



February 23, 2023

Re: Los Paseos Maintenance Corporation
Adopted 2023/2024 Budget and Reserve Information - CC 5300

Dear Los Paseos Maintenance Corporation Homeowner:

Enclosed for your review and permanent file is a copy of the Association's pro-forma operating budget for the fiscal year commencing April 1, 2023, and related materials as referenced above which are required for distribution to the membership per the California Civil Code.

After several months of analysis and working with the Association Reserve Company, the Board of Directors adopted the 2023-2024 fiscal year budget at their February meeting. Therefore, after their analysis the Board has adopted a budget raising the assessments to \$217.00 per month.

The Association must provide reserve funds to maintain, repair or replace major components identified in a reserve study, which is mandated by California law. The current assessment program in the budget does provide funding for reserves. The most recently completed study was conducted in January 2023. A full copy of that study is available for your review.

Please review these documents and retain this packet with your permanent property records. Should you sell or refinance your home, these documents may be required in the escrow process. Should you have any questions regarding these issues, please feel free to contact Sue Norman, Community Manager at Tritz Professional Management Services at (714) 557-5900.

The Board of Directors
Los Paseos Maintenance Corporation



TEL 714.557.5900 | FAX 949.486.8391 | WWW.TPMS.NET
1525 East 17th Street, Suite A, Santa Ana, CA 92705

LOS PASEOS HOA
2023-2024 Adopted Operating Budget

		12/30/2021- 11/30/2022	2023-2024	2023-2024
Acct	Description	Average*	Adopted Monthly Budget	Adopted Annual Budget
REVENUE			<i>Dues: \$217.00</i>	<i>Dues \$217.00</i>
4000	Assessments	\$19,422.39	\$20,832.00	\$249,984.00
	Total Revenue	\$19,422.39	\$20,832.00	\$249,984.00
EXPENSES				
5225	Electricity	\$397.17	\$437.00	\$5,244.00
5235	Gas	\$787.47	\$866.00	\$10,392.00
5245	Water	\$2,165.18	\$1,440.00	\$17,280.00
6210	Pool Service Contract	\$457.25	\$375.00	\$4,500.00
6215	Pool Extras/Repairs	\$510.13	\$510.00	\$6,120.00
7210	Landscape Contract	\$4,087.91	\$4,432.22	\$53,186.64
7215	Landscape Extras	\$112.39	\$113.00	\$1,356.00
7216	Mulch	\$0.00	\$0.00	\$0.00
7225	Sprinkler Repair	\$82.84	\$83.00	\$996.00
7226	ET Water Systems	\$39.83	\$40.00	\$480.00
7240	Back Flow Testing	\$149.54	\$150.00	\$1,800.00
7505	General Maintenance / Repairs	\$67.45	\$68.00	\$816.00
7510	Janitorial Contract	\$328.00	\$493.00	\$5,916.00
7515	Janitorial Supplies/Extras	\$61.13	\$87.21	\$1,046.52
7520	Mailbox Quarterly Cleaning	\$22.00	\$22.00	\$264.00
7521	BBQ cleaning	\$1.53	\$0.00	\$0.00
7525	Pest Control-General	\$85.94	\$93.75	\$1,125.00
7527	Pest Control-Ants	\$95.00	\$95.00	\$1,140.00
7530	Street Sweeping	\$201.25	\$380.00	\$4,560.00
7560	Patrol Service Contract	\$367.95	\$408.55	\$4,902.60
7565	Gates Quarterly Service	\$10.08	\$125.00	\$1,500.00
7566	Gate Repairs/Supplies	\$86.37	\$0.00	\$0.00
7572	Keys & Locks	\$67.78	\$0.00	\$0.00
7720	Lighting Contract	\$50.42	\$55.00	\$660.00
7725	Lighting Repairs/Supplies	\$97.95	\$98.00	\$1,176.00
7726	Holiday Light Installation	\$0.00	\$0.00	\$0.00
8210	Taxes - Federal/State	\$40.31	\$41.00	\$492.00
8220	Audit, 1099, & Tax Prep	\$114.58	\$115.00	\$1,380.00
8225	Pool License/Permits/Insp. Fees	\$0.00	\$50.00	\$600.00
8366	Late Fees	\$2.50	\$0.00	\$0.00
8365	Legal Service	\$299.67	\$100.00	\$1,200.00
8375	Reserve Study	\$91.67	\$67.00	\$804.00
8410	Insurance	\$534.42	\$640.75	\$7,689.00
8411	EQ Insurance	\$183.70	\$228.00	\$2,736.00
8440	Professional Management Contract	\$2,236.67	\$2,470.00	\$29,640.00
8450	Printing/Postage	\$75.51	\$51.00	\$612.00
8453	Annual Meeting Administration IOE	\$87.17	\$96.00	\$1,152.00
8455	Website	\$40.00	\$50.00	\$600.00
8495	Contingency	\$80.83	\$47.52	\$570.24
9000	Reserve Contribution	\$5,350.00	\$6,504.00	\$78,048.00
	Total Expenses	\$19,469.59	\$20,832.00	\$249,984.00

Los Paseos Maintenance Corporation

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	11831
Version Number	1
Analysis Date	01/24/2023
Fiscal Year	4/1/2023 to 3/31/2024
Number of Units	96
Phasing	1 of 1

Global Parameters:

Inflation Rate	3.00 %
Annual Contribution Increase	3.00 %
Investment Rate	1.00 %
Taxes on Investments	30.00 %
Contingency	3.00 %

Community Profile:

This community consists of 96 single-family homes with private roadways, gated entrance, pool area and landscaped areas.

This community was constructed between early 1998 and late 1999. For budgeting purposes, unless otherwise indicated, we have used April 1999 as the placed-in-service date for aging the original components included in this analysis.

ARS site visits: December 13, 2021; October 2020; November 2019; December 2018; November 2017; January 2017; November 2015; January 2015; December 2013; December 2012; September 2011; October 2010; December 2009; January 2009; December 2007; December 2006; December 2005; August 2004; October 2003; November 2002; November 2001 and December 2000

Adequacy of Reserves as of April 1, 2023:

Anticipated Reserve Balance	\$501,390.00
Fully Funded Reserve Balance	\$535,824.21
Percent Funded	93.57%

Recommended Funding for the 2023-2024 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	\$78,050	\$6,504.17	\$67.75
Interest Contribution	\$3,262	\$271.83	\$2.83
Total Contribution	\$81,312	\$6,776.00	\$70.58

Los Paseos Maintenance Corporation
Membership Disclosure Summary
Sorted by Category

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Streets	\$285,775	\$40,061	0-22	2-24
020 Painting	\$18,724	\$16,688	0-1	3-8
030 Fencing & Access Equip	\$60,628	\$29,365	0-28	10-32
040 Lighting	\$131,150	\$101,010	5-6	10-30
050 Recreation	\$245,303	\$202,083	0-8	1-30
060 Landscape	\$30,750	\$65,450	0-1	1-12
070 Mailboxes & Signs	\$37,640	\$32,130	0-6	10-30
Contingency	n.a.	\$14,604	n.a.	n.a.
Total	\$809,970	\$501,390	0-28	1-32

Los Paseos Maintenance Corporation
Projections
Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2023-2024	\$501,390	\$78,050	\$3,262	\$72,615	\$510,087	\$541,321	94%
2024-2025	\$510,087	\$80,392	\$3,349	\$69,936	\$523,892	\$554,453	94%
2025-2026	\$523,892	\$82,803	\$3,470	\$67,659	\$542,507	\$573,231	95%
2026-2027	\$542,507	\$85,287	\$2,978	\$157,531	\$473,241	\$498,882	95%
2027-2028	\$473,241	\$87,846	\$3,334	\$38,708	\$525,713	\$550,502	95%
2028-2029	\$525,713	\$90,481	\$3,555	\$60,960	\$558,789	\$582,831	96%
2029-2030	\$558,789	\$93,196	\$2,443	\$253,578	\$400,850	\$414,954	97%
2030-2031	\$400,850	\$95,992	\$2,733	\$55,560	\$444,015	\$454,529	98%
2031-2032	\$444,015	\$98,871	\$3,038	\$56,623	\$489,302	\$497,400	98%
2032-2033	\$489,302	\$101,838	\$3,450	\$44,655	\$549,934	\$556,852	99%
2033-2034	\$549,934	\$104,893	\$3,520	\$96,648	\$561,700	\$565,604	99%
2034-2035	\$561,700	\$108,039	\$4,116	\$25,020	\$648,835	\$653,368	99%
2035-2036	\$648,835	\$111,281	\$4,278	\$90,642	\$673,751	\$676,988	100%
2036-2037	\$673,751	\$114,619	\$4,506	\$84,517	\$708,360	\$710,745	100%
2037-2038	\$708,360	\$118,058	\$4,759	\$84,743	\$746,433	\$748,293	100%
2038-2039	\$746,433	\$121,599	\$5,106	\$75,010	\$798,129	\$800,404	100%
2039-2040	\$798,129	\$125,247	\$5,759	\$35,386	\$893,749	\$899,320	99%
2040-2041	\$893,749	\$129,005	\$6,368	\$45,992	\$983,130	\$993,254	99%
2041-2042	\$983,130	\$132,875	\$6,750	\$82,693	\$1,040,063	\$1,054,474	99%
2042-2043	\$1,040,063	\$136,861	\$7,311	\$61,680	\$1,122,555	\$1,143,330	98%
2043-2044	\$1,122,555	\$140,967	\$7,788	\$78,144	\$1,193,165	\$1,220,998	98%
2044-2045	\$1,193,165	\$145,196	\$8,315	\$75,631	\$1,271,045	\$1,307,386	97%
2045-2046	\$1,271,045	\$149,552	\$5,321	\$581,777	\$844,141	\$863,165	98%
2046-2047	\$844,141	\$154,038	\$5,940	\$68,793	\$935,326	\$953,792	98%
2047-2048	\$935,326	\$158,660	\$6,234	\$120,219	\$980,001	\$996,652	98%
2048-2049	\$980,001	\$163,419	\$6,233	\$167,169	\$982,484	\$995,184	99%
2049-2050	\$982,484	\$168,322	\$6,015	\$202,953	\$953,869	\$960,031	99%
2050-2051	\$953,869	\$173,372	\$6,626	\$89,697	\$1,044,169	\$1,048,430	100%
2051-2052	\$1,044,169	\$178,573	\$7,032	\$124,621	\$1,105,152	\$1,107,019	100%
2052-2053	\$1,105,152	\$183,930	\$8,027	\$46,353	\$1,250,756	\$1,255,128	100%

