

November 11, 2010

Dear Laurelmont Homeowner:

In compliance with Civil Code §1365, attached is the Laurelmont Community Association budget for the fiscal year ending December 31, 2011. This budget reflects the continuing efforts of the Board of Directors to maintain and enhance the Association's common area and amenities while at the same time keeping expenditures in line. The budget indicates a minimal increase of 2.9% in order to adequately cover the rising operating costs (such as landscape maintenance, utilities, etc.) for the Association and to fund the reserve accounts for future repairs and replacements (such as streets, painting, wood repairs and replacements, roof repairs and replacements, etc.). **Therefore, effective January 1, 2011 your new assessment rate will be \$345.00 per month.**

With this budget, the Board of Directors does not anticipate that any special assessments will be required to replace, repair or restore any major component to the reserve program

The Association annually evaluates its reserve requirements and has retained the services of a professional reserve analyst to review the funding program and to provide recommendations for future funding of the reserve accounts. A summary of the study is provided for your review and copies of the complete reserve study are available upon request.

In addition to the fiscal year budget and reserve study, please find the following disclosure items:

- Reserve Assessment and Funding Disclosure Summary
- Association's current Assessment and Billing Collection Policy/AB2289
- Summary of the Association's insurance coverage
- Summary of California Civil Code Sections 1363.850 and 1369.590 regarding IDR, Internal Dispute Resolution, and ADR, Alternative Dispute Resolution

California Civil Code §1363 requires the Association to advise all owners of the right to obtain a copy of the minutes of the General Session Board of Directors meetings. Any requests for such meeting minutes must be made in writing to the Board at the address below and a distribution fee will be charged. Minutes are also available on the Association's website.

In addition, California Civil Code §1367.1 (k) requires the Association to advise all owners of the right to submit a secondary address to the association for the purpose of assessment collection, provided that the request is made in writing and mailed to the association in a manner that shall indicate that the association has received it.

Finally, California Civil Code §1378 (c) requires the Association to annually provide its members with any requirements for association approval of physical changes to the

property. A description of the types of changes that require approval, as well the as the procedure used to evaluate the applications, has been included in this packet.

Thank you for your continued support of the Association. If you should have any questions regarding the enclosed information, please contact your Community Manager, Rick Zarski at PCM, [rzarski@pcminternet.com](mailto:rzarski@pcminternet.com) or 949/465-2497. Thank you.

Sincerely,  
The Laurelmont Community Association Board of Directors

**LAURELMONT COMMUNITY ASOC.**  
**Fiscal Year End - December, 2011**  
**Annual Budget                      197 Units**

	<u>ANNUAL AMOUNT</u>	<u>MONTHLY AMOUNT</u>	<u>PER UNIT/ PER MONTH</u>
<b>INCOME:</b>			
4010 0000 ASSESSMENTS - OWNERS	815,580	67,965.00	345.00
4301 1002 INTEREST-RESERVES	0	.00	.00
4325 0000 PRIOR YEAR SURPLUS	100,000	8,333.33	42.30
TOTAL INCOME	915,580	76,298.33	387.30
<b>GENERAL &amp; ADMINISTRATIVE:</b>			
5002 0000 AUDIT	1,000	83.33	.42
5005 0000 BAD DEBTS	30,000	2,500.00	12.69
5025 0000 EARTHQUAKE INSURANCE	40,000	3,333.33	16.92
5026 0000 INSURANCE EXPENSE	43,210	3,600.83	18.28
5033 0000 LEGAL	5,000	416.67	2.12
5036 0000 LICENSES & FEES	950	79.17	.40
5039 0000 MANAGEMENT FEES	32,268	2,689.00	13.65
5041 0000 MISCELLANEOUS	4,000	333.33	1.69
5041 1003 WEBSITE SERVICES	1,500	125.00	.63
5046 1005 PRINTING/MAILING/SUPPLIES	9,300	775.00	3.93
5050 0000 RESERVE ANALYSIS FEES	1,100	91.67	.47
TOTAL GENERAL & ADMIN. EXPEN	168,328	14,027.33	71.20
<b>LANDSCAPE:</b>			
5200 1000 BACKFLOW INSPECTION	250	20.83	.11
5225 0000 IRRIGATION SYSTEM	2,000	166.67	.85
5235 0000 LANDSCAPE MAINT. CONTRACT	58,000	4,833.33	24.53
5236 0000 LANDSCAPE EXTRAS	5,000	416.67	2.12
5290 0000 TREE MAINTENANCE	1,000	83.33	.42
TOTAL LANDSCAPE EXPENSES	66,250	5,520.83	28.02
<b>MAINTENANCE:</b>			
5205 0000 BUILDING REPAIRS & MAINT.	0	.00	.00
5218 0000 ELECTRICAL MAINTENANCE	1,500	125.00	.63
5231 0000 JANITORIAL SERVICE CONTRACT	1,300	108.33	.55
5244 0000 PLUMBING REPAIRS	33,000	2,750.00	13.96
5249 0000 POOL CONTRACT	5,500	458.33	2.33
5250 0000 POOL REPAIRS	2,500	208.33	1.06
5250 1014 POOL SUPPLIES	2,000	166.67	.85
5251 0000 PEST CONTROL	10,000	833.33	4.23
5251 1001 TERMITE	7,500	625.00	3.17
5253 0000 ROOF MAINTENANCE	2,500	208.33	1.06
5255 0000 REPAIRS & MAINTENANCE	30,000	2,500.00	12.69
5255 1057 INTERIOR REPAIRS	15,000	1,250.00	6.35
5255 1069 SLAB LEAK REMEDIATION	0	.00	.00
5264 0000 STREET & SIDEWALK	1,800	150.00	.76

