



DATE: NOVEMBER 29, 2018  
TO: THE MEMBERSHIP – PARK PASEO HOMEOWNERS ASSOCIATION  
FROM: THE BOARD OF DIRECTORS  
RE: ANNUAL POLICY STATEMENT & BUDGET FOR FISCAL YEAR  
BEGINNING JANUARY 1, 2019

In compliance with California Civil Code, attached is the Park Paseo Homeowner's Association budget for the fiscal year beginning January 1, 2019. 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 \$111.00 per month to \$115.00 per month to adequately cover the rising operating costs, and to fund the reserve accounts for future repairs and replacements. In addition, the need to increase monthly dues are necessary to support the minimum wage increase, utility increase such as gas, electric and water, contract increases for landscaping services, janitorial services, patrol services and pool services. 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, 2019, your new assessment rate will be \$115.00 per month.**

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 100.00% funded to the ideal funding amount. As of the most recent financial statement for the current fiscal year, the Association has \$1,102,636.71 in reserve funds and anticipates that the amount will increase to \$1,151,132.97 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 \$2,028,760.00 and the Association is 56.2% 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 2018 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><i>Component</i></b>	<b><i>Reason for Deferral of Repairs</i></b>
Irrigation enclosures	2019
Lighting – exterior clubhouse	Deferred - extension
Main pool / spa pumps & motors	Replacement when failed
Painting – exterior woodwork	Deferred - extension
Prosa pool area restrooms	2019
Walls – block repairs	2019

**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 Town Square.

Owners may submit a secondary address to the Association for 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  
c/o Associa PCM, 27051 Towne Centre Drive; Suite 200  
Foothill Ranch, CA 92610

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 in the clubhouse office by calling 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 these documents but shall not be required to purchase ALL 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	
<b>Total fees for these documents</b>	<b>Section 4525</b>	<b>325.00</b>	
* 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.**

	<b>2019 Budget</b>
<b>Assessment Income</b>	
4000 - Residential Assessments	862,501.97
<b>Total Assessment Income</b>	<b>862,501.97</b>
<b>Total Park Paseo Homeowners Assoc. Income</b>	<b>862,501.97</b>
<b>Administrative</b>	
5090 - Office Supplies	10,000.00
5105 - Reserve Studies	1,695.00
5195 - Other Administrative Services	1,000.00
<b>Total Administrative</b>	<b>12,695.00</b>
<b>Communications</b>	
5200 - Community Events	3,500.00
5210 - Printing & Copying	2,800.00
5215 - Postage	1,500.00
5225 - Newsletter Services	16,000.00
<b>Total Communications</b>	<b>23,800.00</b>
<b>Insurance</b>	
5400 - Insurance Premiums	15,499.00
<b>Total Insurance</b>	<b>15,499.00</b>
<b>Utilities</b>	
6000 - Electric Service	31,232.70
6005 - Gas Service	12,536.00
6025 - Water Service	48,800.00
6035 - Trash and Recycling Service	2,317.50
6050 - Telephone Service	4,086.00
<b>Total Utilities</b>	<b>98,972.20</b>
<b>Landscaping</b>	
6100 - Grounds & Landscaping - Contract	168,348.00
6160 - Tree Maintenance	36,000.00
6199 - Landscape Other	4,000.00
6200 - Irrigation Repair & Maintenance	24,657.00
<b>Total Landscaping</b>	<b>233,005.00</b>
<b>Property Protection</b>	
6440 - Property Protection - Patrol Service	50,000.00
<b>Total Property Protection</b>	<b>50,000.00</b>
<b>Operations</b>	
6300 - Permits & Licenses	1,000.00
<b>Total Operations</b>	<b>1,000.00</b>
<b>Repair &amp; Maintenance</b>	
6406 - Lighting Services	888.00
6430 - Janitorial Services	16,455.48
6434 - Pest Control	2,500.00
6438 - Pool Management	20,155.00
6600 - General Repair & Maintenance	29,200.00
6635 - Janitorial Supplies & Maintenance	3,000.00
6640 - Lighting Supplies/Repair & Maintenance	8,700.00
6645 - Locks & Keys Repair & Maintenance	500.00
6694 - Pet Stations & Supplies	500.00