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

Los Paseos Maintenance Corporation
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending March 31, 2024
 ("Disclosure Summary")

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

- (1) The regular assessment for the 2023-24 fiscal year per ownership interest is **\$217.00** per month.
- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the association's Board of Directors (the "Board") and/or members:

Date assessment will be due:	Amount per ownership interest per month or year:	Purpose of the assessment:
N.A.		

Total: _____

- (3) Based upon the most recent reserve study, dated January 24, 2023, and other information available to the Board of Directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes X No _____

- (4) If the answer to #3 is "no," what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not been approved by the Board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N.A.	

Total: _____

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

Major asset:	Reason this major asset was not included:
Concrete (complete replacement)	Indeterminate life and cost
Tile roof (pool cabana)	Indeterminate life and cost

Los Paseos Maintenance Corporation
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending March 31, 2024
(“Disclosure Summary”)

(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 **\$535,824**, based in whole or in part on the last reserve study or update prepared by Advanced Reserve Solutions, Inc. as of April 1, 2023. The projected reserve fund cash balance at the end of the current fiscal year is **\$501,390**, resulting in reserves being **94%** funded at this date. The current deficiency in the reserve fund represents **\$358.69** per ownership interest.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, a reserve funding plan has been developed – see the attached projections. The assumed long-term before-tax interest rate earned on reserve funds is **1.00%** per year and the assumed long-term inflation rate applied to major component repair and replacement costs is **3.00%** per year. Full reserve study available upon request.

NOTES:

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



February 23, 2023

Re: Los Paseos Maintenance Corporation
Annual Policy Statement – CC 5310

Dear Los Paseos Maintenance Corporation Homeowner:

Enclosed for your review and permanent file is a copy of the Association's Annual Policy Statement which is required under the above referenced section of civil code to be provided to the membership prior to the end of its fiscal year which for Los Paseos Maintenance Corporation is March 31st.

This policy statement includes the following information:

- (1) The name and address of the person designated to receive official communications to the association, pursuant to Section 4035.
- (2) A statement explaining that a member may submit a request to have notices sent to up to two different specified addresses, pursuant to subdivision (b) of Section 4040.
- (3) The location, if any, designated for posting of a general notice, pursuant to paragraph (3) of subdivision (a) of Section 4045.
- (4) Notice of a member's option to receive general notices by individual delivery, pursuant to subdivision (b) of Section 4045.
- (5) Notice of a member's right to receive copies of meeting minutes, pursuant to subdivision (b) of Section 4950.
- (6) The statement of assessment collection policies required by Section 5730.
- (7) A statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.
- (8) A statement describing the association's discipline policy, if any, including any schedule of penalties for violations of the governing documents pursuant to Section 5850.
- (9) A summary of dispute resolution procedures, pursuant to Sections 5920 and 5965.
- (10) A summary of any requirements for association approval of a physical change to property, pursuant to Section 4765.
- (11) The mailing address for overnight payment of assessments, pursuant to Section 5655.
- (12) A statement of notification on whether the Association is FHA and VA certified pursuant to section 5300.
- (13) Request for Annual Notice of Address, Representative and Rental Status pursuant to Section 4041
- (14) Any other information that is required by law or the governing documents or that the board determines to be appropriate for inclusion.

The Board of Directors
Los Paseos Maintenance Corporation



ASSOCIATION DESIGNATED RECIPIENT

California Civil Code 4035

The designated recipient for all communication to the Los Paseos Maintenance Corporation is Tritz Professional Management Services, attention Sue Norman, 1525 East 17th Street, Suite A, Santa Ana, CA 92705.

RIGHT TO NOTICE TO TWO ADDRESSES

California Civil Code 4040(b)

Members have the right to provide the Association through the Designated Recipient with a written request to have all notices required to be delivered through first class mail to be sent to up to two different specified addresses.

GENERAL NOTICE LOCATION

California Civil Code 4045(3)(a)

All notices permitted for posting for general notice to the membership will be posted in the bulletin board located near the restroom facility at the common area pool located within the Los Paseos Maintenance Corporation in Rancho Santa Margarita, CA.

RIGHT TO INDIVIDUAL DELIVERY

California Civil Code 4045 (b)

Notwithstanding California Civil Code 4045(3)(a), if a member requests to receive general notices by individual delivery, all general notices to that member, given under this section, shall be delivered pursuant to Section 4040. This request must be made in writing to the designated recipient for the Association.

NOTICE OF RIGHTS TO MINUTES OF BOARD MEETINGS

California Civil Code 4950(b)

The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of minutes of any meeting of the board of directors of the Los Paseos Maintenance Corporation shall be available to members within 30 days of the meeting. The minutes, proposed minutes or summary minutes shall be distributed to any member of the association upon request and upon reimbursement of the association's costs for making that distribution. Additionally, minutes can be downloaded from the "Members Only" section of the association website located at www.lospaseosrsm.com.

ASSESSMENT COLLECTION PROCEDURE

California Civil Code 5730

Prompt payment of assessments by all owners is critical to the financial health of the Association. Accordingly, the Board of Directors takes its obligations under the Declaration of Covenants, Conditions and Restrictions ("CC&R's") and the California Civil Code to enforce the members' obligation to payment assessments very seriously. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent, and effective manner. All policies and practices outlined below 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 applicable sections of the California Civil Code, the following is the Association's Assessment Collection Policy:

1. Regular monthly assessments are due and payable on the first day of each month. It is the responsibility of the owner of record to pay each assessment in full each month regardless of receipt of a

statement. All other assessments, including special assessments, are due and payable on the date specified by the Board in the notice of assessment.

2. Assessments, late charges, interest and reasonable fees and collection costs, including attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied. (Civil Code Sections 5650 – 5660).

3. Payments are posted as of the date received at the Association's financial business office. Assessments are delinquent if not received within fifteen (15) days after they become due. Delinquent assessments shall be subject to a late charge equal to ten percent (10%) of the unpaid assessment or ten dollars (\$10.00), whichever is greater. Interest on all sums imposed in accordance with this Assessment Collection Policy including the delinquent assessments, reasonable fees and costs of collection and reasonable attorney's fees shall be at a rate of twelve percent (12%) per year, commencing thirty (30) days after the assessment becomes due (California Civil Code Section 5650(b)).

4. Any payments made shall be first applied to the assessments owed and only after the assessments owed are paid in full, shall payments be applied to late charges, interest, or collection expenses. (Civil Code 5650 – 5660).

5. If the assessment is not paid within thirty (30) days of the due date, the Association will send a certified letter ("Notice of Intent to Lien") to the delinquent homeowner's address of record informing the owner of the following:

- (a) a general description of the Association's lien enforcement procedures and the method of calculation of the amount.
- (b) a statement that the homeowner has the right to inspect Association records pursuant to California Corporations Code 8333.
- (c) The following statement in 14-point boldface type: **"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."**
- (d) An itemized statement of charges owed by the homeowner, including items on the statement indicating the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.
- (e) a statement that the homeowner will not be liable to pay charges, interest, and collection costs if it is determined the assessment was paid on time to the Association; and
- (f) the homeowner's right to request a meeting with the board of directors to discuss a payment plan.

The letter described in this Paragraph 5 will be sent to the delinquent homeowners at least 30 days prior to recording a lien against the delinquent homeowner's separate interest. The cost of the letter will be billed to the delinquent homeowner's account. All further costs, including reasonable attorneys' fees are also the delinquent homeowner's responsibility. (Civil Code Section 5650(a)).