**LAURELMONT COMMUNITY ASOC.**  
**Fiscal Year End - December, 2011**  
**Annual Budget                      197 Units**

	<u>ANNUAL AMOUNT</u>	<u>MONTHLY AMOUNT</u>	<u>PER UNIT/ PER MONTH</u>
<b>MAINTENANCE:</b>			
5275 0000 SUPPLIES - JANITORIAL	500	41.67	.21
5299 1008 GATE REPAIR	1,000	83.33	.42
TOTAL MAINTENANCE EXPENSES	114,100	9,508.33	48.27
<b>UTILITIES:</b>			
5419 0000 ELECTRICITY	22,875	1,906.25	9.68
5423 0000 GAS	7,000	583.33	2.96
5495 0000 WATER	21,000	1,750.00	8.88
TOTAL UTILITIES	50,875	4,239.58	21.52
<b>RESERVES:</b>			
6000 0000 LIGHTING	9,010	750.83	3.81
6008 0000 CONTINGENCY	16,875	1,406.25	7.14
6020 0000 FENCING RESERVE	23,502	1,958.50	9.94
6023 1003 UTILITY DOORS RESERVE	6,320	526.67	2.67
6025 1002 IRRIGATION CONTROLLERS	7,564	630.33	3.20
6036 0000 GAS MAIN	25,900	2,158.33	10.96
6039 1000 CABANA RESERVE	2,316	193.00	.98
6043 0000 MAILBOX	2,183	181.92	.92
6048 0000 PAINTING RESERVE	110,092	9,174.33	46.57
6049 0000 PLUMBING RESERVE	30,900	2,575.00	13.07
6050 0000 POOL RESERVE	14,117	1,176.42	5.97
6053 0000 ROOF RESERVE	149,534	12,461.17	63.25
6056 1000 SIDING	38,502	3,208.50	16.29
6068 1003 SIGNS MONUMENT/STREETS	851	70.92	.36
6085 0000 STREETS & DRIVES	49,686	4,140.50	21.02
6086 1001 PEST/TERMITE CONTROL	15,700	1,308.33	6.64
6090 0000 TREE MAINTENANCE	12,975	1,081.25	5.49
TOTAL RESERVES	516,027	43,002.25	218.29
TOTAL EXPENSES	915,580	76,298.33	387.30
NET PROFIT (LOSS)	0	.00	.00
	=====	=====	=====

**Laurelmont Community Association**  
 Aliso Viejo, California  
RDA Reserve Analysis Report Summary

Report Date	July 2, 2010	Parameters:	
Version	010	Inflation	3.00%
Account Number	3222	Annual Contribution Increase	3.00%
Budget Year Beginning	1/ 1/11	Investment Yield	2.00%
Ending	12/31/11	Taxes on Yield	30.00%
Total Units Included	197	Contingency	3.00%
Phase Development	6 of 6	Reserve Fund Balance as of	
		1/ 1/11:	\$1,271,889.00

Project Profile & Introduction

For budgeting purposes, unless otherwise indicated in this report, we have used March 1986 as the basis for aging all the original components examined in this analysis.

RDA Field Inspection: June 22, 2010; July 20, 2007 & August 2004

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$46,487.31
( \$235.98 per unit per month)	
Average Net Monthly Interest Contribution This Year:	1,439.92
Net Monthly Allocation to Reserves 1/ 1/11 to 12/31/11:	\$47,927.23
( \$243.29 per unit per month)	

RDA Reserve Management Software  
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**Laurelmont Community Association**  
Distribution of Accumulated Reserves

