

NOV 26 2016

DATE: NOVEMBER 17, 2016
TO: THE MEMBERSHIP – PARK PASEO HOMEOWNERS ASSOCIATION
FROM: THE BOARD OF DIRECTORS
RE: ANNUAL POLICY STATEMENT & BUDGET FOR FISCAL YEAR BEGINNING
JANUARY 1, 2017

In compliance with California Civil Code, attached is the Park Paseo Homeowners Association budget for the fiscal year beginning January 1, 2017. This budget reflects the continuing efforts of the Board of Directors to maintain and enhance the Association's common area and amenities while at the same time keeping expenditures in line.

The budget indicates a slight increase in monthly dues from \$104.00 per month to \$106.00 per month to adequately cover the rising operating costs, and to fund the reserve accounts for future repairs and replacements. With this budget, the Board of Directors does not anticipate that any special assessments will be required to replace, repair or restore any major component of the reserve program. Effective January 1, 2017, your new assessment rate will be \$106.00 per month.

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

- FHA Certification Mandatory Disclosure Statement
- VA Certification Mandatory Disclosure Statement
- 2017 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 71% funded to the ideal funding amount. As of the most recent financial statement for the current fiscal year, the Association has \$807,858.01 in reserve funds and anticipates that the amount will increase to \$863,310.01 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 \$1,983,919.00, and the Association is 43.52% 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 the 2016 reserve analyst's recommendations. The following major components were identified to be repaired or replaced, but the Association did not do so for reasons noted:

Component	Reason for Deferral of Repairs
Clubhouse doors	Side doors on order, due to be installed before year end
Irrigation enclosures	One replaced, balance on order
Lighting – exterior clubhouse	Deferred – extension
Lighting – walkway	Lights on order, due to be installed before year end
Main pool/spa pumps & motors	Replacement when failed
Painting – exterior woodwork	Deferred – extension
Prosa pool area restrooms	Paint, counters, fixtures deferred – extension
Drinking fountain, Prosa pool	Deferred – extension
Signs – monument	Process begun
Termite control/fumigation	Not needed at this time
Walls – block repairs	In process

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 HOA 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 the Association's website at www.parkpaseoirvine.com. Owners can access community information via this site with a username and password created after the first login with your account number.

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 Homeowners 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 entry to the clubhouse as the location for posting of General Notices.

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

Thank you for your continued support of the Association. If you should have any questions regarding the enclosed information, please contact your Community Manager, Marybeth O. Green at Associa PCM, 714-730-1560 or via email at marybeth.green@associa.us. 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 November 10, 2016 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 November 10, 2016 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.



Budget Summary Report
Park Paseo Homeowners Association
FYE Dec 2017 - Final Budget

	<u>2017 Budget</u>
Assessment Income	
4000 - Residential Assessments	795,000.00
Total Assessment Income	795,000.00
Total Park Paseo Homeowners Assoc. Income	795,000.00
Administrative	
5090 - Office Supplies	8,100.00
5105 - Reserve Studies	1,700.00
5195 - Other Administrative Services	2,400.00
Total Administrative	12,200.00
Communications	
5200 - Community Events	2,260.00
5210 - Printing & Copying	2,100.00
5215 - Postage	3,600.00
5225 - Newsletter Services	1,500.00
Total Communications	9,460.00
Insurance	
5400 - Insurance Premiums	16,800.00
Total Insurance	16,800.00
Utilities	
6000 - Electric Service	31,889.00
6005 - Gas Service	11,232.00
6025 - Water Service	34,018.00
6035 - Trash and Recycling Service	1,700.00
6050 - Telephone Service	4,068.00
Total Utilities	82,907.00
Landscaping	
6100 - Grounds & Landscaping - Contract	138,000.00
6199 - Landscape Other	22,841.12
6200 - Irrigation Repair & Maintenance	22,000.00
Total Landscaping	182,841.12
Property Protection	
6440 - Property Protection - Patrol Service	53,486.00
Total Property Protection	53,486.00
Operations	
6300 - Permits & Licenses	1,404.00
Total Operations	1,404.00
Repair & Maintenance	
6406 - Lighting Services	888.00
6430 - Janitorial Services	14,646.00
6434 - Pest Control	1,010.00
6438 - Pool Management	17,700.00
6600 - General Repair & Maintenance	22,000.00
6635 - Janitorial Supplies & Maintenance	2,015.00
6640 - Lighting Supplies/Repair & Maintenance	8,700.00
6645 - Locks & Keys Repair & Maintenance	1,920.00
6694 - Pet Stations & Supplies	2,800.00
6695 - Plumbing Supplies/Repair & Maintenance	2,000.00

