 - Telephone Service	4,400.00
Total Utilities	101,750.00
Landscaping	
6100 - Grounds & Landscaping - Contract	173,400.00
6160 - Tree Maintenance	40,000.00
6199 - Landscape Other	6,000.00
6200 - Irrigation Repair & Maintenance	25,000.00
Total Landscaping	244,400.00
Property Protection	
6440 - Property Protection - Patrol Service	50,000.00
Total Property Protection	50,000.00
Operations	
6300 - Permits & Licenses	1,000.00
Total Operations	1,000.00
Repair & Maintenance	
6406 - Lighting Services	888.00
6430 - Janitorial Services	17,500.00
6434 - Pest Control	2,500.00
6438 - Pool Management	20,155.00
6600 - General Repair & Maintenance	30,000.00
6635 - Janitorial Supplies & Maintenance	3,000.00
6640 - Lighting Supplies/Repair & Maintenance	8,700.00
6645 - Locks & Keys Repair & Maintenance	750.00
6694 - Pet Stations & Supplies	700.00
6695 - Plumbing Supplies/Repair & Maintenance	1,000.00
6700 - Pool Supplies/Repair & Maintenance	20,350.00
6710 - Recreation Supplies/Repair & Maintenance	3,000.00
6740 - Sidewalk/Concrete Repair & Maintenance	8,000.00
6765 - Tennis Court Repair & Maintenance	350.00
6770 - Vandalism Repair & Maintenance	500.00
Total Repair & Maintenance	117,393.00
Professional Services	
7000 - Audit & Tax Services	1,700.00
7020 - Legal Services	3,000.00
7025 - Legal Services - Collections	3,000.00
7040 - Management Fees	111,888.00
Total Professional Services	119,588.00
Taxes	
9000 - Federal Income Tax	3,000.00
9005 - State Income Tax	1,200.00
9015 - Property/Real Estate Tax	148.00
Total Taxes	4,348.00

Budget Summary Report
Park Paseo Homeowners Association
Dept: 776 - Park Paseo Homeowners Asoc.
FYE Dec 2020 - Approved Budget

	<u>2020 Budget</u>
Other Expenses	
9105 - Reserve Contribution Expense	187,776.00
Total Other Expenses	<u>187,776.00</u>
Reserves	
9966 - Reserve Interest	0.00
Total Reserves	<u>0.00</u>
Total Park Paseo Homeowners Asoc. Expense	<u>888,000.00</u>
Total Park Paseo Homeowners Asoc. Net Income / (Loss)	<u>0.00</u>



Budget Summary Report
Park Paseo Homeowners Association
Dept: RESERVE - Reserves
FYE Dec 2020 - Approved Budget

	<u>2020 Budget</u>
Investment Income	
4905 - Reserve Contribution Income	187,776.00
4910 - Interest Earned - Reserve Accounts	0.00
Total Investment Income	<u>187,776.00</u>
Total Reserves Income	<u>187,776.00</u>
Reserves	
9834 - Contingency Reserve	5,469.00
9852 - Fences, Gates & Wallis Reserve	15,396.00
9886 - Landscape Reserve	45,236.00
9892 - Lighting Reserve	10,965.00
9900 - Tot Lot Reserve	16,906.00
9914 - Painting Reserve	5,405.00
9916 - Asphalt Reserve	2,881.00
9924 - Pools & Spas Reserve	50,514.00
9934 - Recreation Center Reserve	23,327.00
9936 - Roof Reserve	3,605.00
9946 - Signs Reserve	1,554.00
9958 - Tennis Court Reserve	6,518.00
Total Reserves	<u>187,776.00</u>
Total Reserves Expense	<u>187,776.00</u>
Total Reserves Net Income / (Loss)	<u>0.00</u>
Total Association Net Income / (Loss)	<u>0.00</u>

Park Paseo HOA
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending 12/31/20
 ("Disclosure Summary")

The notes at the end of this Disclosure Summary should be read in conjunction with the information provided.