REPORT DATE: July 2, 2010  
 VERSION: 010  
 ACCOUNT NUMBER: 3222

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Gas Line Repairs	0	30,000.00	30,000.00
Landscape - Tree Trimming	0	25,000.00	25,000.00
Paint - Wrought Iron	0	5,761.98	5,761.98
Plumbing Repairs	0	30,000.00	30,000.00
Pool Area - Deck Caulking, Deck	0	2,227.50	2,227.50
Pool Area - Pump Room, Re-Plumb	0	3,000.00	3,000.00
Roofs - Flat, 2001	0	54,253.00	54,253.00
Signs - Monument	0	3,120.00	3,120.00
Streets - Concrete, Repairs	0	10,000.00	10,000.00
Wood - Siding, Repairs/Replacement	0	137,239.47	137,239.47
Paint - Woodwork, Units/Pool Area	1	343,885.55	343,885.55
Streets - Asphalt Overlay, Original	1	264,540.37	264,540.37
Streets - Asphalt Repair, 2008	1	29,866.16	29,866.16
Streets - Asphalt Slurry Seal, 2008	1	17,998.44	17,998.44
Termite Control - Fumigation	1	219,647.15	219,647.15
Wood - Trim, Repairs/Replacement	1	7,966.10	7,966.10
Cabana - Water Heater	2	950.57	950.57
Irrigation - Controllers	2	27,318.83	27,318.83
Pool - Spa, Pump/Motor System	2	2,550.00	2,550.00
Pool Area - Furniture, Replace	2	3,829.15	3,829.15
Pool Area - Trellis, Wood	2	5,667.18	5,667.18
Signs - Traffic	2	5,261.14	5,261.14
Cabana - Restroom Partitions	3	501.43	501.43
Fencing - Wrought Iron, Pool	3	15,123.95	4,259.67
Pool Area - Deck Caulking, Pool/Spa	3	205.92	0.00
Paint - Cabana, Interior	4	562.71	0.00
Streets - Asphalt Repair, Pepperwood	4	0.00	0.00
Streets - Asphalt Slurry Seal, 2010	4	0.00	0.00
Irrigation - Backflow Devices	5	8,900.04	0.00
Irrigation - Enclosures	5	20,884.97	0.00
Paint - Stucco, Units	5	15,552.83	0.00
Walls - Block, Repairs	5	5,317.58	0.00
Cabana - Ceramic Tile	6	5,946.11	0.00
Cabana - Plumbing Fixtures	6	3,352.90	0.00
Doors - Utility	6	35,440.32	0.00
Fencing - Wrought Iron, Gates	6	49,503.44	0.00
Lighting - Grounds	6	5,241.58	0.00

**Laurelmont Community Association**  
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Lighting - Pool Area	6	4,983.04	0.00
Pool - Pump/Motor System, 2009	6	509.50	0.00
Pool - Spa, Filter	6	400.00	0.00
Pool - Spa, Replastering & Tile	6	2,053.60	0.00
Pool Area - Ceramic Tile Counter	6	1,005.15	0.00
Roofs - Flat, 2005	6	6,571.00	0.00
Pool - Spa, Heater	7	1,011.07	0.00
Pool Area - BBQ, Gas Pedestal	7	1,157.48	0.00
Pool - Filters	8	666.67	0.00
Pool - Heater	8	1,107.30	0.00
Pool - Replastering & Tile	8	4,855.67	0.00
Pool Area - Tables & Benches	8	1,507.33	0.00
Roofs - Composition Shingle	8	729,165.66	0.00
Lighting - Street	11	48,441.12	0.00
Pool Area - Concrete Deck	11	13,333.33	0.00
Mailboxes - Pedestal Sets	14	2,469.32	0.00
Cabana - Doors	16	280.80	0.00
Fencing - Vinyl, 2003	22	146,646.13	0.00
Fencing - Vinyl, 2011	30	0.00	0.00
Total Asset Summary:		2,362,780.54	1,234,843.69
Contingency @ 3.00%:		70,883.42	37,045.31
Grand Total:		2,433,663.96	1,271,889.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	52%		