Budget Summary Report
Park Paseo Homeowners Association
FYE Dec 2017 - Final Budget

	<u>2017 Budget</u>
Repair & Maintenance	
6700 - Pool Supplies/Repair & Maintenance	25,000.00
6710 - Recreation Supplies/Repair & Maintenance	3,100.00
6740 - Sidewalk/Concrete Repair & Maintenance	10,000.00
6765 - Tennis Court Repair & Maintenance	255.00
6770 - Vandalism Repair & Maintenance	360.00
Total Repair & Maintenance	112,394.00
Professional Services	
7000 - Audit & Tax Services	1,085.00
7020 - Legal Services	2,900.00
7025 - Legal Services - Collections	500.00
7040 - Management Fees	108,600.00
Total Professional Services	113,085.00
Taxes	
9015 - Property/Real Estate Tax	51.00
Total Taxes	51.00
Reserves	
9964 - General Reserves	210,371.88
Total Reserves	210,371.88
Total Park Paseo Homeowners Assoc. Expense	795,000.00
Total Association Net Income / (Loss)	0.00

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

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Report Date</td> <td style="width: 20%;">November 3, 2016</td> <td style="width: 50%;"></td> </tr> <tr> <td>Version</td> <td>041</td> <td></td> </tr> <tr> <td>Account Number</td> <td>1393</td> <td></td> </tr> <tr> <td>Budget Year Beginning</td> <td>1/ 1/17</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Ending</td> <td>12/31/17</td> <td></td> </tr> <tr> <td>Total Units Included</td> <td>625</td> <td></td> </tr> <tr> <td>Phase Development</td> <td>1 of 1</td> <td></td> </tr> </table>	Report Date	November 3, 2016		Version	041		Account Number	1393		Budget Year Beginning	1/ 1/17		Ending	12/31/17		Total Units Included	625		Phase Development	1 of 1		<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Parameters:</td> </tr> <tr> <td style="width: 70%;">Inflation</td> <td style="text-align: right;">2.00%</td> </tr> <tr> <td>Annual Contribution Increase</td> <td style="text-align: right;">2.00%</td> </tr> <tr> <td>Investment Yield</td> <td style="text-align: right;">1.00%</td> </tr> <tr> <td>Taxes on Yield</td> <td style="text-align: right;">30.00%</td> </tr> <tr> <td>Contingency</td> <td style="text-align: right;">3.00%</td> </tr> <tr> <td colspan="2">Reserve Fund Balance as of</td> </tr> <tr> <td>1/ 1/17:</td> <td style="text-align: right;">\$797,439.00</td> </tr> </table>	Parameters:		Inflation	2.00%	Annual Contribution Increase	2.00%	Investment Yield	1.00%	Taxes on Yield	30.00%	Contingency	3.00%	Reserve Fund Balance as of		1/ 1/17:	\$797,439.00
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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:	\$17,373.57
(\$27.80 per unit per month)	
Average Net Monthly Interest Contribution This Year:	378.20
Net Monthly Allocation to Reserves 1/ 1/17 to 12/31/17:	\$17,751.77
(\$28.40 per unit per month)	