(1) The regular assessment for the 2020 fiscal year per ownership interest is **\$118** per month.

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

(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 association's Board of Directors (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: N/A

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

(3) Based upon the most recent reserve study, dated 11/20/19, 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 X No

(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 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: N/A

Park Paseo HOA
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending 12/31/20
("Disclosure Summary")

(5) All major components are included in the reserve study and are included in its calculations. However, the following major assets are excluded from the reserve study calculations for the following reasons:

Major asset:	Reason this major asset was not included:
Club Bulletin Board	Covered by operating budget
Painting Wrought Iron	Covered by operating budget

(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 **\$1,381,257**, based in whole or in part on the last reserve study or update prepared by Advanced Reserve Solutions, Inc. as of 1/1/20. The projected reserve fund cash balance at the end of the current fiscal year is **\$1,255,510**, resulting in reserves being **90.90%** funded at this date. The current deficiency in the reserve fund represents **\$201** per ownership interest.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, a reserve funding plan has been developed – see the attached projections. The assumed long-term before-tax interest rate earned on reserve funds is **2%** per year and the assumed long-term inflation rate applied to major component repair and replacement costs is **3%** per year. Full reserve study available upon request.

NOTES:

(A) The financial representations set forth in this summary are based on the best estimates of the preparer and the Board at that time. The estimates are subject to change. (B) For the purposes of understanding this Disclosure Summary: (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement. (2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in the study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary. (3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided. (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation. (5) Based on reserve studies or the occurrence of one or more unanticipated events, the Board could increase regular assessments and/or levy special assessments, consistent with the provisions of the CC&Rs and applicable law, to fund additional reserves as it deems necessary. For example, the information contained in this Disclosure Summary includes (i) estimates of replacement value and life expectancies of the components and (ii) assumptions regarding future events. Estimates are projections of a future event based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this Disclosure Summary. Therefore, the actual replacement cost and remaining life may vary from this report and summary and the variation may be significant. Additionally, inflation and other economic events may impact this report and summary, particularly over an extended period of time (such as thirty (30) years) and those events could have a significant and negative impact on the accuracy of this Disclosure Summary and, further, the funds available to meet the association's obligation for repair and/or replacement of major components during their estimated useful life.

Park Paseo Homeowners Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	01394
Version Number	3
Analysis Date	11/20/2019
Fiscal Year	1/1/2020 to 12/31/2020
Number of Units	625
Phasing	1 of 1

Global Parameters:

Inflation Rate	3.00 %
Annual Contribution Increase	2.20 %
Investment Rate	2.00 %
Taxes on Investments	30.00 %
Contingency	3.00 %

Community Profile:

Park Paseo HOA consists of 625 homes located in Irvine, California. Common area amenities include, but are not limited to: clubhouse, two pool areas, three tot lots, tennis courts, walkways and common area landscaping.

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

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

ARS site visit conducted: August 12, 2019

Adequacy of Reserves as of January 1, 2020:

Anticipated Reserve Balance	\$1,255,510.00
Fully Funded Reserve Balance	\$1,381,257.27
Percent Funded	90.90%

Recommended Funding for the 2020 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	\$187,776	\$15,648.00	\$25.04
Interest Contribution	\$11,385	\$948.75	\$1.52
Total Contribution	\$199,161	\$16,596.75	\$26.55

Park Paseo Homeowners Association

Membership Disclosure Summary

Sorted by Category

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Parking Lot	\$19,002	\$17,433	0-3	3-26
020 Roofs	\$72,611	\$3,545	3-29	18-35
030 Painting	\$36,389	\$23,189	1-7	5-10
040 Fencing	\$229,800	\$9,390	0-20	5-30
050 Lighting	\$166,910	\$43,800	0-24	12-47
060 Clubhouse	\$327,350	\$167,433	1-24	8-47
065 Main Pool	\$643,795	\$504,529	0-21	4-44
070 Prosa Pool	\$210,401	\$120,886	0-24	4-39
080 Tennis	\$84,220	\$64,275	1-12	4-55
085 Park Areas	\$205,225	\$141,920	1-11	2-27
095 Landscaping	\$152,760	\$122,540	0-8	2-44
100 Grounds	\$28,634	\$0	24	25
Contingency	n.a.	\$36,568	n.a.	n.a.
Total	\$2,177,097	\$1,255,510	0-29	2-55