**Laurelmont Community Association**  
**Funding Status Report**

REPORT DATE: July 2, 2010  
VERSION: 010  
ACCOUNT NUMBER: 3222

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Streets - Asphalt Overlay, Original	20	+6	1	275,193	264,540	264,540
Streets - Asphalt Repair, 2008	4	0	1	39,822	29,866	29,866
Streets - Asphalt Repair, Pepperwood	4	0	4	4,660	0	0
Streets - Asphalt Slurry Seal, 2008	4	0	1	23,998	17,998	17,998
Streets - Asphalt Slurry Seal, 2010	4	0	4	5,616	0	0
Streets - Concrete, Repairs	1	0	0	10,000	10,000	10,000
*** CATEGORY SUMMARY:				359,289	322,405	322,405
Roofs - Composition Shingle	20	0	8	1,215,276	729,166	0
Roofs - Flat, 2001	12	0	0	54,253	54,253	54,253
Roofs - Flat, 2005	12	0	6	13,142	6,571	0
*** CATEGORY SUMMARY:				1,282,671	789,990	54,253
Paint - Cabana, Interior	8	0	4	1,137	563	0
Paint - Stucco, Units	8	+1	5	35,408	15,553	0
Paint - Woodwork, Units/Pool Area	4	+1	1	431,686	343,886	343,886
Paint - Wrought Iron	4	0	0	5,762	5,762	5,762
*** CATEGORY SUMMARY:				473,993	365,763	349,648
Wood - Siding, Repairs/Replacement	4	0	0	137,239	137,239	137,239
Wood - Trim, Repairs/Replacement	4	+1	1	10,000	7,966	7,966
*** CATEGORY SUMMARY:				147,239	145,206	145,206
Fencing - Vinyl, 2003	30	0	22	549,923	146,646	0
Fencing - Vinyl, 2011	30	0	30	34,103	0	0
Fencing - Wrought Iron, Gates	25	+6	6	61,464	49,503	0
Fencing - Wrought Iron, Pool	25	+3	3	16,951	15,124	4,260
Walls - Block, Repairs	30	0	5	6,388	5,318	0
*** CATEGORY SUMMARY:				668,829	216,591	4,260
Lighting - Grounds	22	+9	6	6,508	5,242	0
Lighting - Pool Area	20	+11	6	6,187	4,983	0
Lighting - Street	25	0	11	86,502	48,441	0
*** CATEGORY SUMMARY:				99,197	58,666	0
Pool - Filters	12	0	8	2,000	667	0
Pool - Heater	12	0	8	3,700	1,107	0
Pool - Pump/Motor System, 2009	8	0	6	2,038	510	0
Pool - Replastering & Tile	12	0	8	14,567	4,856	0
Pool - Spa, Filter	10	0	6	1,000	400	0
Pool - Spa, Heater	10	0	7	3,510	1,011	0
Pool - Spa, Pump/Motor System	8	0	2	3,400	2,550	2,550
Pool - Spa, Replastering & Tile	10	0	6	5,134	2,054	0



**Laurelmont Community Association**  
**Funding Status Report**

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Pool Area - BBQ, Gas Pedestal	12	0	7	2,958	1,157	0
Pool Area - Ceramic Tile Counter	30	+1	6	1,248	1,005	0
Pool Area - Concrete Deck	20	-5	11	50,000	13,333	0
Pool Area - Deck Caulking, Deck	4	0	0	2,228	2,228	2,228
Pool Area - Deck Caulking, Pool/Spa	4	0	3	1,030	206	0
Pool Area - Furniture, Replace	7	0	2	5,531	3,829	3,829
Pool Area - Pump Room, Re-Plumb	25	0	0	3,000	3,000	3,000
Pool Area - Tables & Benches	12	0	8	4,522	1,507	0
Pool Area - Trellis, Wood	25	+2	2	6,124	5,667	5,667
*** CATEGORY SUMMARY:				111,989	45,087	17,274
Cabana - Ceramic Tile	30	+1	6	7,383	5,946	0
Cabana - Doors	20	0	16	1,404	281	0
Cabana - Plumbing Fixtures	25	+6	6	4,163	3,353	0
Cabana - Restroom Partitions	15	+6	3	585	501	501
Cabana - Water Heater	10	+4	2	1,109	951	951
*** CATEGORY SUMMARY:				14,644	11,032	1,452
Doors - Utility	20	+5	6	46,632	35,440	0
*** CATEGORY SUMMARY:				46,632	35,440	0
Mailboxes - Pedestal Sets	16	0	14	26,872	2,469	0
Signs - Monument	15	-1	0	3,120	3,120	3,120
Signs - Traffic	10	+4	2	6,138	5,261	5,261
*** CATEGORY SUMMARY:				36,130	10,850	8,381
Irrigation - Backflow Devices	30	0	5	10,692	8,900	0
Irrigation - Controllers	15	+12	2	29,519	27,319	27,319
Irrigation - Enclosures	30	0	5	25,090	20,885	0
*** CATEGORY SUMMARY:				65,301	57,104	27,319
Plumbing Repairs	1	0	0	30,000	30,000	30,000
*** CATEGORY SUMMARY:				30,000	30,000	30,000
Gas Line Repairs	1	0	0	30,000	30,000	30,000
*** CATEGORY SUMMARY:				30,000	30,000	30,000
Landscape - Tree Trimming	2	0	0	25,000	25,000	25,000
*** CATEGORY SUMMARY:				25,000	25,000	25,000
Termite Control - Fumigation	15	+11	1	228,492	219,647	219,647
*** CATEGORY SUMMARY:				228,492	219,647	219,647

**Laurelmont Community Association**  
Funding Status Report

DESCRIPTION	USE +/- REM LIFE    LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
TOTAL ASSET SUMMARY:		3,619,406	2,362,781	1,234,844
CONTINGENCY @ 3.00%:			70,883	37,045
GRAND TOTAL:			2,433,664	1,271,889