**Budget Summary Report**  
**Park Paseo Homeowners Association**  
**Dept: 776 - Park Paseo Homeowners Asoc.**

	<b>2019 Budget</b>
<b>Repair &amp; Maintenance</b>	
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	8,000.26
6765 - Tennis Court Repair & Maintenance	316.00
6770 - Vandalism Repair & Maintenance	500.00
<b>Total Repair &amp; Maintenance</b>	<b>115,064.74</b>
<b>Professional Services</b>	
7000 - Audit & Tax Services	1,700.00
7020 - Legal Services	2,500.00
7025 - Legal Services - Collections	6,000.00
7040 - Management Fees	111,891.99
<b>Total Professional Services</b>	<b>122,091.99</b>
<b>Taxes</b>	
9015 - Property/Real Estate Tax	145.00
<b>Total Taxes</b>	<b>145.00</b>
<b>Other Expenses</b>	
9105 - Reserve Contribution Expense	190,229.04
<b>Total Other Expenses</b>	<b>190,229.04</b>
<b>Total Park Paseo Homeowners Asoc. Expense</b>	<b>862,501.97</b>
<b>Total Park Paseo Homeowners Asoc. Net Income / (Loss)</b>	<b>0.00</b>

**Budget Summary Report  
Park Paseo Homeowners Association  
Dept: RESERVE - Reserves**

	<b>2019 Budget</b>
<b>Investment Income</b>	
4905 - Reserve Contribution Income	190,229.04
<b>Total Investment Income</b>	<b>190,229.04</b>
<b>Total Reserves Income</b>	<b>190,229.04</b>
<b>Reserves</b>	
9834 - Contingency Reserve	5,584.56
9852 - Fences, Gates & Walls Reserve	12,564.00
9870 - Trellis Reserve	2,863.32
9884 - Irrigation Reserve	4,186.20
9886 - Landscape Reserve	37,311.72
9892 - Lighting Reserve	10,445.28
9914 - Painting Reserve	7,173.72
9916 - Asphalt Reserve	2,275.80
9918 - Termite Reserve	345.36
9924 - Pools & Spas Reserve	58,319.28
9934 - Recreation Center Reserve	40,529.16
9946 - Signs Reserve	2,062.80
9958 - Tennis Court Reserve	6,567.84
<b>Total Reserves</b>	<b>190,229.04</b>
<b>Total Reserves Expense</b>	<b>190,229.04</b>
<b>Total Reserves Net Income / (Loss)</b>	<b>(0.00)</b>
<b>Total Association Net Income / (Loss)</b>	<b>0.00</b>

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

Report Date	November 13, 2018	Parameters:	
Version	045	Inflation	2.40%
Account Number	1393	Annual Contribution Increase	2.40%
Budget Year Beginning	1/ 1/19	Investment Yield	1.00%
Ending	12/31/19	Taxes on Yield	30.00%
Total Units Included	625	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/19:	\$1,240,413.00

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: June 15, 2016

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$15,130.06
( \$24.21 per unit per month)	
Average Net Monthly Interest Contribution This Year:	645.95
Net Monthly Allocation to Reserves 1/ 1/19 to 12/31/19:	\$15,776.01
( \$25.24 per unit per month)	