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

REPORT DATE: November 3, 2016
VERSION: 041
ACCOUNT NUMBER: 1393

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Clubhouse - Doors, Sliding 2017	0	25,000.00	25,000.00
Irrigation - Enclosures	0	27,414.00	27,414.00
Landscape - Tree Trim Blue Gum 2017	0	37,000.00	37,000.00
Lighting - Walkway, 2017	0	105,650.00	105,650.00
Main Pool - Spa Filter	0	1,432.00	1,432.00
Main Pool Area - Barbecues	0	4,947.00	4,947.00
Painting - Wrought Iron, Streets	0	178.06	178.06
Signs - Monument, 2017	0	40,000.00	40,000.00
Walls - Block Repairs	0	5,000.00	5,000.00
Main Pool - Filter	1	5,939.73	5,939.73
Main Pool - Spa Pump/Motor	1	1,097.41	1,097.41
Main Pool - Spa Pump/Motor, Booster	1	2,585.63	2,585.63
Main Pool - Spa, Sump Pump	1	2,702.05	2,702.05
Main Pool - Wader Filter	1	968.03	968.03
Main Pool - Wader Heater	1	2,906.22	2,906.22
Painting - Int Restrooms, Prosa	1	1,366.79	1,366.79
Painting - Main Spa, Equipment Room	1	2,425.57	2,425.57
Painting - Woodwork, Clubhouse	1	10,410.19	10,410.19
Painting - Woodwork, Prosa	1	2,853.08	2,853.08
Prosa Pool - Pump/Motor Systems	1	2,152.62	2,152.62
Prosa Pool Area - Wood Repairs	1	3,000.00	3,000.00
Rec Area - Drinking Fountain, Prosa	1	1,492.36	1,492.36
Landscape - Tree Trim Common 2019	2	7,677.42	7,677.42
Prosa Pool Area - Barbecues	2	2,952.75	2,952.75
Clubhouse - Deck, Railing, Wood	3	4,168.40	4,168.40
Clubhouse - Kitchen, Appliances	3	4,338.41	4,338.41
Clubhouse - Window Blinds	3	12,932.50	12,932.50
Landscape - Tree Trim Jacaran 2020	3	3,260.87	3,260.87
Landscape - Tree Trim Red Iron 2020	3	1,630.43	1,630.43
Lighting - Exterior, Main Pool/Club	3	12,464.86	12,464.86
Lighting - Exterior, Prosa, 1992	3	2,404.56	2,404.56
Lighting - Interior, Clubhouse	3	14,440.93	14,440.93
Lighting - Interior, Prosa Cabana	3	1,637.63	1,637.63
Lighting - Parking Lot, Original	3	6,893.02	6,893.02
Main Pool Area - Ceramic Shower	3	6,167.44	6,167.44
Main Pool Area - Deck Caulking	3	1,642.67	1,642.67
Main Pool Deck - Patio/Spa, 2020	3	117,209.30	117,209.30
Main Pool Deck - Pool/Wader, 2020	3	149,767.44	149,767.44
Parking Lot - Asphalt Overlay	3	10,879.79	10,879.79
Parking Lot - Asphalt Repairs	3	0.00	0.00