6. A homeowner has fifteen (15) days from the date of the postmark of the Notice of Intent to Lien to dispute the delinquency by submitting to the Board a written explanation of the reason for the dispute. The Board shall respond in writing to the homeowner within fifteen (15) days of the date of the postmark of the owner's letter of dispute.

7. Within fifteen (15) days from the date of the postmark of the Notice of Intent to Lien, a delinquent homeowner may submit a written request to the Association to meet with the Board to discuss a payment plan for the amount set forth in the Notice of Intent to Lien. The Board shall meet with the delinquent homeowner in executive session within forty-five (45) days of the date of the postmark of the request.

8. If the delinquent homeowner fails to pay the amount set forth in the Notice of Intent to Lien (a) within thirty (30) days of the date of the postmark of the Notice of Intent to Lien, or (b) in the event the delinquent homeowner submits a request to meet, as set forth in No. 7 above, within sixty (60) days of the date of the postmark of the Notice of Intent to Lien, then a lien will be recorded against the homeowner's separate interest. The delinquent homeowner will be charged approximately \$450 plus postage for the lien costs associated with preparation and recording of the lien. (Civil Code Sections 5740, 5675, 5685(a) and 5725(a))

9. After recording of the lien, payment must be made in cash, money order or cashiers check. If any delinquent homeowner within thirty (30) days from the date of the recording of the lien, pays the Association, under protest, all amounts required by Civil Code Section 5625 (the amount of the assessments in dispute, late charges, interest, all reasonable fees and costs, including legal fees associated with the preparation and filing of the lien), and the delinquent homeowner has not exceeded the statutory limit on the number of times this procedure is available, the Association will inform the delinquent homeowner that he/she may resolve the dispute by Alternative Dispute Resolution as outlined in Civil Code Section 5965 or by civil action.

10. 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 and the Association may turn the matter over to legal counsel at any time.

11. Pursuant to California Civil Code Section 5655: The mailing address for overnight payment of assessments is:

Los Paseos Maintenance Corporation
c/o Tritz Professional Management Services
1525 E. 17th Street, Ste. A
Santa Ana, CA 92705

Notice of Assessments, Foreclosures, And Payment Plans
California Civil Code Section 5730 & 4040(b)

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 NONJUDICIAL 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 nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial 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 nonjudicial foreclosure subject to the conditions set forth in Civil Code Section 5700. When using judicial or nonjudicial 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 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 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 5675 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, the owner 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, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

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 Part 5 of Division 4 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 Part 5 of Division 4 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 time-share interest 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 exists. (Section 5665 of the Civil Code)

The board 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 with the payment plan standards of the association if they exist. (Section 5665 of the Civil Code)

(b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.

RULES ENFORCEMENT POLICY

California Civil Code 5850

If an owner fails or otherwise refuses to correct a violation following receipt of a courtesy notice, the Board may, in accordance with Article 10 of the Association's Bylaws, impose a Penalty Assessment (fine), impose a Reimbursement Assessment (to cover the Association's costs of correcting a violation), and/or suspend the voting and other membership rights as appropriate.

A. FIRST LETTER - Courtesy Letter & IDR Invite.

B. SECOND LETTER - Warning Letter.

C. THIRD LETTER - Hearing Notice. A fine of \$50.00 plus legal fees, as applicable, may follow a scheduled hearing.

NOTE:

Fines will increase as follows: (30) thirty days after initial fine, continuance of violation, will result in a \$100.00 2nd fine and (60) sixty days after the initial fine, continuance of violation, will result in a \$200.00 3rd fine.

INTERNAL DISPUTE RESOLUTION PROCESS

California Civil Code 5920

Whereas, Civil Code 5915 identifies an internal dispute resolution process ("IDR Process") that an Owner and Community Association must pursue as a prerequisite to an enforcement action;

Whereas, Civil Code identifies an IDR Process applicable to all community associations that do not otherwise provide for an alternative procedure;

Whereas, the Board of Directors desires to identify the Association representatives who would participate in the IDR Process;

Whereas, the Association desires to adopt an IDR Process.

NOW, THEREFORE, BE IT RESOLVED that the Los Paseos Maintenance Corporation adopts the IDR Process contained within Civil Code 5915 (deemed within the statute to be fair, reasonable, and expeditious) as follows:

1. This IDR Process applies to Association as well as an Owner as a prerequisite to the filing of any litigation related to a dispute involving their respective rights, duties or liabilities under the governing documents, the Davis-Stirling Common Interest Development Act (“D-S Act”) and/or the nonprofit mutual benefit corporation law (collectively “CID Dispute”). It does not relate to any collection of assessments unless the Association determines it needs to file litigation to collect same.

2. Either party (Association or Owner) to a CID Dispute may invoke the following procedure:

A. The party may request the other party to meet and confer in an effort to resolve the CID Dispute. The request shall be in writing.

B. An Owner may refuse an Association request to meet and confer. The Association may not refuse an Owner’s request to meet and confer.

C. The Board hereby designates the President or in his/her absence, the Vice-President (“Board Designee”), as well as the CID Manager to meet and confer with the Owner. The Board Designee shall also have the right to request the Chairperson of any applicable Committee involved in the CID Dispute to assist the Board and attend the meet and confer session with the Owner. If the Association is pursuing litigation related to a delinquent assessment, the Board designates the Treasurer in lieu of the President as the Board Designee.

3. Although not precluded attorney participation in the IDR Process is discouraged in order to maintain direct discussions between the principals of the CID Dispute and to maintain the goal of resolution through an expeditious process. To the extent Owner requires that his/her/its attorney attend the IDR Process, the Owner shall be required to give five (5) business days’ notice to the Association so that the Association can ascertain if it desires its corporate counsel to also attend.

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 CID Dispute.

5. A resolution of the CID 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.

6. The Agreement reached by the Owner and the Board Designee binds the parties and is judicially enforceable if both the following conditions are satisfied:

A. The Agreement is not in conflict with law or the governing documents of the Association;
and

B. The Agreement is ratified by the Board of Directors within thirty (30) days of the date that the Agreement is executed by the Owner and the Board Designee.

7. The Owner participating in the IDR Process shall not be charged a fee to participate in the IDR Process.

ALTERNATIVE DISPUTE RESOLUTION
California Civil Code 5965
Summary

As of January 1, 2005, the alternative dispute resolution (“ADR”) statutory requirements that were previously contained in Civil Code 1369.510 – 1369.590 are relocated to Civil Code Section 5925 - 5965. In summary, prior to initiating a lawsuit to enforce the Association’s governing documents, the Davis-Stirling Common Interest Development Act or Nonprofit Mutual Benefit Corporation Law (with certain exceptions) the parties must first attempt to resolve the dispute through some form of “ADR” (usually mediation or binding or nonbinding arbitration).

California Civil Code Section 5930 requires Alternative Dispute Resolution (ADR) as opposed to litigation in certain Association/Homeowner disputes and further requires that homeowners be notified of the ADR requirements on a yearly basis.

PARTIES BOUND BY THE STATUTE

The parties required to comply with the statute are the Association (through the Board of Directors) and any owner of record.

DISPUTES SUBJECT TO THE STATUTE/QUALIFYING DISPUTES

Section 5930 provides that the Association and Owners shall endeavor to submit disputes related to the enforcement of the governing documents to ADR. Where, however, an Owner has a private dispute with another owner or a tenant, or the Board has a dispute with a third party such as a service provider to the HOA, such a dispute is not within the scope of the statute.

DISPUTES EXCLUDED FROM THE STATUTE

Sections 5930 and 5925 specifically exclude the following disputes from ADR:

1. Assessment collection, except as provided for Civil Code Section 5730.
2. Claims for money damages in excess of Five thousand Dollars (\$5,000.00) in conjunction with a claim for declaratory or injunctive relief.
3. Actions where the applicable statute of limitations would expire within 120 days.
4. Actions for preliminary or temporary injunctive relief; and
5. The filing of a Cross-Complaint in response to a Complaint already filed.

COMPLIANCE PROCEDURES
INITIATING PARTY

The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party a request for resolution including the following information and language:

1. A brief description of the dispute between the parties.
2. A request that the matter be submitted to ADR.
3. A statement that the party receiving the request for resolution (Responding Party is required to respond thereto within thirty (30) days of receipt or it will be Deemed Rejected.
4. A copy of Sections 5925 - 5965 of the Civil Code if the responding party is the owner of a separate interest.

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.

RESPONDING PARTY

Upon receipt of a request for resolution the responding party, whether the Association or Owner, has thirty (30) days in which to either accept or reject the request. In the event no such response is received, the request is deemed rejected.

GENERAL PROCEDURE

Where the request is accepted, the parties must complete the ADR within ninety (90) days of receipt of the acceptance. However, the parties can stipulate in writing to extend this period.

In the event that a lawsuit is eventually commenced, the party filing must also file a certificate concerning the completion of the ADR. Where a lawsuit is commenced and ADR has not occurred, the filing party should file a certificate as to why ADR did not take place.

CONSEQUENCES FOR FAILURE TO COMPLY

In the event the initiating party proceeds to Court without complying with the provisions of this Section, the responding party can move the Court for an order of dismissal. As a result, it is important to seek independent counsel if you have further questions.