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

REPORT DATE: November 13, 2018  
 VERSION: 045  
 ACCOUNT NUMBER: 1393

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Pool Access Doors	0	5,542.00	5,542.00
Clubhouse - Sliding Glass Doors	0	25,000.00	25,000.00
Irrigation - Enclosures	0	28,626.00	28,626.00
Landscape - Tree Trim Blue Gum 2019	0	37,000.00	37,000.00
Landscape - Tree Trim Common 2019	0	34,000.00	34,000.00
Main Pool - Filter	0	6,640.00	6,640.00
Main Pool - Spa Filter	0	1,495.00	1,495.00
Main Pool - Spa Pump/Motor	0	1,217.00	1,217.00
Main Pool - Spa Pump/Motor, Booster	0	2,878.00	2,878.00
Main Pool - Spa, Sump Pump	0	3,116.00	3,116.00
Main Pool - Wader Filter	0	1,072.00	1,072.00
Main Pool - Wader Heater	0	3,323.00	3,323.00
Main Pool Area - Barbecues	0	5,166.00	5,166.00
Painting - Int Restrooms, Prosa	0	1,738.00	1,738.00
Painting - Main Spa, Equipment Room	0	2,970.00	2,970.00
Painting - Woodwork, Clubhouse	0	12,743.20	12,743.20
Painting - Woodwork, Prosa	0	3,492.48	3,492.48
Painting - Wrought Iron, Streets	0	190.34	190.34
Prosa Pool Area - Barbecues	0	4,221.00	4,221.00
Prosa Pool Area - Ceramic Shower	0	7,610.67	7,610.67
Prosa Pool Area - Doors, Restrooms	0	1,276.00	1,276.00
Prosa Pool Area - Rstrm Counters	0	1,150.00	1,150.00
Prosa Pool Area - Rstrm Fixtures	0	5,938.00	5,938.00
Prosa Pool Area - Rstrm Partitions	0	3,367.00	3,367.00
Prosa Pool Area - Rstrm Tile	0	9,720.11	9,720.11
Prosa Pool Area - Wood Repairs	0	3,500.00	3,500.00
Rec Area - Drinking Fountain, Prosa	0	1,590.00	1,590.00
Walls - Block Repairs	0	5,000.00	5,000.00
Clubhouse - Deck, Railing, Wood	1	4,827.90	4,827.90
Clubhouse - Kitchen, Appliances	1	5,307.64	5,307.64
Clubhouse - Window Blinds	1	15,822.27	15,822.27
Landscape - Tree Trim Jacaran 2020	1	11,086.96	11,086.96
Lighting - Exterior, Main Pool/Club	1	13,910.71	13,910.71
Lighting - Exterior, Prosa	1	2,679.21	2,679.21
Lighting - Interior, Clubhouse	1	15,632.79	15,632.79
Lighting - Interior, Prosa Cabana	1	1,779.89	1,779.89
Lighting - Parking Lot, Original	1	7,555.12	7,555.12
Main Pool Area - Ceramic Shower	1	6,763.74	6,763.74
Main Pool Area - Deck Caulking	1	5,139.07	5,139.07
Main Pool Deck - Patio/Spa	1	123,069.77	123,069.77
Main Pool Deck - Pool/Wader	1	157,255.81	157,255.81
Parking Lot - Asphalt Overlay	1	12,520.47	12,520.47