Percent Fully Funded:            52%

**Laurelmont Community Association**  
Asset Listing - Summary by Category

REPORT DATE: July 2, 2010  
 VERSION: 010  
 ACCOUNT NUMBER: 3222

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
Streets - Asphalt Overlay, Original	1	275,193	1,256.99	1,575.71
Streets - Asphalt Repair, 2008	1	39,822	888.38	929.17
Streets - Asphalt Repair, Pepperwood	4	4,660	101.69	102.35
Streets - Asphalt Slurry Seal, 2008	1	23,998	535.37	559.95
Streets - Asphalt Slurry Seal, 2010	4	5,616	122.56	123.35
Streets - Concrete, Repairs	0	10,000	852.84	858.33
*** CATEGORY SUMMARY:		359,289	3,757.83	4,148.86
Roofs - Composition Shingle	8	1,215,276	13,672.20	13,760.27
Roofs - Flat, 2001	0	54,253	419.44	422.14
Roofs - Flat, 2005	6	13,142	194.14	195.39
*** CATEGORY SUMMARY:		1,282,671	14,285.78	14,377.80
Paint - Cabana, Interior	4	1,137	24.82	24.98
Paint - Stucco, Units	5	35,408	622.89	626.90
Paint - Woodwork, Units/Pool Area	1	431,686	7,940.99	8,395.93
Paint - Wrought Iron	0	5,762	125.73	126.54
*** CATEGORY SUMMARY:		473,993	8,714.43	9,174.35
Wood - Siding, Repairs/Replacement	0	137,239	2,994.76	3,014.05
Wood - Trim, Repairs/Replacement	1	10,000	183.95	194.49
*** CATEGORY SUMMARY:		147,239	3,178.71	3,208.54
Fencing - Vinyl, 2003	22	549,923	2,498.14	2,514.23
Fencing - Vinyl, 2011	30	34,103	120.40	121.18
Fencing - Wrought Iron, Gates	6	61,464	908.00	913.85
Fencing - Wrought Iron, Pool	3	16,951	372.03	379.43
Walls - Block, Repairs	5	6,388	112.38	113.10
*** CATEGORY SUMMARY:		668,829	4,010.95	4,041.79
Lighting - Grounds	6	6,508	96.14	96.76
Lighting - Pool Area	6	6,187	91.40	91.99
Lighting - Street	11	86,502	724.07	728.73
*** CATEGORY SUMMARY:		99,197	911.61	917.48
Pool - Filters	8	2,000	22.50	22.64
Pool - Heater	8	3,700	41.63	41.90
Pool - Pump/Motor System, 2009	6	2,038	30.11	30.30
Pool - Replastering & Tile	8	14,567	163.88	164.94
Pool - Spa, Filter	6	1,000	14.77	14.87
Pool - Spa, Heater	7	3,510	44.78	45.07
Pool - Spa, Pump/Motor System	2	3,400	39.89	43.14
Pool - Spa, Replastering & Tile	6	5,134	75.84	76.33

**Laurelmont Community Association**  
Asset Listing - Summary by Category

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
Pool Area - BBQ, Gas Pedestal	7	2,958	37.74	37.98
Pool Area - Ceramic Tile Counter	6	1,248	18.44	18.56
Pool Area - Concrete Deck	11	50,000	418.53	421.23
Pool Area - Deck Caulking, Deck	0	2,228	48.61	48.92
Pool Area - Deck Caulking, Pool/Spa	3	1,030	29.73	29.92
Pool Area - Furniture, Replace	2	5,531	78.18	83.18
Pool Area - Pump Room, Re-Plumb	0	3,000	12.26	12.34
Pool Area - Tables & Benches	8	4,522	50.87	51.20
Pool Area - Trellis, Wood	2	6,124	27.08	33.91
*** CATEGORY SUMMARY:		111,989	1,154.84	1,176.43
Cabana - Ceramic Tile	6	7,383	109.06	109.76
Cabana - Doors	16	1,404	8.39	8.44
Cabana - Plumbing Fixtures	6	4,163	61.50	61.90
Cabana - Restroom Partitions	3	585	3.07	3.68
Cabana - Water Heater	2	1,109	8.06	9.23
*** CATEGORY SUMMARY:		14,644	190.08	193.01
Doors - Utility	6	46,632	688.89	693.33
*** CATEGORY SUMMARY:		46,632	688.89	693.33
Mailboxes - Pedestal Sets	14	26,872	180.77	181.93
Signs - Monument	0	3,120	19.74	19.87
Signs - Traffic	2	6,138	44.61	51.07
*** CATEGORY SUMMARY:		36,130	245.12	252.87
Irrigation - Backflow Devices	5	10,692	188.09	189.30
Irrigation - Controllers	2	29,519	130.54	163.46
Irrigation - Enclosures	5	25,090	441.38	444.22
*** CATEGORY SUMMARY:		65,301	760.01	796.98
Plumbing Repairs	0	30,000	2,558.52	2,575.00
*** CATEGORY SUMMARY:		30,000	2,558.52	2,575.00
Gas Line Repairs	0	30,000	2,558.52	2,575.00
*** CATEGORY SUMMARY:		30,000	2,558.52	2,575.00
Landscape - Tree Trimming	0	25,000	1,074.35	1,081.27
*** CATEGORY SUMMARY:		25,000	1,074.35	1,081.27
Termite Control - Fumigation	1	228,492	1,043.67	1,308.30
*** CATEGORY SUMMARY:		228,492	1,043.67	1,308.30
TOTAL ASSET SUMMARY:		3,619,406	45,133.31	46,521.01
CONTINGENCY @ 3.00%:			1,354.00	1,406.22
GRAND TOTAL:			46,487.31	47,927.23