In the event a trial proceeds as a result of a responding party's refusal to participate in ADR, the Court may take such failure into consideration when ruling on payment of attorney's fees and costs.

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 your right to sue the Association or another member of the association regarding enforcement of the governing documents or the applicable law.

The preceding disclosure is provided by the Association as mandated by and in compliance with CA Civil Code Section 5930. Homeowners are encouraged to review the statute in its entirety or seek independent legal counsel in the event a dispute arises.

ARCHITECTURAL DISCLOSURE

California Civil Code 4765

This information is being provided to you pursuant to the above referenced section and is intended to be partial summary of existing governing documents, not a substitute of any existing governing documents.

What is the Architectural Review Committee?

Los Paseos Maintenance Corporation has an Architectural Review Committee which is composed of five (5) members. The Architectural Review Committee members are appointed by the Board and must be Owners. Board members may also serve as Architectural Review Committee members.

The Architectural Review Committee considers and acts upon all plans and specifications submitted for its approval, including inspection of work in progress to assure conformance with plans approved by the Architectural Review Committee. The Committee can also perform such other duties as the Board assigns to it.

The Architectural Review Committee's members do not receive compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties. The Architectural Review Committee has the power, but not the duty, to retain consultants in connection with decisions; however, the Architectural Review Committee does not have the power to delegate its decision-making power.

The Architectural Review Committee meets as necessary to perform its duties. The vote of a majority of the Architectural Review Committee constitutes an act of the Committee. All approvals issued by the Architectural Review Committee must be in writing. Verbal approvals issued by the Architectural Review Committee, any individual Architectural Review Committee member or any other representative of the Association are not valid or binding on the Association and may not be relied on by any person.

What changes require the approval of the Architectural Review Committee?

Section 4.3 of the Covenants, Conditions and Restrictions (CC&Rs) for the Association provide that “No Improvements shall be made upon the Covered Property except in compliance with plans and specifications therefore which have been submitted to and approved by the Architectural Committee or except as may otherwise be provided in the Architectural Guidelines or in any Supplementary Declaration.”

Section 1.32 defines "Improvement" to mean "Structures and appurtenances thereto of every type and kind, including but not limited to, buildings, out buildings, walkways, sprinkler and sewer pipes or lines, garages, carports, gazebos, swimming pools and other recreational facilities, roads, driveways, parking areas, fences, screens, screening walls, retaining walls, awnings, patio and balcony covers, stairs, decks, landscaping, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, trees and shrubs, poles, signs, solar or wind powered energy systems or equipment, and water softener Or heater or air conditioning and heating fixtures and equipment;

- (b) The demolition or destruction by voluntary action of any structure or appurtenance thereto of every type and kind.
- (c) The grading, excavation, filling, or similar disturbance to the surface of the land including; without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed.
- (d) Landscaping, planting, clearing, or removing of trees, shrubs, grass, or plants; and
- (e) Any change or alteration of any Improvement including any change of material, exterior appearance, color or texture.

What are Architectural Guidelines?

The Architectural Review Committee has the right, but not the obligation, to issue and update the Architectural Guidelines. The Architectural Guidelines may require a fee to accompany each Application for approval and may identify additional factors which the Architectural Review Committee will consider in reviewing submissions. For an updated fee schedule or a copy of the Architectural Guidelines, please contact the Management Company.

How do I get approval for my proposed changes?

First, you will want to contact the Management Company to obtain an Application and a copy of any Architectural Guidelines that are in effect. You will need to fill out the Application completely. The Architectural Review Committee may require detailed plans, including landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. You should try and make your submission as complete as possible so that the Committee can review your Application when it is received, rather than wait for additional information to be supplied. The Architectural

Review Committee may reject the Application for approval if it determines that the Applicant's plans and specifications are incomplete. Your Application and three (3) sets of plans should be submitted to the Management Company.

How long do I have to wait for a response to my Application?

The Architectural Review Committee will transmit its decision, and the reasons therefore, to the Applicant at the address listed in the Application for approval within thirty (30) days after the Architectural Review Committee receives all required materials. Any Application submitted will be deemed approved unless the Architectural Review Committee transmits written disapproval or a request for additional information or materials to the Applicant within thirty (30) days after the date the Architectural Review Committee receives all required materials. The Architectural Review Committee may require submission of additional plans and specifications or other information before approving or disapproving material submitted.

How does the Committee determine what will be approved?

The Architectural Review Committee must use the criteria set forth in the CC&Rs. Applications will only be approved if the Committee determines that (a) installation, construction or alterations of the Improvements in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole, (b) the appearance of any structure affected by the proposed Improvements will be in harmony with the surrounding structures, (c) installation, construction or alteration of the proposed Improvements will not detract from the beauty, wholesomeness and attractiveness of the Properties or the enjoyment thereof by the Owners, (d) maintenance of the proposed Improvements will not become a burden on the Association, and (e) the proposed Improvements are consistent with the CC&Rs.

The Architectural Review Committee may consider the impact of views from other Residences or Lots and reasonable privacy right claims as factors in reviewing, approving or disapproving any proposed landscaping, construction or other Improvement. However, no Residence or Lot is guaranteed the existence or unobstructed continuation of any particular view.

The Architectural Review Committee's approval of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any matter requiring the Architectural Review Committee's approval, does not waive the right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval.

The Architectural Review Committee may condition its approval of an Application on any of the following: (i) the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be recorded against the Properties as a result of such work, (ii) such changes therein as the Architectural Review Committee considers appropriate, (iii) the Applicant's agreement to grant easements made necessary by the Improvement to the Association, (iv) the Applicant's agreement to install water, gas, electrical or other utility meters to measure any increased consumption, (v) the Applicant's agreement to reimburse the Association for the cost of such maintenance, or (vi) the Applicant's agreement to complete the proposed work within a stated period of time.

The Architectural Review Committee may authorize variances from compliance with any of the architectural provisions of the CC&Rs or the Design Guidelines including restrictions on height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental consideration require. Such variances must be evidenced in writing and must be signed by a majority of the Architectural Review Committee. If variances are

granted, no violation of the CC&Rs shall be deemed to have occurred with respect to the matter for which the variances were granted.

Can I start construction as soon as I get approval?

The Architectural Review Committee is not responsible for reviewing any plan or design from the standpoint of structural safety or conformance with building and other codes. You must still meet any review or permit requirements of the City before making any construction, installation or alterations. And, while it is not required, you should consider letting your neighbors know about your construction schedule in advance in order to minimize any inconvenience to them.

Do I need to have the construction inspected by the Committee?

The Architectural Review Committee, or its duly authorized representative, may inspect any work for which approval of plans is required. The right to inspect includes the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the Architectural Review Committee-approved plans for the Work or with the requirements of the CC&Rs.

If my Application is denied can I appeal the decision?

Both the CC&Rs and the *California Civil Code* provides that there is a right to an appeal. If an Application is denied, the Applicant may appeal the decision, in whole or in part, by submitting a written request for an appeal hearing to the Board of Directors, via the Management Company. The request for an appeal hearing must be received by the Management Company within fifteen (15) days from the date in which the Committee's denial was transmitted to the Applicant. The request for an appeal hearing must set forth the reason(s) for the appeal. The Board of Directors shall schedule an appeal hearing at the next regularly scheduled Board meeting in which a quorum can be achieved. However, the Board of Directors, in the interest of justice, may continue the appeal hearing so that the Board of Directors may have sufficient time to review the Application and the appeal.

Am I required to obtain Architectural Approval from SAMLARC

Los Paseos Maintenance Corporation members are required to obtain architectural approval from the Rancho Santa Margarita Landscape and Recreation Corporation (SAMLARC). Please contact the SAMLARC office for information.

Are Variances to the Architectural Guidelines Permitted?

The Board may authorize a variance from compliance with the architectural controls set forth in this Article when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations may require; provided, however, that no variance from the use restrictions contained in the Article entitled "Use Restrictions" of this Declaration may be granted. Written evidence of such variance must be delivered to such Owner and a copy of the resolution of the Board authorizing such variance must be retained in the permanent records of the Association. If such variances are granted, no violation of the covenants: conditions and restrictions contained in the Association Management Documents shall be deemed to have occurred with respect to the matter for which the variance was granted. Granting such a variance shall not operate to waive any of the terms and provisions of the Association Management Documents for any purpose except as to the particular Residence and particular provision of this Article covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all government

laws and regulations affecting the use of his Residence including, but not limited to, zoning ordinances and lot setback lines or requirements imposed by any governmental or municipal authority.

FEDERAL HOUSING ADMINISTRATION (FHA/VA) DISCLOSURE
California Civil Code 5300

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. The association of this common interest development is not certified by the Federal Housing Administration."

BOARD MEETING AGENDA & NOTICE POLICY
California Civil Code 4920

Starting January 1, 2008, Board meeting agenda must be posted along with the notice of meeting in a prominent location in the common area or mailed to each homeowner no later than four (4) days prior to the meeting, two (2) days for executive (closed) meetings. With the following exceptions, boards are not allowed to discuss or take action on any item not on that agenda.