Park Paseo Homeowners Association
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Parking Lot - Asphalt Slurry Seal	3	0.00	0.00
Prosa Pool - Filter, 2008	3	2,122.24	2,122.24
Prosa Pool Area - Ceramic Shower	3	6,766.02	6,766.02
Prosa Pool Area - Deck Caulking	3	654.57	654.57
Prosa Pool Area - Rstrm Counters	3	1,024.21	1,024.21
Prosa Pool Area - Rstrm Fixtures	3	5,285.92	5,285.92
Prosa Pool Area - Rstrm Partitions	3	2,997.11	2,997.11
Prosa Pool Area - Rstrm Tile	3	8,638.72	8,638.72
Rec Area - Play Equip, Alba	3	19,765.71	19,765.71
Rec Area - Play Equip, Main, Prosa	3	45,588.40	45,588.40
Signs - Bulletin Board, Clubhouse	3	994.86	994.86
Tennis Court - Lighting	3	12,919.07	12,919.07
Termite Control/Fumigation	3	4,515.88	4,515.88
Clubhouse - Office, Equipment, 2021	4	1,750.00	1,750.00
Main Pool - Motor/Pump System	4	3,508.99	3,508.99
Main Pool - Wader Pump/Motor	4	492.79	492.79
Prosa Pool Deck - Replace, 2021	4	51,818.18	10,198.97
Tennis Court - Deck Caulking	4	0.00	0.00
Tennis Court - Resurfacing	4	3,264.00	0.00
Tennis Court - Windscreen	4	975.32	0.00
Clubhouse - Billiard Tables	5	8,979.56	0.00
Clubhouse - Carpet, Replace	5	2,531.45	0.00
Lighting - Parking Lot, 2000	5	1,133.29	0.00
Main Pool Area - Furniture, Replace	5	15,590.50	0.00
Painting - Stucco	5	1,745.86	0.00
Prosa Pool Area - Furniture	5	4,306.25	0.00
Clubhouse - Doors, Interior	6	1,631.45	0.00
Clubhouse - Doors, Restrooms	6	1,073.04	0.00
Clubhouse - Office, Equipment, 2023	6	1,625.00	0.00
Prosa Pool Area - Doors, Restrooms	6	1,073.04	0.00
Rec Area - Benches	6	5,840.87	0.00
Roofs - Composition Roll, Clubhouse	6	909.34	0.00
Tennis Court - Chain Link	6	17,600.87	0.00
Main Pool - Spa Heater	7	790.59	0.00
Painting - Int Rec Area, Clubhouse	7	0.00	0.00
Rec Area - Sand Repl, Prosa	7	2,132.75	0.00
Clubhouse - Kitchen, Refrigerator	8	594.63	0.00
Clubhouse - Restroom Shower Door	8	1,028.00	0.00
Main Pool - Spa Refiberglass & Tile	8	3,163.67	0.00
Painting - Int Restrooms, Clubhouse	8	0.00	0.00
Main Pool - Heater	9	4,619.89	0.00

Park Paseo Homeowners Association
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Prosa Pool - Heater	9	1,616.85	0.00
Rec Area - Trash Cans	9	4,424.40	0.00
Rec Area - Wood Fiber Replace, Alba	9	310.36	0.00
Tennis Court - Benches, Tennis/Grds	9	8,215.20	0.00
Clubhouse - Furnishings	10	0.00	0.00
Clubhouse - Office, Refurbishment	10	6,589.16	0.00
Main Pool - Refiberglass & Tile	10	22,181.71	0.00
Main Pool - Wader Refiberglassing	10	2,814.00	0.00
Main Pool Deck - Repairs	10	0.00	0.00
Prosa Pool - Refiberglass & Tile	10	9,693.14	0.00
Prosa Pool Deck - Repairs	10	0.00	0.00
Rec Area - Drinking Fountain, C\H	10	1,072.68	0.00
Irrigation - Controllers	11	8,404.00	0.00
Clubhouse - Restroom Counters	12	1,587.20	0.00
Clubhouse - Restroom Partitions	12	2,174.00	0.00
Clubhouse - Doors, Entry, 2030	13	6,354.86	0.00
Clubhouse - Kitchen, Cabinets	13	11,950.14	0.00
Clubhouse - Kitchen, Sink	13	378.85	0.00
Rec Area - Poured In Place, Main	13	3,027.00	0.00
Clubhouse - Restroom Lockers/Bench	14	7,272.73	0.00
Clubhouse - Water Heater	14	723.63	0.00
Fencing - W/I, Alba West/Entrada	14	272.77	0.00
Fencing - W/I, Delamesa/Campanero	14	2,062.97	0.00
Prosa Pool Area - Water Heater	14	455.39	0.00
Walls - Stucco Repairs	14	712.77	0.00
Clubhouse - HVAC, Clubhouse/Office	17	4,012.63	0.00
Clubhouse - Restroom	17	0.00	0.00
Clubhouse - Restroom Ceramic Tile	17	3,859.87	0.00
Clubhouse - Restroom Epoxy Floor	17	751.37	0.00
Clubhouse - Restroom Fixtures	17	2,392.00	0.00
Fencing - Aluminum, Main Pool	18	40,273.91	0.00
Fencing - Aluminum, Prosa Pool	18	14,830.48	0.00
Painting - Aluminum, Pools	18	2,990.74	0.00
Clubhouse - Exterior Staircase	19	6,795.10	0.00
Clubhouse - Doors, Entry, 2037	20	2,133.60	0.00
Clubhouse - Women's Shower	20	681.60	0.00
Trellis - Prosa Pool	23	2,822.63	0.00