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

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Parking Lot - Asphalt Repairs	1	1,265.04	1,265.04
Parking Lot - Asphalt Slurry 2020	1	1,307.67	1,307.67
Prosa Pool - Filter	1	2,731.87	2,731.87
Prosa Pool Area - Deck Caulking	1	2,320.10	2,320.10
Rec Area - Play Equip, Alba	1	22,938.10	22,938.10
Rec Area - Play Equip, Main, Prosa	1	52,499.18	52,499.18
Signs - Bulletin Board, Clubhouse	1	1,131.35	1,131.35
Tennis Court - Lighting	1	14,033.86	14,033.86
Termite Control/Fumigation	1	5,039.88	5,039.88
Clubhouse - Office, Equipment	2	2,625.00	2,625.00
Main Pool - Motor/Pump System	2	5,708.99	5,708.99
Main Pool - Wader Pump/Motor	2	782.66	782.66
Prosa Pool Deck - Replace, 2021	2	54,409.09	54,409.09
Tennis Court - Deck Caulking	2	1,253.67	1,253.67
Tennis Court - Resurfacing	2	6,720.00	6,720.00
Tennis Court - Windscreen	2	2,003.36	2,003.36
Clubhouse - Billiard Tables	3	9,768.27	9,768.27
Clubhouse - Carpet, Replace	3	4,909.86	4,909.86
Landscape - Tree Trim Red Iron 2018	3	1,630.43	1,630.43
Lighting - Parking Lot	3	1,328.60	1,328.60
Main Pool Area - Furniture, Replace	3	35,824.25	35,824.25
Prosa Pool - Pump/Motor Systems	3	2,004.47	2,004.47
Prosa Pool Area - Furniture	3	9,894.50	9,894.50
Clubhouse - Doors, Ext, Closets	4	3,252.39	3,252.39
Clubhouse - Doors, Exterior R Room	4	1,165.04	1,165.04
Clubhouse - Office, Equipment	4	3,250.00	3,250.00
Rec Area - Benches	4	8,162.03	8,162.03
Roofs - Composition Roll, Clubhouse	4	1,099.42	1,099.42
Tennis Court - Chain Link	4	19,153.83	19,153.83
Main Pool - Spa Heater	5	1,391.21	1,391.21
Painting - Int Rec Area, Clubhouse	5	2,200.00	2,200.00
Painting - Stucco	5	2,088.00	2,088.00
Rec Area - Sand Repl, Prosa	5	4,136.32	4,136.32
Clubhouse - Kitchen, Refrigerator	6	959.29	959.29
Clubhouse - Restroom Shower Door	6	1,327.50	1,327.50
Main Pool - Spa Refiberglass & Tile	6	4,956.00	4,956.00
Painting - Int Restrooms, Clubhouse	6	1,138.41	1,138.41
Main Pool - Heater	7	8,444.00	8,444.00
Rec Area - Trash Cans	7	6,158.40	6,158.40
Rec Area - Wood Fiber Replace, Alba	7	2,268.75	2,268.75
Tennis Court - Benches, Tennis/Grds	7	11,431.47	11,431.47

Park Paseo Homeowners Association  
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Furnishings	8	7,000.00	7,000.00
Clubhouse - Office, Refurbishment	8	8,281.34	8,281.34
Main Pool - Refiberglass & Tile	8	34,752.00	34,752.00
Main Pool - Wader Refiberglassing	8	4,408.29	4,408.29
Prosa Pool - Refiberglass & Tile	8	15,186.00	15,186.00
Rec Area - Drinking Fountain, C\H	8	1,533.69	1,533.69
Irrigation - Controllers	9	13,164.80	13,164.80
Clubhouse - Restroom Counters	10	2,048.00	2,048.00
Clubhouse - Restroom Partitions	10	2,812.50	2,812.50
Main Pool Deck - Repairs	10	0.00	0.00
Prosa Pool Deck - Repairs	10	0.00	0.00
Clubhouse - Front Entry Doors	11	7,774.49	7,774.49
Clubhouse - Kitchen, Cabinets	11	14,620.93	14,620.93
Clubhouse - Kitchen, Sink	11	463.19	463.19
Prosa Pool - Heater	11	260.87	260.87
Rec Area - Poured In Place, Main	11	9,484.71	9,484.71
Clubhouse - Restroom Lockers/Bench	12	9,090.91	9,090.91
Clubhouse - Water Heater	12	1,710.34	1,710.34
Fencing - W/I, Alba West/Entrada	12	386.96	386.96
Fencing - W/I, Delamesa/Campanero	12	2,871.71	2,871.71
Prosa Pool Area - Water Heater	12	1,076.15	1,076.15
Walls - Stucco Repairs	12	968.09	968.09
Lighting - Walkway, Bollards	13	13,343.19	13,343.19
Clubhouse - HVAC, Clubhouse/Office	15	7,239.00	7,239.00
Clubhouse - Restroom	15	0.00	0.00
Clubhouse - Restroom Ceramic Tile	15	4,998.68	4,998.68
Clubhouse - Restroom Epoxy Floor	15	972.70	972.70
Clubhouse - Restroom Fixtures	15	3,093.60	3,093.60
Fencing - Aluminum, Main Pool	16	54,528.59	54,528.59
Fencing - Aluminum, Prosa Pool	16	19,915.56	19,915.56
Painting - Aluminum, Pools	16	3,991.52	3,991.52
Clubhouse - Exterior Staircase	17	8,448.73	8,448.73
Clubhouse - Women's Shower	18	1,006.29	1,006.29
Trellis - Prosa Pool	21	3,790.20	3,790.20
Trellis - Clubhouse	22	12,308.58	12,308.58