**Laurelmont Community Association**  
**RDA Standard Projections**

REPORT DATE: July 2, 2010  
VERSION: 010  
ACCOUNT NUMBER: 3222

Beginning Accumulated Reserves: \$1,271,889

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'11	3,619,406	557,848	17,279	300,602	1,546,414	2,568,900	60%
'12	3,727,988	581,218	9,871	1,111,566	1,025,937	1,892,146	54%
'13	3,839,828	585,154	16,030	155,762	1,471,359	2,223,026	66%
'14	3,955,023	589,056	23,163	96,778	1,986,799	2,639,663	75%
'15	4,073,673	585,332	27,774	283,226	2,316,679	2,884,572	80%
'16	4,195,884	569,765	25,645	757,103	2,154,987	2,648,630	81%
'17	4,321,760	574,307	29,859	298,392	2,460,761	2,908,151	85%
'18	4,451,413	589,760	37,129	95,311	2,992,339	3,405,783	88%
'19	4,584,955	595,124	19,391	1,888,210	1,718,644	2,031,582	85%
'20	4,722,504	602,823	17,417	758,121	1,580,763	1,830,872	86%
'21	4,864,179	617,227	24,385	132,241	2,090,135	2,304,415	91%
'22	5,010,105	634,530	29,490	287,272	2,466,883	2,643,235	93%
'23	5,160,408	652,431	32,671	446,467	2,705,518	2,840,564	95%
'24	5,315,220	666,911	29,776	897,146	2,505,058	2,583,438	97%
'25	5,474,677	686,521	37,078	187,425	3,041,232	3,089,722	98%
'26	5,638,917	709,343	45,793	115,523	3,680,846	3,706,305	99%
'27	5,808,084	728,349	45,430	789,622	3,665,003	3,645,627	101%
'28	5,982,327	726,590	42,149	1,005,814	3,427,928	3,373,746	102%
'29	6,161,797	744,705	50,408	190,889	4,032,151	3,978,837	101%
'30	6,346,651	746,097	59,792	129,738	4,708,302	4,688,147	100%
'31	6,537,050	805,130	64,493	499,267	5,078,659	5,048,532	101%
'32	6,733,162	812,566	53,567	1,648,418	4,296,373	4,223,075	102%
'33	6,935,156	826,953	48,201	1,253,530	3,917,998	3,814,948	103%
'34	7,143,211	791,647	58,176	151,099	4,616,722	4,587,998	101%
'35	7,357,507	894,753	62,085	619,511	4,954,049	4,911,868	101%
'36	7,578,233	909,981	58,598	1,211,262	4,711,366	4,642,970	101%
'37	7,805,580	945,469	67,693	339,346	5,385,182	5,317,084	101%
'38	8,039,747	946,912	79,453	179,175	6,232,372	6,208,191	100%
'39	8,280,939	1,002,275	46,226	3,409,877	3,870,996	3,726,231	104%
'40	8,529,368	959,084	40,436	1,439,657	3,430,860	3,288,498	104%

NOTE: In some cases, the projected ending reserves may exceed the fully funded reserves during years following high expenditures. This is a result of the provision for a contingency in the report, which in the projections, is never expended. The contingency is continually adjusted according to present needs and any excess is redistributed among all assets considered.

# Laurelmont Community Association

## Assessment and Reserve Funding Disclosure Summary For the Fiscal Year January 1, 2011 through December 31, 2011

- (1) The regular assessment per ownership interest is \$ \_\_\_\_ per \_\_\_\_\_. *Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page \_\_\_\_ of the attached summary.*
- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

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

*Note: If assessments vary by the size of the type of ownership interest, the assessment applicable to this ownership interest may be found on page \_\_\_\_ of the attached report.*

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

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

- (5) All major components are included in the reserve study and are included in its calculations.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is \$2,433,664, based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis California, LLC as of July 2, 2010. The projected reserve fund cash balance at the end of the current fiscal year is \$1,271,889, resulting in reserves being 52 percent funded at this date. The current deficiency in reserve funding expressed on a per unit basis is \$5,897.
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 1365.2.5 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is (b), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is (a), leaving the reserve at (c) percent funding. *(See recommendation below)*