- Residents may speak on any issue, regardless of whether it was listed on the agenda.
- Board members and their agents (including managers) may briefly respond to statements or questions from association members, ask clarifying questions, make brief announcements, or make brief reports on their own activities.
- Boards may refer certain informational matters and administrative tasks to its managers, agents and staff-even if these items were not listed on the agenda.
- Any subject may be discussed and acted upon if there is an emergency, if immediate action is needed on a matter which arose after the agenda was distributed, or if the item was on a recent agenda and was continued to the current meeting.

The Los Paseos Maintenance Corporation will post the meeting notice & agenda in a bulletin board located at the pool facility as well as posting those documents on the community website at www.lospaseosrsm.com.

BOARD MEETING TIMES AND LOCATION

For the fiscal year 2021/2022 the Board of Directors of the Los Paseos Maintenance Corporation has adopted the following meeting date and location timeline.

The Board of Directors will hold their regularly scheduled general session meeting on the third Tuesday of each odd numbered month beginning at 6:00 p.m. for the general business meeting. Meetings are held at the Toyota Dealership, Conference Room, 22722 Avenida Empresa, Rancho Santa Margarita, CA 92688. It is currently the practice of the Board of Directors to hold an Executive Session meeting when needed prior to the regularly scheduled general session meeting. Homeowners are not permitted to attend executive session meetings. All meeting dates, times and locations are subject to change by the Board of Directors. Additionally, information on association meetings will be available on the association website at

www.lospaseosrsm.com Please call the offices of Tritz Professional Management Services for exact meeting location.

SECONDARY ADDRESS NOTIFICATION REQUEST
California Civil Code 4040(b)

Owners have the right to submit secondary addresses to the association for purposes of collection notices. Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the association shall send additional copies of any notices required by Section 5730 of the California Civil Code to the secondary address provided. The owner's request shall be in writing and shall be mailed to the association in a manner that shall indicate that the association has received it. The owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the association shall only be required to send notices to the requested secondary address from the point that the association receives the request.

MEMBER CONTACT INFORMATION
California Civil Code 4041

An owner of a separate interest shall, on an annual basis, provide written notice to the association of all of the following: (1) The address or addresses to which notices from the association are to be delivered. (2) An alternate or secondary address to which notices from the association are to be delivered. (3) The name and address of his or her legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of the owner's extended absence from the separate interest. (4) Whether the separate interest is owner-occupied, is rented out, if the parcel is developed but vacant, or if the parcel is undeveloped land. If an owner fails to provide the notices set forth in paragraphs (1) and (2), the property address shall be deemed to be the address to which notices are to be delivered.

SUMMARY OF ASSOCIATION INSURANCE
California Civil Code 5300(b)(9)

Effective January 1, 1998, the California Civil Code was amended to require that all homeowner associations provide a summary of insurance, notification of changes or cancellations and a disclaimer of statement regarding the insurance policies carried by that Association.

Information concerning Property coverage, General Liability, Fidelity, and Flood policies for the Los Paseos Maintenance Corporation is hereby provided to you for your reference.

See attached policy declaration sheet

Individual Homeowners Liability Policies and Loss Assessment Coverage

It is very important that owners explore individual risks with a knowledgeable insurance agent and purchase coverage to protect them from any liability of an accident occurring within their property, and to protect members from any liability or insurance coverage gaps between the Association and private individual coverage.

The Association strongly recommends that members include Loss Assessment Coverage in the individual member's insurance policy. The cost of a private individual insurance endorsement for loss assessment is generally minimal and often provides major protection to individual owners for any extraordinary special assessments, such as excess liability over the Association's insurance proceeds or an extraordinary expense



February 23, 2023

Re: Los Paseos Maintenance Corporation
Annual Policy Statement – CC 5310

Dear Los Paseos Maintenance Corporation Homeowner:

Enclosed for your review and permanent file is a copy of the Association's Annual Policy Statement which is required under the above referenced section of civil code to be provided to the membership prior to the end of its fiscal year which for Los Paseos Maintenance Corporation is March 31st.

This policy statement includes the following information:

- (1) The name and address of the person designated to receive official communications to the association, pursuant to Section 4035.
- (2) A statement explaining that a member may submit a request to have notices sent to up to two different specified addresses, pursuant to subdivision (b) of Section 4040.
- (3) The location, if any, designated for posting of a general notice, pursuant to paragraph (3) of subdivision (a) of Section 4045.
- (4) Notice of a member's option to receive general notices by individual delivery, pursuant to subdivision (b) of Section 4045.
- (5) Notice of a member's right to receive copies of meeting minutes, pursuant to subdivision (b) of Section 4950.
- (6) The statement of assessment collection policies required by Section 5730.
- (7) A statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.
- (8) A statement describing the association's discipline policy, if any, including any schedule of penalties for violations of the governing documents pursuant to Section 5850.
- (9) A summary of dispute resolution procedures, pursuant to Sections 5920 and 5965.
- (10) A summary of any requirements for association approval of a physical change to property, pursuant to Section 4765.
- (11) The mailing address for overnight payment of assessments, pursuant to Section 5655.
- (12) A statement of notification on whether the Association is FHA and VA certified pursuant to section 5300.
- (13) Request for Annual Notice of Address, Representative and Rental Status pursuant to Section 4041
- (14) Any other information that is required by law or the governing documents or that the board determines to be appropriate for inclusion.

The Board of Directors
Los Paseos Maintenance Corporation



ASSOCIATION DESIGNATED RECIPIENT

California Civil Code 4035

The designated recipient for all communication to the Los Paseos Maintenance Corporation is Tritz Professional Management Services, attention Sue Norman, 1525 East 17th Street, Suite A, Santa Ana, CA 92705.

RIGHT TO NOTICE TO TWO ADDRESSES

California Civil Code 4040(b)

Members have the right to provide the Association through the Designated Recipient with a written request to have all notices required to be delivered through first class mail to be sent to up to two different specified addresses.

GENERAL NOTICE LOCATION

California Civil Code 4045(3)(a)

All notices permitted for posting for general notice to the membership will be posted in the bulletin board located near the restroom facility at the common area pool located within the Los Paseos Maintenance Corporation in Rancho Santa Margarita, CA.

RIGHT TO INDIVIDUAL DELIVERY

California Civil Code 4045 (b)

Notwithstanding California Civil Code 4045(3)(a), if a member requests to receive general notices by individual delivery, all general notices to that member, given under this section, shall be delivered pursuant to Section 4040. This request must be made in writing to the designated recipient for the Association.

NOTICE OF RIGHTS TO MINUTES OF BOARD MEETINGS

California Civil Code 4950(b)

The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of minutes of any meeting of the board of directors of the Los Paseos Maintenance Corporation shall be available to members within 30 days of the meeting. The minutes, proposed minutes or summary minutes shall be distributed to any member of the association upon request and upon reimbursement of the association's costs for making that distribution. Additionally, minutes can be downloaded from the "Members Only" section of the association website located at www.lospaseosrsm.com.

ASSESSMENT COLLECTION PROCEDURE

California Civil Code 5730

Prompt payment of assessments by all owners is critical to the financial health of the Association. Accordingly, the Board of Directors takes its obligations under the Declaration of Covenants, Conditions and Restrictions ("CC&R's") and the California Civil Code to enforce the members' obligation to payment assessments very seriously. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent, and effective manner. All policies and practices outlined below 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 applicable sections of the California Civil Code, the following is the Association's Assessment Collection Policy:

1. Regular monthly assessments are due and payable on the first day of each month. It is the responsibility of the owner of record to pay each assessment in full each month regardless of receipt of a

statement. All other assessments, including special assessments, are due and payable on the date specified by the Board in the notice of assessment.

2. Assessments, late charges, interest and reasonable fees and collection costs, including attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied. (Civil Code Sections 5650 – 5660).

3. Payments are posted as of the date received at the Association's financial business office. Assessments are delinquent if not received within fifteen (15) days after they become due. Delinquent assessments shall be subject to a late charge equal to ten percent (10%) of the unpaid assessment or ten dollars (\$10.00), whichever is greater. Interest on all sums imposed in accordance with this Assessment Collection Policy including the delinquent assessments, reasonable fees and costs of collection and reasonable attorney's fees shall be at a rate of twelve percent (12%) per year, commencing thirty (30) days after the assessment becomes due (California Civil Code Section 5650(b)).

4. Any payments made shall be first applied to the assessments owed and only after the assessments owed are paid in full, shall payments be applied to late charges, interest, or collection expenses. (Civil Code 5650 – 5660).

5. If the assessment is not paid within thirty (30) days of the due date, the Association will send a certified letter ("Notice of Intent to Lien") to the delinquent homeowner's address of record informing the owner of the following:

- (a) a general description of the Association's lien enforcement procedures and the method of calculation of the amount.
- (b) a statement that the homeowner has the right to inspect Association records pursuant to California Corporations Code 8333.
- (c) The following statement in 14-point boldface type: **"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."**
- (d) An itemized statement of charges owed by the homeowner, including items on the statement indicating the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.
- (e) a statement that the homeowner will not be liable to pay charges, interest, and collection costs if it is determined the assessment was paid on time to the Association; and
- (f) the homeowner's right to request a meeting with the board of directors to discuss a payment plan.