Park Paseo Homeowners Association  
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Doors, Kitchen	23	771.60	771.60
Clubhouse - Floor Tile Kitch/Rec	23	1,111.60	1,111.60
Lighting - Interior, Clubhouse	23	75.04	75.04
Signs - Monument	25	0.00	0.00
Roofs - DaVinci Roof - Clubhouse	30	7,072.69	3,149.21
Roofs - DaVinci Roof - Prosa	42	1,983.63	0.00
Total Asset Summary:		1,210,191.58	1,204,284.47
Contingency @ 3.00%:		36,305.75	36,128.53
Grand Total:		1,246,497.33	1,240,413.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	100%		

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

REPORT DATE: November 13, 2018  
VERSION: 045  
ACCOUNT NUMBER: 1393

Beginning Accumulated Reserves: \$1,240,413

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'19	2,028,760	181,561	7,751	219,582	1,210,143	1,201,120	101%
'20	2,077,450	167,546	5,375	521,460	861,604	836,808	103%
'21	1,826,367	154,120	5,648	127,819	893,554	881,204	101%
'22	1,808,997	170,377	5,710	158,454	911,188	897,692	102%
'23	1,852,413	174,469	6,287	95,681	996,263	985,023	101%
'24	1,896,871	181,879	6,982	85,296	1,099,828	1,089,409	101%
'25	1,942,396	188,195	7,582	106,371	1,189,233	1,178,162	101%
'26	1,989,013	192,470	8,352	87,984	1,302,072	1,292,491	101%
'27	2,036,750	197,835	7,725	292,718	1,214,913	1,197,902	101%
'28	2,085,632	195,883	8,362	114,006	1,305,152	1,293,929	101%
'29	2,135,687	206,359	8,201	231,833	1,287,879	1,272,486	101%
'30	2,186,943	207,324	8,376	190,111	1,313,467	1,299,083	101%
'31	2,239,430	213,687	8,611	185,076	1,350,690	1,336,311	101%
'32	2,293,176	218,921	8,755	204,170	1,374,197	1,358,943	101%
'33	2,348,212	224,643	9,813	79,650	1,529,003	1,518,392	101%
'34	2,404,569	235,113	10,115	196,273	1,577,958	1,563,695	101%
'35	2,462,279	235,418	8,758	438,554	1,383,581	1,359,632	102%
'36	2,521,374	231,739	9,021	205,226	1,419,115	1,402,053	101%
'37	2,581,887	244,847	9,284	209,257	1,463,988	1,446,667	101%
'38	2,643,852	251,063	9,656	203,909	1,520,799	1,503,554	101%
'39	2,707,305	258,141	10,376	161,447	1,627,869	1,612,285	101%
'40	2,772,280	266,713	10,883	200,113	1,705,352	1,688,674	101%
'41	2,838,815	275,931	9,795	436,871	1,554,206	1,523,113	102%
'42	2,906,946	264,604	11,211	78,875	1,751,146	1,737,276	101%
'43	2,976,713	287,480	10,203	429,779	1,619,050	1,592,733	102%
'44	3,048,154	281,239	9,612	379,036	1,530,865	1,504,651	102%
'45	3,121,310	289,207	10,227	206,987	1,623,312	1,602,481	101%
'46	3,196,221	303,463	11,556	116,690	1,821,642	1,804,618	101%
'47	3,272,930	315,524	10,484	473,182	1,674,468	1,642,489	102%
'48	3,351,481	308,241	12,332	59,615	1,935,426	1,919,713	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, 2019 through December 31, 2019