Park Paseo Homeowners Association
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Trellis - Clubhouse	24	8,676.59	0.00
Clubhouse - Doors, Kitchen, 2016	25	0.00	0.00
Clubhouse - Floor Tile Kitch/Rec	25	0.00	0.00
Lighting - Interior, Clubhouse, 2017	25	0.00	0.00
Roofs - DaVinci Roof - Clubhouse	32	3,869.46	0.00
Roofs - DaVinci Roof - Prosa	44	1,425.64	0.00
Total Asset Summary:		1,094,250.63	774,212.62
Contingency @ 3.00%:		32,827.52	23,226.38
Grand Total:		1,127,078.15	797,439.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:		71%	

Park Paseo Homeowners Association

Assessment and Reserve Funding Disclosure Summary

For the Fiscal Year January 1, 2017 through December 31, 2017

- (1) The regular assessment per ownership interest is \$106.00 per unit, per month.
- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

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

- (3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? YES
- (4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
	Total

- (5) All major components are included in the reserve study and are included in its calculations.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$1,127,078 based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis California, LLC as of November 2016. The projected reserve fund cash balance at the end of the current fiscal year is \$797,439 resulting in reserves being 71 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 \$528.00.
- (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)
2017	\$ 763,839	\$1,041,819	73%
2018	\$ 920,429	\$1,170,489	79%
2019	\$1,043,429	\$1,269,569	82%
2020	\$ 665,807	\$ 855,482	78%
2021	\$ 724,456	\$ 894,319	81%

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)
2017		%
2018		%
2019	Same As Above	%
2020		%
2021		%

At the time this summary was prepared, the assumed long-term before tax interest rate earned on reserve funds was 1% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2% per year.

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. The preparer of this form will be indemnified and held harmless against all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which may become subject in connection of this engagement, because of any false, misleading or incomplete information which has been relied upon by others, or which may result from any improper use or reliance on the disclosure by you or any third party.