Year Ending	Projected Reserve Balance (a)	Estimated Amount Required in Reserves (b)	Percent Fully Funded (c)
2011	\$1,546,414	\$2,568,900	60%
2012	\$1,025,937	\$1,892,146	54%
2013	\$1,471,359	\$2,223,026	66%
2014	\$1,986,799	\$2,639,663	75%
2015	\$2,316,679	\$2,884,572	80%

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be (a), leaving the reserve at (b) percent funding. *(See approved budget below)*

Year Ending	Projected Reserve Balance (a)	Percent Fully Funded (b)
2011	\$1,504,324	59%
2012	\$933,223	49%
2013	\$1,339,395	60%
2014	\$1,827,635	69%
2015	\$2,150,704	75%

At the time this summary was prepared, the assumed long-term before tax interest rate earned on reserve funds was 2% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% per year.

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

## LAURELMONT COMMUNITY ASSOCIATION

### Assessment and Billing Collection Policy

Prompt payment of Assessments by all owners is critical to the financial health of the Association, and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&R's) and the California Civil Code to enforce the members' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&R's and Civil Code Section 1365 (d), the following are the Association's assessment practices and policies:

1. Regular monthly assessments are due and payable on the first day of each month. A courtesy billing statement is sent each month to the billing address on record with the Association. **However, it is the owner of record's responsibility to pay each assessment in full each month regardless of the receipt of a statement.** All other assessments, including special assessments, are due and payable on the date specified by the Board on the Notice of Assessment which date will not be less than thirty (30) days after the date of notice of the special assessment.
2. Assessments, late charges, interest and collection costs, including any attorney fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied (Civil Code Section 1367(a); Civil Code Section 1367.1(a).
3. Assessments not received within fifteen (15) days of the stated due date are delinquent and shall be subject to a late charge of **ten dollars (\$10.00)** for each delinquent assessment per unit.
4. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection expenses, including attorneys' fees, unless the owner and the Association enter into an agreement providing for payments to be applied in a different manner.
5. A **first notice** of past due assessment will be prepared and mailed on assessments not received within thirty (30) days of the stated due date. A **twenty five-dollar (\$25.00)** charge for the late letter will be made against the delinquent member's account. Additionally, an **interest charge at the rate of 10% per annum** will be assessed against any outstanding balance including delinquent assessments, late charges, and cost of collection, which may include attorney fees. Such interest charges shall continue to be assessed each month until the account is brought current.
6. If an assessment is not received within **forty-five (45) days** of the stated due date, the Association will send a **pre-lien letter** to the owner as required by Civil Code Section 1367.1(a), by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a one-hundred dollar (\$100.00) fee for the pre-lien letter. In addition, the owner will also be charged a thirty-five dollar (\$35.00) fee for each title check requested and a fifty-dollar (\$50.00) fee for the resolution.
7. If an owner fails to pay the amounts set forth in the pre-lien letter within **thirty (30) days** of the date of that letter, a **lien** for the amount of any delinquent assessments, late charges, interest and/or costs of collection including attorneys' fees may be assessed against the owner's property. The owner will be charged a two-hundred dollar (\$200.00) fee for the preparation and recordation of the lien. After the expiration of thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure (Civil Code Section 1367 (e); Civil Code Section 1367.1(g)), subject to the limitations set forth below under "Additional Provisions to Conform to Law" and as otherwise provided by law.
8. If the balance due is not paid within thirty (30) days of recordation of the lien, the matter may be turned over to an attorney for legal action, including an action to foreclose the assessment lien and/or for a

money judgment. The owner will be charged two-hundred fifty dollars (\$250.00) for preparing the matter to be sent to counsel.

9. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section 8333.
10. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interest, and costs of collection associated with the collection of those assessments.
11. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
12. Nothing herein limits or otherwise affects the Association's rights to proceed in any lawful manner to collect any delinquent sums owed to the Association.
13. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and legal fees must be paid in full to the Association.
14. The delinquent owner will be responsible for all costs of collection, including attorneys' fees, incurred by the Association to collect any delinquent sums (Civil Code Section 1366 (e)).
15. All charges listed herein are subject to change without notice.

#### Additional Provisions to Conform to Law

Prior to the recording of a lien, homeowners that are delinquent will be sent a "pre-lien" letter. The pre-lien letter will include an offer by the association to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the pre-lien letter, pursuant to the association's meet and confer program required by Civil Code Section 1363.810, et seq.

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

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

Prior to commencing foreclosure, the association will offer to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the offer of such informal dispute resolution, pursuant to the association's meet and confer program required by Civil Code Section 1363.810, et seq. and will also offer to engage in formal alternative dispute resolution with a neutral third party pursuant to Civil code section 1369.510, et seq.