The letter described in this Paragraph 5 will be sent to the delinquent homeowners at least 30 days prior to recording a lien against the delinquent homeowner's separate interest. The cost of the letter will be billed to the delinquent homeowner's account. All further costs, including reasonable attorneys' fees are also the delinquent homeowner's responsibility. (Civil Code Section 5650(a)).

6. A homeowner has fifteen (15) days from the date of the postmark of the Notice of Intent to Lien to dispute the delinquency by submitting to the Board a written explanation of the reason for the dispute. The Board shall respond in writing to the homeowner within fifteen (15) days of the date of the postmark of the owner's letter of dispute.

7. Within fifteen (15) days from the date of the postmark of the Notice of Intent to Lien, a delinquent homeowner may submit a written request to the Association to meet with the Board to discuss a payment plan for the amount set forth in the Notice of Intent to Lien. The Board shall meet with the delinquent homeowner in executive session within forty-five (45) days of the date of the postmark of the request.

8. If the delinquent homeowner fails to pay the amount set forth in the Notice of Intent to Lien (a) within thirty (30) days of the date of the postmark of the Notice of Intent to Lien, or (b) in the event the delinquent homeowner submits a request to meet, as set forth in No. 7 above, within sixty (60) days of the date of the postmark of the Notice of Intent to Lien, then a lien will be recorded against the homeowner's separate interest. The delinquent homeowner will be charged approximately \$450 plus postage for the lien costs associated with preparation and recording of the lien. (Civil Code Sections 5740, 5675, 5685(a) and 5725(a))

9. After recording of the lien, payment must be made in cash, money order or cashiers check. If any delinquent homeowner within thirty (30) days from the date of the recording of the lien, pays the Association, under protest, all amounts required by Civil Code Section 5625 (the amount of the assessments in dispute, late charges, interest, all reasonable fees and costs, including legal fees associated with the preparation and filing of the lien), and the delinquent homeowner has not exceeded the statutory limit on the number of times this procedure is available, the Association will inform the delinquent homeowner that he/she may resolve the dispute by Alternative Dispute Resolution as outlined in Civil Code Section 5965 or by civil action.

10. 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 and the Association may turn the matter over to legal counsel at any time.

11. Pursuant to California Civil Code Section 5655: The mailing address for overnight payment of assessments is:

Los Paseos Maintenance Corporation
c/o Tritz Professional Management Services
1525 E. 17th Street, Ste. A
Santa Ana, CA 92705

Notice of Assessments, Foreclosures, And Payment Plans
California Civil Code Section 5730 & 4040(b)

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 NONJUDICIAL 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 nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial 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 nonjudicial foreclosure subject to the conditions set forth in Civil Code Section 5700. When using judicial or nonjudicial 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 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 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 5675 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, the owner 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, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

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 Part 5 of Division 4 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 Part 5 of Division 4 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 time-share interest 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 exists. (Section 5665 of the Civil Code)

The board 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 with the payment plan standards of the association if they exist. (Section 5665 of the Civil Code)

(b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.

RULES ENFORCEMENT POLICY California Civil Code 5850

If an owner fails or otherwise refuses to correct a violation following receipt of a courtesy notice, the Board may, in accordance with Article 10 of the Association's Bylaws, impose a Penalty Assessment (fine), impose a Reimbursement Assessment (to cover the Association's costs of correcting a violation), and/or suspend the voting and other membership rights as appropriate.

A. FIRST LETTER - Courtesy Letter & IDR Invite.

B. SECOND LETTER - Warning Letter.

C. THIRD LETTER - Hearing Notice. A fine of \$50.00 plus legal fees, as applicable, may follow a scheduled hearing.

NOTE:

Fines will increase as follows: (30) thirty days after initial fine, continuance of violation, will result in a \$100.00 2nd fine and (60) sixty days after the initial fine, continuance of violation, will result in a \$200.00 3rd fine.

INTERNAL DISPUTE RESOLUTION PROCESS California Civil Code 5920

Whereas, Civil Code 5915 identifies an internal dispute resolution process ("IDR Process") that an Owner and Community Association must pursue as a prerequisite to an enforcement action;

Whereas, Civil Code identifies an IDR Process applicable to all community associations that do not otherwise provide for an alternative procedure;

Whereas, the Board of Directors desires to identify the Association representatives who would participate in the IDR Process;

Whereas, the Association desires to adopt an IDR Process.

NOW, THEREFORE, BE IT RESOLVED that the Los Paseos Maintenance Corporation adopts the IDR Process contained within Civil Code 5915 (deemed within the statute to be fair, reasonable, and expeditious) as follows:

1. This IDR Process applies to Association as well as an Owner as a prerequisite to the filing of any litigation related to a dispute involving their respective rights, duties or liabilities under the governing documents, the Davis-Stirling Common Interest Development Act (“D-S Act”) and/or the nonprofit mutual benefit corporation law (collectively “CID Dispute”). It does not relate to any collection of assessments unless the Association determines it needs to file litigation to collect same.

2. Either party (Association or Owner) to a CID Dispute may invoke the following procedure:

A. The party may request the other party to meet and confer in an effort to resolve the CID Dispute. The request shall be in writing.

B. An Owner may refuse an Association request to meet and confer. The Association may not refuse an Owner’s request to meet and confer.

C. The Board hereby designates the President or in his/her absence, the Vice-President (“Board Designee”), as well as the CID Manager to meet and confer with the Owner. The Board Designee shall also have the right to request the Chairperson of any applicable Committee involved in the CID Dispute to assist the Board and attend the meet and confer session with the Owner. If the Association is pursuing litigation related to a delinquent assessment, the Board designates the Treasurer in lieu of the President as the Board Designee.

3. Although not precluded attorney participation in the IDR Process is discouraged in order to maintain direct discussions between the principals of the CID Dispute and to maintain the goal of resolution through an expeditious process. To the extent Owner requires that his/her/its attorney attend the IDR Process, the Owner shall be required to give five (5) business days’ notice to the Association so that the Association can ascertain if it desires its corporate counsel to also attend.

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 CID Dispute.

5. A resolution of the CID 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.

6. The Agreement reached by the Owner and the Board Designee binds the parties and is judicially enforceable if both the following conditions are satisfied:

A. The Agreement is not in conflict with law or the governing documents of the Association;
and

B. The Agreement is ratified by the Board of Directors within thirty (30) days of the date that the Agreement is executed by the Owner and the Board Designee.

7. The Owner participating in the IDR Process shall not be charged a fee to participate in the IDR Process.

ALTERNATIVE DISPUTE RESOLUTION

California Civil Code 5965

Summary

As of January 1, 2005, the alternative dispute resolution (“ADR”) statutory requirements that were previously contained in Civil Code 1369.510 – 1369.590 are relocated to Civil Code Section 5925 - 5965. In summary, prior to initiating a lawsuit to enforce the Association’s governing documents, the Davis-Stirling Common Interest Development Act or Nonprofit Mutual Benefit Corporation Law (with certain exceptions) the parties must first attempt to resolve the dispute through some form of “ADR” (usually mediation or binding or nonbinding arbitration).

California Civil Code Section 5930 requires Alternative Dispute Resolution (ADR) as opposed to litigation in certain Association/Homeowner disputes and further requires that homeowners be notified of the ADR requirements on a yearly basis.

PARTIES BOUND BY THE STATUTE

The parties required to comply with the statute are the Association (through the Board of Directors) and any owner of record.

DISPUTES SUBJECT TO THE STATUTE/QUALIFYING DISPUTES

Section 5930 provides that the Association and Owners shall endeavor to submit disputes related to the enforcement of the governing documents to ADR. Where, however, an Owner has a private dispute with another owner or a tenant, or the Board has a dispute with a third party such as a service provider to the HOA, such a dispute is not within the scope of the statute.

DISPUTES EXCLUDED FROM THE STATUTE

Sections 5930 and 5925 specifically exclude the following disputes from ADR:

1. Assessment collection, except as provided for Civil Code Section 5730.
2. Claims for money damages in excess of Five thousand Dollars (\$5,000.00) in conjunction with a claim for declaratory or injunctive relief.
3. Actions where the applicable statute of limitations would expire within 120 days.
4. Actions for preliminary or temporary injunctive relief; and
5. The filing of a Cross-Complaint in response to a Complaint already filed.

COMPLIANCE PROCEDURES

INITIATING PARTY

The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party a request for resolution including the following information and language:

1. A brief description of the dispute between the parties.
2. A request that the matter be submitted to ADR.
3. A statement that the party receiving the request for resolution (Responding Party is required to respond thereto within thirty (30) days of receipt or it will be Deemed Rejected.
4. A copy of Sections 5925 - 5965 of the Civil Code if the responding party is the owner of a separate interest.

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.

RESPONDING PARTY

Upon receipt of a request for resolution the responding party, whether the Association or Owner, has thirty (30) days in which to either accept or reject the request. In the event no such response is received, the request is deemed rejected.