Park Paseo Homeowners Association
RDA Standard Projections

REPORT DATE: November 3, 2016
 VERSION: 041
 ACCOUNT NUMBER: 1393

Beginning Accumulated Reserves: \$797,439

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'17	1,983,919	208,483	4,538	246,621	763,839	1,041,819	73%
'18	2,023,597	196,833	5,674	45,913	920,433	1,170,489	79%
'19	2,064,069	194,531	6,540	78,075	1,043,429	1,269,569	82%
'20	2,105,350	186,921	3,936	568,479	665,807	855,482	78%
'21	1,836,799	185,328	4,352	131,031	724,456	894,319	81%
'22	1,810,603	187,116	4,593	156,125	760,040	910,216	84%
'23	1,846,815	189,813	5,100	120,749	834,203	967,181	86%
'24	1,883,751	192,497	6,066	58,584	974,181	1,093,833	89%
'25	1,921,426	195,647	6,719	106,929	1,069,619	1,175,597	91%
'26	1,959,855	199,060	7,464	97,867	1,178,275	1,271,819	93%
'27	1,999,052	201,500	6,928	283,896	1,102,807	1,178,017	94%
'28	2,039,033	204,563	7,358	148,702	1,166,027	1,227,954	95%
'29	2,079,813	207,885	7,529	189,225	1,192,215	1,239,969	96%
'30	2,121,410	211,368	7,818	175,740	1,235,661	1,270,087	97%
'31	2,163,838	215,009	8,191	167,783	1,291,078	1,312,934	98%
'32	2,207,115	218,465	8,274	212,928	1,304,888	1,313,083	99%
'33	2,251,257	222,794	9,123	107,819	1,428,985	1,427,615	100%
'34	2,296,282	225,881	9,695	151,733	1,512,828	1,502,304	101%
'35	2,342,208	219,909	8,530	398,764	1,342,504	1,322,979	101%
'36	2,389,052	215,463	8,694	203,152	1,363,509	1,349,752	101%
'37	2,436,833	225,771	8,660	233,689	1,364,252	1,349,252	101%
'38	2,485,570	229,276	8,784	218,277	1,384,035	1,369,294	101%
'39	2,535,281	235,198	9,811	94,642	1,534,403	1,524,075	101%
'40	2,585,987	244,718	10,116	205,849	1,583,388	1,569,654	101%
'41	2,637,706	247,002	8,779	446,394	1,392,775	1,368,019	102%
'42	2,690,461	239,651	9,565	140,449	1,501,542	1,488,496	101%
'43	2,744,270	255,892	8,886	353,421	1,412,898	1,392,449	101%
'44	2,799,155	254,275	9,548	169,592	1,507,129	1,492,520	101%
'45	2,855,138	265,723	9,824	229,878	1,552,798	1,536,264	101%
'46	2,912,241	270,414	11,143	89,939	1,744,415	1,733,010	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 Billing Collection Policy

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

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

owner's property. The owner will be charged a **One hundred fifty dollar (\$150.00) fee for the preparation and recordation of the Lien.** After the expiration of thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure *Civil Code Section §§§§ 5725 (b), 5735(a),(b), 5700(a), 5710(a),(c)*, subject to the limitations set forth below under "Additional Provisions to Conform to Law" and as otherwise provided by law.

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

Additional Provisions to Conform to Law

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

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

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

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

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

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

Fee and Penalty Procedures

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

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

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

The mailing address for overnight payment of assessments is:

**C/O Pro Branch Delinquency Department
27051 Towne Centre Drive Suite 200 Foothill Ranch Ca 92610
Office Hours Monday through Friday 8:00am to 5:00pm**

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

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

**Associa Professional Community Management
27051 Towne Centre Drive Suite 200 Foothill Ranch Ca 92610
Office Hours Monday through Friday 8:00am to 5:00pm**

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.

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.

Park Paseo Homeowners Association Insurance Disclosure Form

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

Property Insurance:

Name of Insurer: CSE Insurance Group			
Policy Limits:	\$1,500,000	Amount of Deductible:	\$1,000
Date Policy Begins:	01/16/2016	Date Policy Ends:	01/16/2017

General Liability Insurance:

Name of Insurer: CSE Insurance Group			
Policy Limits:	\$1,000,000	Amount of Deductible:	\$0
Date Policy Begins:	01/16/2016	Date Policy Ends:	01/16/2017

Earthquake and/or Flood Insurance:

Name of Insurer: Lloyd's of London			
Policy Limits:	\$662,432	Amount of Deductible:	7.5% per building (Clubhouse) / 10% on additional property
Date Policy Begins:	01/25/2016	Date Policy Ends:	01/25/2017

Fidelity Insurance:

Name of Insurer: Liberty Mutual Insurance			
Policy Limits:	\$1,000,000	Amount of Deductible:	\$1,000
Date Policy Begins:	01/16/2016	Date Policy Ends:	01/16/2017

Individual Liability Policies & Loss Assessment Coverage:

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

Statutory Disclosure

This summary of the Association's policies of insurance provides only certain information, as required by Civil Code Section 5300(b)(9), and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.