- (1) The regular assessment per ownership interest is \$115.00 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 \_\_\_\_ of the attached summary.*
- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, See note immediately below):	Purpose of the assessment:
N/A		
	Total: \$	

- (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	n/a
	Total n/a

- (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 \$1,246,497 based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis California, LLC as of November 13, 2018. The projected reserve fund cash balance at the end of the current fiscal year is \$1,240,413 resulting in reserves being 100 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 \$10.00.
- (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)
2019	\$1,210,143	\$1,201,120	101%
2020	\$ 861,604	\$ 836,808	103%
2021	\$ 893,554	\$ 881,204	101%
2022	\$ 911,188	\$ 897,692	102%
2023	\$ 996,263	\$ 985,023	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)
2019	\$1,218,835	101%
2020	\$ 897,688	107%
2021	\$ 975,381	111%
2022	\$1,027,573	114%
2023	\$1,148,262	117%

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 2.4% 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 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**

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 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.

**Insurance Disclosure Statement**  
**(As required by California Civil Code Section 5300)**  
**Park Paseo HOA**  
**c/o PCM - Professional Community Management**  
**9610 Waples Street**  
**San Diego CA 92121-2992**

**1. General Liability**

- |                                     |   |
|-------------------------------------|---|
| (A) Insurance carrier:              | <b>CSE Insurance Group</b>                  |
| (B) The policy limits of insurance: | \$2,000,000 Gen Agg / \$1,000,000 Per Occur |
| (C) The amount of deductible:       | \$0   |
| (D) The policy term is:             | 1/16/2018 to 1/16/2019                      |

**2. Property**

- |                                     |                            |
|-------------------------------------|----------------------------|
| (A) Insurance carrier:              | <b>CSE Insurance Group</b> |
| (B) The policy limits of insurance: | \$1,500,000                |
| (C) The amount of deductible:       | \$1,000                    |
| (D) The policy term is:             | 1/16/2018 to 1/16/2019     |

**3. Crime (Includes Burglary)**

- |                                     |                                    |
|-------------------------------------|------------------------------------|
| (A) Insurance carrier:              | <b>Liberty Mutual Ins. Company</b> |
| (B) The policy limits of insurance: | \$1,000,000                        |
| (C) The amount of deductible:       | \$1,000                            |
| (D) The policy term is:             | 1/16/2018 to 1/16/2019             |

**4. Worker's Comp/Assigned Risk**

- |                                     |  |
|-------------------------------------|--|
| (A) Insurance carrier:              | <b>Pennsylvania Manufacturers Ins. Indemnity Co.</b> |
| (B) The policy limits of insurance: | \$1,000,000  |
| (C) The amount of deductible:       | \$0  |
| (D) The policy term is:             | 1/16/2018 to 1/16/2019                               |

**5. Differences in Conditions**

- |                                     |                          |
|-------------------------------------|--------------------------|
| (A) Insurance carrier:              | <b>Lloyd's of London</b> |
| (B) The policy limits of insurance: | \$520,432                |
| (C) The amount of deductible:       | 7.5%                     |
| (D) The policy term is:             | 1/25/2018 to 1/25/2019   |

**6. Commercial Umbrella**

- |                                     |                                  |
|-------------------------------------|----------------------------------|
| (A) Insurance carrier:              | <b>Federal Insurance Company</b> |
| (B) The policy limits of insurance: | \$5,000,000                      |
| (C) The amount of deductible:       | \$0                              |
| (D) The policy term is:             | 8/9/2018 to 1/16/2019            |

**7. Directors & Officers**

- |                                     |                                    |
|-------------------------------------|------------------------------------|
| (A) Insurance carrier:              | <b>Liberty Mutual Ins. Company</b> |
| (B) The policy limits of insurance: | \$1,000,000                        |
| (C) The amount of deductible:       | \$2,500                            |
| (D) The policy term is:             | 1/16/2018 to 1/16/2019             |

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.