GENERAL PROCEDURE

Where the request is accepted, the parties must complete the ADR within ninety (90) days of receipt of the acceptance. However, the parties can stipulate in writing to extend this period.

In the event that a lawsuit is eventually commenced, the party filing must also file a certificate concerning the completion of the ADR. Where a lawsuit is commenced and ADR has not occurred, the filing party should file a certificate as to why ADR did not take place.

CONSEQUENCES FOR FAILURE TO COMPLY

In the event the initiating party proceeds to Court without complying with the provisions of this Section, the responding party can move the Court for an order of dismissal. As a result, it is important to seek independent counsel if you have further questions.

In the event a trial proceeds as a result of a responding party's refusal to participate in ADR, the Court may take such failure into consideration when ruling on payment of attorney's fees and costs.

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 your right to sue the Association or another member of the association regarding enforcement of the governing documents or the applicable law.

The preceding disclosure is provided by the Association as mandated by and in compliance with CA Civil Code Section 5930. Homeowners are encouraged to review the statute in its entirety or seek independent legal counsel in the event a dispute arises.

ARCHITECTURAL DISCLOSURE

California Civil Code 4765

This information is being provided to you pursuant to the above referenced section and is intended to be partial summary of existing governing documents, not a substitute of any existing governing documents.

What is the Architectural Review Committee?

Los Paseos Maintenance Corporation has an Architectural Review Committee which is composed of five (5) members. The Architectural Review Committee members are appointed by the Board and must be Owners. Board members may also serve as Architectural Review Committee members.

The Architectural Review Committee considers and acts upon all plans and specifications submitted for its approval, including inspection of work in progress to assure conformance with plans approved by the Architectural Review Committee. The Committee can also perform such other duties as the Board assigns to it.

The Architectural Review Committee's members do not receive compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties. The Architectural Review Committee has the power, but not the duty, to retain consultants in connection with decisions; however, the Architectural Review Committee does not have the power to delegate its decision-making power.

The Architectural Review Committee meets as necessary to perform its duties. The vote of a majority of the Architectural Review Committee constitutes an act of the Committee. All approvals issued by the Architectural Review Committee must be in writing. Verbal approvals issued by the Architectural Review Committee, any individual Architectural Review Committee member or any other representative of the Association are not valid or binding on the Association and may not be relied on by any person.

What changes require the approval of the Architectural Review Committee?

Section 4.3 of the Covenants, Conditions and Restrictions (CC&Rs) for the Association provide that “No Improvements shall be made upon the Covered Property except in compliance with plans and specifications therefore which have been submitted to and approved by the Architectural Committee or except as may otherwise be provided in the Architectural Guidelines or in any Supplementary Declaration.”

Section 1.32 defines "Improvement" to mean "Structures and appurtenances thereto of every type and kind, including but not limited to, buildings, out buildings, walkways, sprinkler and sewer pipes or lines, garages, carports, gazebos, swimming pools and other recreational facilities, roads, driveways, parking areas, fences, screens, screening walls, retaining walls, awnings, patio and balcony covers, stairs, decks, landscaping, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, trees and shrubs, poles, signs, solar or wind powered energy systems or equipment, and water softener Or heater or air conditioning and heating fixtures and equipment;

(b) The demolition or destruction by voluntary action of any structure or appurtenance thereto of every type and kind.

(c) The grading, excavation, filling, or similar disturbance to the surface of the land including; without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed.

(d) Landscaping, planting, clearing, or removing of trees, shrubs, grass, or plants; and

(e) Any change or alteration of any Improvement including any change of material, exterior appearance, color or texture.

What are Architectural Guidelines?

The Architectural Review Committee has the right, but not the obligation, to issue and update the Architectural Guidelines. The Architectural Guidelines may require a fee to accompany each Application for approval and may identify additional factors which the Architectural Review Committee will consider in reviewing submissions. For an updated fee schedule or a copy of the Architectural Guidelines, please contact the Management Company.

How do I get approval for my proposed changes?

First, you will want to contact the Management Company to obtain an Application and a copy of any Architectural Guidelines that are in effect. You will need to fill out the Application completely. The Architectural Review Committee may require detailed plans, including landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. You should try and make your submission as complete as possible so that the Committee can review your Application when it is received, rather than wait for additional information to be supplied. The Architectural

Review Committee may reject the Application for approval if it determines that the Applicant's plans and specifications are incomplete. Your Application and three (3) sets of plans should be submitted to the Management Company.

How long do I have to wait for a response to my Application?

The Architectural Review Committee will transmit its decision, and the reasons therefore, to the Applicant at the address listed in the Application for approval within thirty (30) days after the Architectural Review Committee receives all required materials. Any Application submitted will be deemed approved unless the Architectural Review Committee transmits written disapproval or a request for additional information or materials to the Applicant within thirty (30) days after the date the Architectural Review Committee receives all required materials. The Architectural Review Committee may require submission of additional plans and specifications or other information before approving or disapproving material submitted.

How does the Committee determine what will be approved?

The Architectural Review Committee must use the criteria set forth in the CC&Rs. Applications will only be approved if the Committee determines that (a) installation, construction or alterations of the Improvements in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole, (b) the appearance of any structure affected by the proposed Improvements will be in harmony with the surrounding structures, (c) installation, construction or alteration of the proposed Improvements will not detract from the beauty, wholesomeness and attractiveness of the Properties or the enjoyment thereof by the Owners, (d) maintenance of the proposed Improvements will not become a burden on the Association, and (e) the proposed Improvements are consistent with the CC&Rs.

The Architectural Review Committee may consider the impact of views from other Residences or Lots and reasonable privacy right claims as factors in reviewing, approving or disapproving any proposed landscaping, construction or other Improvement. However, no Residence or Lot is guaranteed the existence or unobstructed continuation of any particular view.

The Architectural Review Committee's approval of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any matter requiring the Architectural Review Committee's approval, does not waive the right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval.

The Architectural Review Committee may condition its approval of an Application on any of the following: (i) the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be recorded against the Properties as a result of such work, (ii) such changes therein as the Architectural Review Committee considers appropriate, (iii) the Applicant's agreement to grant easements made necessary by the Improvement to the Association, (iv) the Applicant's agreement to install water, gas, electrical or other utility meters to measure any increased consumption, (v) the Applicant's agreement to reimburse the Association for the cost of such maintenance, or (vi) the Applicant's agreement to complete the proposed work within a stated period of time.

The Architectural Review Committee may authorize variances from compliance with any of the architectural provisions of the CC&Rs or the Design Guidelines including restrictions on height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental consideration require. Such variances must be evidenced in writing and must be signed by a majority of the Architectural Review Committee. If variances are

granted, no violation of the CC&Rs shall be deemed to have occurred with respect to the matter for which the variances were granted.

Can I start construction as soon as I get approval?

The Architectural Review Committee is not responsible for reviewing any plan or design from the standpoint of structural safety or conformance with building and other codes. You must still meet any review or permit requirements of the City before making any construction, installation or alterations. And, while it is not required, you should consider letting your neighbors know about your construction schedule in advance in order to minimize any inconvenience to them.

Do I need to have the construction inspected by the Committee?

The Architectural Review Committee, or its duly authorized representative, may inspect any work for which approval of plans is required. The right to inspect includes the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the Architectural Review Committee-approved plans for the Work or with the requirements of the CC&Rs.

If my Application is denied can I appeal the decision?

Both the CC&Rs and the *California Civil Code* provides that there is a right to an appeal. If an Application is denied, the Applicant may appeal the decision, in whole or in part, by submitting a written request for an appeal hearing to the Board of Directors, via the Management Company. The request for an appeal hearing must be received by the Management Company within fifteen (15) days from the date in which the Committee's denial was transmitted to the Applicant. The request for an appeal hearing must set forth the reason(s) for the appeal. The Board of Directors shall schedule an appeal hearing at the next regularly scheduled Board meeting in which a quorum can be achieved. However, the Board of Directors, in the interest of justice, may continue the appeal hearing so that the Board of Directors may have sufficient time to review the Application and the appeal.

Am I required to obtain Architectural Approval from SAMLARC

Los Paseos Maintenance Corporation members are required to obtain architectural approval from the Rancho Santa Margarita Landscape and Recreation Corporation (SAMLARC). Please contact the SAMLARC office for information.

Are Variances to the Architectural Guidelines Permitted?

The Board may authorize a variance from compliance with the architectural controls set forth in this Article when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations may require; provided, however, that no variance from the use restrictions contained in the Article entitled "Use Restrictions" of this Declaration may be granted. Written evidence of such variance must be delivered to such Owner and a copy of the resolution of the Board authorizing such variance must be retained in the permanent records of the Association. If such variances are granted, no violation of the covenants: conditions and restrictions contained in the Association Management Documents shall be deemed to have occurred with respect to the matter for which the variance was granted. Granting such a variance shall not operate to waive any of the terms and provisions of the Association Management Documents for any purpose except as to the particular Residence and particular provision of this Article covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all government

laws and regulations affecting the use of his Residence including, but not limited to, zoning ordinances and lot setback lines or requirements imposed by any governmental or municipal authority.