Park Paseo Homeowners Association
Projections
Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2020	\$1,255,510	\$187,776	\$11,385	\$533,347	\$921,324	\$1,007,872	91%
2021	\$921,324	\$191,907	\$12,628	\$112,817	\$1,013,043	\$1,076,622	94%
2022	\$1,013,043	\$196,129	\$11,630	\$277,292	\$943,510	\$978,874	96%
2023	\$943,510	\$200,444	\$13,519	\$75,651	\$1,081,822	\$1,097,200	99%
2024	\$1,081,822	\$204,854	\$13,238	\$235,928	\$1,063,986	\$1,055,995	101%
2025	\$1,063,986	\$209,360	\$13,313	\$214,857	\$1,071,802	\$1,041,160	103%
2026	\$1,071,802	\$213,966	\$14,292	\$155,300	\$1,144,760	\$1,094,480	105%
2027	\$1,144,760	\$218,674	\$16,509	\$73,030	\$1,306,913	\$1,242,236	105%
2028	\$1,306,913	\$223,484	\$17,201	\$188,314	\$1,359,284	\$1,277,660	106%
2029	\$1,359,284	\$228,401	\$17,061	\$252,894	\$1,351,852	\$1,251,322	108%
2030	\$1,351,852	\$233,426	\$18,179	\$168,412	\$1,435,044	\$1,319,860	109%
2031	\$1,435,044	\$238,561	\$20,371	\$98,351	\$1,595,625	\$1,471,012	108%
2032	\$1,595,625	\$243,810	\$20,968	\$218,948	\$1,641,454	\$1,505,589	109%
2033	\$1,641,454	\$249,173	\$24,530	\$14,477	\$1,900,680	\$1,764,809	108%
2034	\$1,900,680	\$254,655	\$24,887	\$250,842	\$1,929,381	\$1,787,898	108%
2035	\$1,929,381	\$260,258	\$27,499	\$96,747	\$2,120,390	\$1,982,245	107%
2036	\$2,120,390	\$265,983	\$27,800	\$268,999	\$2,145,175	\$2,006,982	107%
2037	\$2,145,175	\$271,835	\$25,656	\$448,596	\$1,994,069	\$1,849,318	108%
2038	\$1,994,069	\$277,815	\$26,831	\$216,845	\$2,081,871	\$1,940,529	107%
2039	\$2,081,871	\$283,927	\$29,894	\$90,051	\$2,305,641	\$2,176,961	106%
2040	\$2,305,641	\$290,174	\$23,116	\$797,738	\$1,821,193	\$1,677,829	109%
2041	\$1,821,193	\$296,557	\$23,306	\$302,744	\$1,838,312	\$1,697,222	108%
2042	\$1,838,312	\$303,082	\$25,006	\$202,149	\$1,964,251	\$1,832,625	107%
2043	\$1,964,251	\$309,750	\$23,375	\$446,931	\$1,850,444	\$1,721,369	107%
2044	\$1,850,444	\$316,564	\$21,874	\$442,720	\$1,746,162	\$1,620,399	108%
2045	\$1,746,162	\$323,528	\$24,969	\$121,989	\$1,972,671	\$1,866,174	106%
2046	\$1,972,671	\$330,646	\$25,353	\$324,477	\$2,004,193	\$1,914,301	105%
2047	\$2,004,193	\$337,920	\$27,935	\$176,112	\$2,193,936	\$2,131,363	103%
2048	\$2,193,936	\$345,355	\$30,535	\$184,680	\$2,385,146	\$2,356,242	101%
2049	\$2,385,146	\$352,952	\$28,009	\$558,702	\$2,207,405	\$2,201,736	100%

NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

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 herein 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 California Civil Code, 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 each 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(s) of the property at the time the assessment or other sums are levied, *per Civil Code Sections 5650(a) & 5660.*
3. Assessments not received within **thirty (30) 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(s) and the Association enter into an agreement providing for payments to be applied in a different manner.
5. A first "Notice of Past due Assessment" will be prepared and mailed on assessments not received within **thirty (30) days** of the stated due date. A **twenty-five dollar (\$25.00)** charge for the late letter will be made against the delinquent account. Additionally, 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 **sixty (60) days** of the "stated due date", the Association will send a **"pre-lien letter"** to the owner(s) as required by *Civil Code Sections 5650(a) & 5660*, by certified and first class mail, to the mailing address of record advising of the delinquent status of the account and impending collection action. The owner(s) will be charged a **one-hundred dollar (\$100.00) fee** for the pre-lien letter. Additional pre-lien letters, if needed, will result in a **fifty dollar (\$50.00) fee**. In addition, the owner(s) will also be charged a **fifty dollar (\$50.00) fee** for each title check necessary to process the delinquency and a **fifty-dollar (\$50.00) fee** for a Resolution to Lien action taken by the Board of Directors.

7. If any owner(s) fail(s) 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 property. The owner(s) will be charged a **three hundred forty five dollar (\$345.00) 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 *as noted in Civil Code Sections 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(s) will be charged **three hundred dollars (\$300.00)** for preparing the matter to be sent to counsel.
9. Any owner(s) who reach the lien stage may be subject to the violation hearing process wherein membership rights including, but not limited to, common area access, voting, and/or facility use privileges may be revoked.
10. Any owner(s) who rents the property in question to a third party may be subject to the "assignment of rents" process through the judicial system wherein the Association collects the rents until the debt is repaid.
11. If there is a failure to bring the account current within the parameters specified in California Civil Code, the Board of Directors may resolve to foreclose on the property via the judicial or non-judicial foreclosure process. The fee to process a foreclosure package is **two hundred seventy-five dollars (\$275.00)**, not including attorney fees, court costs, or other ancillary fees.
12. All owners are entitled to inspect the Association's accounting books and records to verify the amounts owed on their property pursuant to *Corporations Code Section 8333*.
13. In the event it is determined that the owner(s) paid the assessments on time, the owner(s) will not be liable to pay the charges, interest, and costs of collection associated with the collection of those assessments.
14. Owner(s) unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. Owner(s) 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. If the Board agrees to accept a payment plan, a **\$25.00 per month fee** will be charged to the owner(s) to administer and monitor the payment plan.
15. 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.

16. 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. The fee to execute *a lien release is \$100.00.*
17. The delinquent owner(s) 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).*
18. All charges listed herein are subject to change without notice.
19. 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), *per Civil Code Section 5658.*



Additional Provisions to Conform to Law

Prior to the recording of a lien, owners that are delinquent will be sent a "pre-lien" letter. The pre-lien letter will include an offer by the association to engage in internal 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 general 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 internal dispute resolution upon receipt of a written request within thirty (30) days of the offer of such internal 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 following general minutes of the Association using the assessor's parcel number.

All completed 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	\$10.00 or 10% whichever is greater
Late Reminder & Support	\$25.00
Pre-Lien Letter	\$100.00
Additional Pre-Lien Letters	\$50.00 each
Title Check Fee	\$50.00 each
Resolution to Record Lien	\$50.00
Lien Fee	\$270.00
SB2 State Mandated Recording Fee	\$75.00
Additional Lien mailings	\$50.00 each
Lien Release	\$100.00
Payment Plan Admin. Fee	\$25.00 monthly
Attorney Package Preparation & Monthly Monitoring	\$300.00
Returned Check Fee	\$25.00
Foreclosure Processing Fee	\$275.00

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(s) will be responsible for any attorneys' fees and costs incurred by such action.