FEDERAL HOUSING ADMINISTRATION (FHA/VA) DISCLOSURE
California Civil Code 5300

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. The association of this common interest development is not certified by the Federal Housing Administration."

BOARD MEETING AGENDA & NOTICE POLICY
California Civil Code 4920

Starting January 1, 2008, Board meeting agenda must be posted along with the notice of meeting in a prominent location in the common area or mailed to each homeowner no later than four (4) days prior to the meeting, two (2) days for executive (closed) meetings. With the following exceptions, boards are not allowed to discuss or take action on any item not on that agenda.

- Residents may speak on any issue, regardless of whether it was listed on the agenda.
- Board members and their agents (including managers) may briefly respond to statements or questions from association members, ask clarifying questions, make brief announcements, or make brief reports on their own activities.
- Boards may refer certain informational matters and administrative tasks to its managers, agents and staff-even if these items were not listed on the agenda.
- Any subject may be discussed and acted upon if there is an emergency, if immediate action is needed on a matter which arose after the agenda was distributed, or if the item was on a recent agenda and was continued to the current meeting.

The Los Paseos Maintenance Corporation will post the meeting notice & agenda in a bulletin board located at the pool facility as well as posting those documents on the community website at www.lospaseosrsm.com.

BOARD MEETING TIMES AND LOCATION

For the fiscal year 2021/2022 the Board of Directors of the Los Paseos Maintenance Corporation has adopted the following meeting date and location timeline.

The Board of Directors will hold their regularly scheduled general session meeting on the third Tuesday of each odd numbered month beginning at 6:00 p.m. for the general business meeting. Meetings are held at the Toyota Dealership, Conference Room, 22722 Avenida Empresa, Rancho Santa Margarita, CA 92688. It is currently the practice of the Board of Directors to hold an Executive Session meeting when needed prior to the regularly scheduled general session meeting. Homeowners are not permitted to attend executive session meetings. All meeting dates, times and locations are subject to change by the Board of Directors. Additionally, information on association meetings will be available on the association website at

www.lospaseosrsm.com Please call the offices of Tritz Professional Management Services for exact meeting location.

SECONDARY ADDRESS NOTIFICATION REQUEST

California Civil Code 4040(b)

Owners have the right to submit secondary addresses to the association for purposes of collection notices. Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the association shall send additional copies of any notices required by Section 5730 of the California Civil Code to the secondary address provided. The owner's request shall be in writing and shall be mailed to the association in a manner that shall indicate that the association has received it. The owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the association shall only be required to send notices to the requested secondary address from the point that the association receives the request.

MEMBER CONTACT INFORMATION

California Civil Code 4041

An owner of a separate interest shall, on an annual basis, provide written notice to the association of all of the following: (1) The address or addresses to which notices from the association are to be delivered. (2) An alternate or secondary address to which notices from the association are to be delivered. (3) The name and address of his or her legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of the owner's extended absence from the separate interest. (4) Whether the separate interest is owner-occupied, is rented out, if the parcel is developed but vacant, or if the parcel is undeveloped land. If an owner fails to provide the notices set forth in paragraphs (1) and (2), the property address shall be deemed to be the address to which notices are to be delivered.

SUMMARY OF ASSOCIATION INSURANCE

California Civil Code 5300(b)(9)

Effective January 1, 1998, the California Civil Code was amended to require that all homeowner associations provide a summary of insurance, notification of changes or cancellations and a disclaimer of statement regarding the insurance policies carried by that Association.

Information concerning Property coverage, General Liability, Fidelity, and Flood policies for the Los Paseos Maintenance Corporation is hereby provided to you for your reference.

See attached policy declaration sheet

Individual Homeowners Liability Policies and Loss Assessment Coverage

It is very important that owners explore individual risks with a knowledgeable insurance agent and purchase coverage to protect them from any liability of an accident occurring within their property, and to protect members from any liability or insurance coverage gaps between the Association and private individual coverage.

The Association strongly recommends that members include Loss Assessment Coverage in the individual member's insurance policy. The cost of a private individual insurance endorsement for loss assessment is generally minimal and often provides major protection to individual 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 talk to their insurance professional and consider obtaining private loss assessment coverage for earthquake damage, particularly in view of insurance policies which are not available by participating insurance carriers which have joined the California Earthquake Authority.

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. 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.

For additional information, please contact the Association insurance agent:

LaBarre Oksnee Insurance Services
85 Argonaut, Ste. 110
Aliso Viejo, CA 92656-4105
T) 949 588-0711
F) 949 588-1275



Los Paseos Maintenance Corporation
INSURANCE SUMMARY DISCLOSURE

Pursuant to Section 5300 (b)(9) of the California Civil Code, the Association is providing you with the following information regarding its insurance policies. Pursuant to Civil Code Section 5300 (a), this summary is being distributed not less than 30 days nor more than 90 days preceding the beginning of the Association's fiscal year.

I. GENERAL LIABILITY INSURANCE

A. Name of insurer:	American Alternative Insurance Corporation
B. Policy limits:	\$1,000,000 per occurrence; Unlimited aggregate
C. Amount of deductible (if any):	N/A
D. Umbrella coverage, if applicable:	\$5,000,000
E. Umbrella carrier:	Greenwich Insurance Company
F. Policy dates:	1/1/2023 – 1/1/2024

II. PROPERTY INSURANCE

A. Name of insurer:	American Alternative Insurance Corporation
B. Policy limits:	\$695,000 (Guaranteed Replacement Cost)
C. Amount of deductible:	\$2,500
D. Policy dates:	1/1/2023 – 1/1/2024

III. EARTHQUAKE INSURANCE

A. Name of insurer:	Lloyds of London
B. Policy limits:	\$675,000
C. Amount of deductible:	10%
D. Policy dates:	1/1/2023 – 1/1/2024

IV. FLOOD INSURANCE

A. Name of insurer:	None
B. Policy limits:	
C. Amount of deductible:	
D. Policy dates:	

V. FIDELITY BOND INSURANCE

A. Name of insurer:	PMA Insurance Group
B. Policy limits:	\$750,000
C. Amount of deductible:	\$5,000
D. Policy dates:	1/1/2023 – 1/1/2024

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.

Pursuant to Section 5810 of the California Civil Code, if the association receives any notice of nonrenewal of a policy described in the annual budget report, the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.

AGENCY CUSTOMER ID: LOSPASE-01

LOC #: _____



ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY LaBarre/Oksnee Insurance		NAMED INSURED Los Paseos Maintenance Corporation c/o Tritz Professional Management Services 1525 E 17th St #A Santa Ana CA 92705	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE

Coverage is for COMMON AREAS ONLY

Coverage Includes:

Special Form with 100% Guaranteed Replacement Cost
Property Limit of \$35,000 for Trees/Shrubs
Wind/Hail (excludes Trees/Shrubs)
Equipment Breakdown
Building Ordinance or Law
Severability of Interest / Separation of Insureds
Computer Fraud & Funds Transfer Fraud
No Co-Insurance
D&O is a Claims-Made Policy

Earthquake Coverage:

Earthquake Carrier: Lloyds of London
Earthquake Policy Number: 04-7500060149-S-08
Policy Term: 01/01/2023 - 01/01/2024
Limit: \$675,000
Deductible: 10%

LOS PASEOS MAINTENANCE CORPORATION ASSOCIATION

Request for Annual Notice of Address, Representative and Rental Status

Civil Code, Section 4041

Civil Code, Section 4041 requires each owner of a separate interest to provide written notice to the Association of all the following information annually. Please provide the information in the form below and return the completed form to the Association within 30 days.

1. The address or addresses to which notices from the Association are to be delivered.

2. An alternate or secondary address to which notices from the Association are to be delivered.

3. The name and address of your legal representative, if any, including any person with power of attorney, or other person who can be contacted in the event of your extended absence from your property:

4. Is the property (check one):

<input type="checkbox"/>	Owner-occupied?
<input type="checkbox"/>	Rented out?
<input type="checkbox"/>	Developed, but vacant?
<input type="checkbox"/>	Undeveloped?

4.a Is Your Individual Property Managed by Professional Firm?

<input type="checkbox"/> Yes <input type="checkbox"/> No	(A property manager for your unit only NOT the HOA)
Company:	
Contact:	
Email:	
Phone:	

5. Member Name(s):

6. Property Address:

7. Member Email(s):

Phone #:

8. Tenant Name(s):

Phone #:

9. Tenant Email(s):

Owner Signature:

Date:



**NOTICE OF OPT OUT
OF SHARING OF MEMBER INFORMATION**
(California Civil Code Section 5220)

To: _____ ("Association")

From: _____

PLEASE TAKE NOTICE that, pursuant to California Civil Code Section 5220, I hereby opt out of the sharing of the following information with other members of the Association as may be requested by members pursuant to California Civil Code Section 5200(a).

- My name
- My Association property address
- My mailing address

I prefer to be contacted via the alternative process described in subdivision (c) of Section 8330 of California Corporations Code.

This Opt Out shall remain in effect until changed by me in writing.

Signed: _____

Print Name: _____

Date: _____

Association property address:

(Address)

(City, Zip, State)