**The mailing address for overnight payment of assessments is:
C/O Pro Branch Delinquency Department
27051 Towne Centre Drive, Suite 200
Foothill Ranch, CA 92610**

**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. All owners are entitled to inspect the Association's accounting books and records to verify their amounts owed pursuant to Corporations Code Section 8333.
2. In the event it is determined that an 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:

**Pro Branch Delinquency Department
27051 TOWNE CENTRE DRIVE, SUITE 200
FOOTHILL RANCH, CA 92610**

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

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.

INTERNAL DISPUTE RESOLUTION [CIVIL CODE § 5915]

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. The parties may be assisted by an attorney or another person at their own cost when conferring.
- (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.

A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and 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.

A member shall not be charged a fee to participate in the process.

ALTERNATIVE DISPUTE RESOLUTION PREREQUISITE TO CIVIL ACTION [5925 - 5965]

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.

ARCHITECTURAL SUBMITTAL & APPEAL PROCESS

A. PROCESS

1. Additions/Alterations

- a. Prior to obtaining a Building Permit from the City of Irvine, a property owner is required to submit drawings to the Association's management office and obtain written approval from the Park Paseo Homeowner's Association Architecture Committee. The focus of the Architectural review is to ensure compliance with the Association's minimum standards, including:
 - 1) The siting of an addition;
 - 2) The selection of colors and materials;
 - 3) The exterior building elevations and maximum height of proposed addition /alteration.
 - 4) The design, placement, type and color of fencing.

- b. A two-step submittal and approval process for improvements is recommended to ensure consistency and compliance as follows:
 - 1) Preliminary Review: This procedure involves the review and approval of the proposed design. Two (2) sets of plans shall be submitted for review.
 - a) Room additions/First and Second Story additions and Remodels: Homeowners are encouraged to obtain an advisory opinion from the Architecture Committee prior to the preparation of detail drawings. Preliminary drawings should be drawn to a minimum scale of 1/8" = 1'-0" and submitted in duplicate and should contain the following:
 - Site Plan: All plans will show setbacks for all adjacent property lines as well as drainage and grading detail, both surface and below grade drain lines.
 - Floor Plan (drawn to minimum scale): Indicate all walls, columns, openings, and any conditions or feature that will affect the exterior design of the additions/structure.
 - Elevations (drawn to minimum scale):
 - ❖ Provide exterior elevation of proposed addition/structure.
 - ❖ Note all materials and colors.
 - ❖ Blueprint must show rooflines, heights, setbacks, etc.
 - ❖ Show how the proposed structure fits within the addition/structure envelope.
 - ❖ Note proposed roof material.
 - b) One copy of such drawings will be returned to the owner with advisory comments by the Architecture Committee, which may serve as a guide in the

preparation of the formal Home Improvement Application. The review of the preliminary drawings by the Committee is advisory only, and is not required, but it is strongly recommended. Any comments, written or oral, made by the Committee shall not be construed as its approval. Approval or disapproval by the Architecture Committee is rendered only upon submission of the formal Home Improvement Application.

2) Final Plan Review: This procedure ensures that the construction documents are executed in accordance with the previously approved Preliminary Plan submission. The applicant shall provide two (2) complete sets of construction documents for the review by the committee and/or its architect.

a) Final Drawings for Submittal: A completed Home Improvement Application must accompany the plan submittal drawn to a minimum scale 1/8" = 1'-0". The final drawings submitted must include but not be limited to the following:

- Site plan
- Floor plan
- Elevations
- Roof plan
- Exterior door and window schedules
- Exterior detail sheets
- A material color list and sample board showing proposed exterior finish colors for all walls, roof, windows, and trim and any other finish materials contemplated for use.
- Blueprint must show rooflines, heights, setbacks, etc.

2. Landscape Plan Review

a. Landscape Plan Review is a two-step process as follows:

- 1) Preliminary Landscape Plan Review: This procedure includes the submittal of two (2) sets of plans that includes but is not limited to drainage and grading.
- 2) Final Landscape Plan Review: This step ensures that the construction documents are executed in accordance with the previously approved Preliminary Landscape Plan submission. The applicant shall provide two (2) complete sets of construction documents for the review by the committee and/or architect.

B. SUBMISSION

1. All proposals for new construction and improvements and alterations to existing improvements shall be submitted to the Architecture Committee for review and approval in accordance with the PARK PASEO HOMEOWNER'S ASSOCIATION ARCHITECTURAL SUBMITTAL FORM (Exhibit A). All requests for painting approval must be made on the Paint Application Form (Exhibit B).

All architectural drawings shall be prepared and signed by an architect or structural engineer licensed in the State of California, except for patio covers which may be prepared by a landscape architect or structural engineer licensed in the State of California.

Unless otherwise designated, submissions shall be made at least 72 hours prior to the Architecture Committee meeting to:

PARK PASEO ARCHITECTURE COMMITTEE
PARK PASEO HOMEOWNER'S ASSOCIATION
25 Christamon West
Irvine, CA 92620
(714) 730-1560

2. Two (2) sets of plans or drawings must be submitted with the application. One set is retained as part of the homeowner's permanent file with the Association, and the second copy will be returned to the homeowner when a decision has been made by the Architecture Committee. For homeowners planning major additions to their home, it is recommended that elevation drawings, including material to be used, be submitted for preliminary review by the Architecture Committee. (Refer to Optional Preliminary Review Process for Major Additions, see Section 2 A). Changes in exterior elevation must be approved by the Board of Directors.
3. Neighbor Awareness: The intent of Neighbor Awareness is to advise neighbors who own property adjacent to or in close proximity to the lot of the proposed improvement by requiring their signatures on the Home Improvement Application and their initials on the proposed plans. If the closely affected neighbors(s) residing on the property is not an owner, the address of the owner should be provided on the Home Improvement Application and the Association will contact the absentee owner in writing upon submittal to the Architecture Committee. However, in that instance, the Home Improvement Application cannot be considered complete and submitted to the Architecture Committee until (10) days after submission, in order to allow an opportunity for the absentee owner to comment on the proposed plans.
 - a. The Architecture Committee will evaluate the neighbor comments or concerns, which may necessitate homeowner/neighbor attendance at a meeting. However, the authority to approve or

disapprove the Home Improvement Application is the sole responsibility of the Architecture Committee subject to an appeal to the Board of Directors as provided in the CC&R's. (Additionally, the application must include the initials of the neighbor's awareness on the plans submitted for review by the Architecture Committee.) The inability to obtain the initials of neighbor awareness will be evaluated by the Architecture Committee on a case-by-case basis.

b. The applicant is responsible to obtain this information, and will acknowledge by signature on the Home Improvement Application that the information is complete and accurate. The Architecture Committee reserves the right to request additional Neighbor Awareness.

4. The plans processing fees are as set in the Fee Schedule (see p. 31, sections D & C of the Architectural Guidelines) for the Home Improvement Application. It is \$50.00 for a simple improvement (less than \$2,500) with a waiver provision, \$50 for a minor improvement (\$2,500 to \$20,000), and \$100 for a major improvement (greater than \$20,000). The processing fee must be paid with the application or there will be a Special Assessment against the homeowner's lot in accordance with Article V, Section 9, of the Master Declaration.

C. APPROVALS AND DENIALS

1. In accordance with CC&R's and other binding documents, the Architecture Committee has a maximum of thirty (30) days to render a decision on a complete application as provided in the CC&R's. The applications are considered delivered when presented at an Architecture Committee meeting where a quorum is present. An incomplete application is not considered submitted.

2. **Approved Applications:** Homeowners will be notified in writing of the Architecture Committee's decision. Plans and specifications are not reviewed for engineering design, and by approving such plans and specifications, none of the Architecture Committee, the members thereof, the Association, the members thereof, the Board of Directors, nor the members thereof assumes liability or responsibility therefore, or for any defect in any structure constructed from such plans and specifications. The applicant is responsible to ensure that the original course of surface water flow is not disturbed or altered to adversely affect a neighboring property. Additionally, approval by the Architecture Committee is not a review of the side yard easement rights between the parties involved, including drainage, or the effect of the proposed improvements on such rights and drainage.

3. **Disapproved Applications:** All homeowners will be notified in writing of the Architecture Committee's decision. In the event plans and specifications submitted to the Architecture Committee are not approved, the applicant may request to meet with the Architecture Committee at their regularly

scheduled monthly meeting to review and discuss the plans and application. The homeowner may appeal the disapproval, in writing or in person, to the Park Paseo Homeowner's Association Board of Directors. The written request must be received by the Board of Directors not more than thirty (30) days following the disapproval by the Architecture Committee.

4. Approval or disapproval by the Architecture Committee has no bearing on the integrity of the work to be done or the local code requirements. The City of Irvine Planning and Building Department shall be contacted concerning municipal codes, ordinances and regulations. In the case of overlapping or inconsistent requirements, the more stringent shall apply.
5. Final Plan approval may not be granted, and an architectural application shall not be deemed a complete submission, until such time as the required property security deposit is posted.
6. Stop Work Orders: The commencement of construction prior to the approval of the proposed work by the Architecture Committee, or non-adherence to the approval plans, shall be a violation of these rules and the Association's Architecture Committee may recommend to the Board of Directors that the Board issue a Stop Work Order to the homeowner. Continuing work after receipt of the Stop Work Order shall subject the homeowner to possible penalty assessments and all other remedies which the Association may be entitled to pursuant to the CC&R's and other binding documents and the laws of the State of California. The Stop Work Order issued by the Board of Directors, through the Association Manager, will be delivered or posted at the job site and a copy mailed, by U.S. mail, to the homeowner.



**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.

VIOLATION TYPE	1ST OFFENSE	2ND OFFENSE	3RD OFFENSE
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 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.



Park Paseo Homeowners Association

27051 Towne Centre Drive, Suite 200
Foothill Ranch, CA 92610

(949) 768-7261
(800) 369-7260

INSURANCE DISCLOSURE SUMMARY

In accordance with Amended California Civil Code, Section 5300, the following is a summary of the terms, policy limits and applicable deductible for: Park Paseo Homeowners Association. The agent is: Armstrong/Robitaille/Riegle Business and Insurance Solutions (949)381-7700.

Association Insurance is as follows:

<u>Coverage Type</u>	<u>Limit</u>	<u>Deductible</u>	<u>Policy Term</u>
Common Area Property	\$1,500,000	\$1,000	01/16/2019 – 01/16/2020
General Liability	\$1,000,000	No Deductible	01/16/2019 – 01/16/2020
Directors & Officers	\$1,000,000	\$2,500	01/16/2019 – 01/16/2020
Fidelity/Employee Dishonesty	\$1,000,000	\$1,000	01/16/2019 – 01/16/2020
Workers Comp	\$1,000,000	No Deductible	01/16/2019 – 01/16/2020
Earthquake	\$662,432	7.5%	01/25/2019 – 01/25/2020

Please check the Associations CC&R's. Homeowners are solely responsible for insuring any improvements or upgrades within their unit, personal belongings, contents, and personal liability.

This summary of the association's policies of insurance provides only certain information, as required by Section 5300 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.

CLAIMS & SERVICE: Claims should be filed through your property management firm, Associa Professional Community Management (858)795-7061.

FOR CERTIFICATES OF INSURANCE REQUESTS: If your Mortgage Company requires a Certificate of Insurance be issued for Fire and Hazard Insurance naming them as the Certificate holder, you must contact the insurance agent listed above or have your Mortgage Company fax their request to them.