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

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



Fee and Penalty Procedures

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

Late Charge	\$10.00
Late Letter Fee	\$25.00
Pre-Lien Letter	\$100.00
Additional Pre-Lien Letters	\$50.00 each
Title Check Fee	\$35.00 each
Resolution to Record Lien	\$50.00
Lien Fee	\$200.00
Additional Lien mailings	\$50.00 each
Lien Release	\$85.00
Payment Plan Admin. Fee – monthly fee	\$25.00
Attorney Package Preparation & Monthly Monitoring	\$250.00
Returned Check Fee	\$25.00

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

**The mailing address for overnight payment of assessments is:  
C/O PCM  
23726 Birtcher Dr.  
Lake Forest, Ca 92630**

## NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the *Civil Code* indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

### ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as 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 Section 1367.4 of the *Civil Code*. 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 1366, 1367.1, and 1367.4 of the Civil Code.)

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 areas damaged by a member or a member's guests, if the governing documents provide for this.

(Sections 1366 and 1367.1 of the Civil Code.)

The association must comply with the requirements of Section 1367.1 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 1367.1 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 1367.1 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 1367.1 of the Civil Code.)*

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

## PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. *(Section 1367.1 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 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 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 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 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 1367.1 of the Civil Code.)*

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 1367.1 of the Civil Code.)*

## MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. *(Section 1367.1 of the Civil Code.)*

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. *(Section 1367.1 of the Civil Code.)*

## Laurelmont Community Association Insurance Disclosure Form

State law requires that community associations disclose to the individual homeowners the extent of liability coverage carried by the Association. Our Association carries the following coverages:

**Property Insurance:**

<b>Name of Insurer:</b>	Allied Insurance		
<b>Policy Limits:</b>	\$39,944,000	<b>Amount of Deductible:</b>	\$5,000
<b>Date Policy Begins:</b>	March 1, 2010	<b>Date Policy Ends:</b>	March 1, 2011

**General Liability Insurance:**

<b>Name of Insurer:</b>	Allied Insurance		
<b>Policy Limits:</b>	\$1,000,000	<b>Amount of Deductible:</b>	None
<b>Date Policy Begins:</b>	March 1, 2010	<b>Date Policy Ends:</b>	March 1, 2011

**Earthquake and/or Flood Insurance:**

<b>Name of Insurer:</b>	Lloyd's of London		
<b>Policy Limits:</b>	\$5,000,000	<b>Amount of Deductible:</b>	10%
<b>Date Policy Begins:</b>	March 16, 2010	<b>Date Policy Ends:</b>	March 16, 2011

**Fidelity Insurance:**

<b>Name of Insurer:</b>	Great American		
<b>Policy Limits:</b>	\$1,000,000	<b>Amount of Deductible:</b>	\$5,000
<b>Date Policy Begins:</b>	March 1, 2010	<b>Date Policy Ends:</b>	March 1, 2011

**Individual Liability Policies & Loss Assessment Coverage:**

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

**Statutory Disclosure**

This summary of the Association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 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.



November 5, 2010

To: Laurelmont Community Association Membership

Fr: Laurelmont Community Association Board of Directors

RE: IMPORTANT INSURANCE NOTICE FOR ALL RESIDENTS

The Association's CC&Rs authorize a decision to be made on an annual basis whether to include property insurance for the interior of the units as part of the Association's Master Insurance Policy. Please be advised that the Association will not be insuring the interior of the units this year. Accordingly, every owner in the Association is advised to purchase a Condominium Unit Owners Policy or Landlord's Policy, as applicable, to cover the interior of your unit and personal property. It is recommended that you include enough **Building Additions and Alterations (BAA)** coverage to replace the interior improvements of your unit, **including cabinets, fixtures, built-in appliances, wall coverings, carpet or floor coverings, window coverings, etc.** and anything else that has been installed, upgraded or acquired by you. It is suggested that each owner carry sufficient BAA coverage, based on the interior features of your individual home. Please consult your insurance agent for additional information and coverage advice.

The Association currently carries Earthquake insurance in the amount of \$5,000,000 with a deductible of 10% per building. It is also recommended that you consider purchasing an earthquake policy that covers your personal property, interior building features as discussed above, loss of use, and an earthquake loss assessment. Further information can be obtained through the California Earthquake Authority ([earthquakeauthority.com](http://earthquakeauthority.com)) or your own insurance agent.

Questions concerning the Association's coverage may be directed to the Association's insurance agency, LaBarre/Oksnee Insurance Agency at (949) 588-0711.

**SUMMARY REQUIRED BY CIVIL CODE SECTION 1363.850 - INTERNAL DISPUTE RESOLUTION  
AND  
SUMMARY REQUIRED BY CIVIL CODE SECTION 1369.590 (a) -ALTERNATIVE DISPUTE RESOLUTION**

Pursuant to the requirements of California *Civil Code* Section 1363.850, the Association hereby provides you with notice and a summary of the following Internal Dispute Resolution (“IDR”) and Alternative Dispute Resolution (“ADR”) procedures, as stated in California *Civil Code* Section 1363.840 as follows:

**INTERNAL DISPUTE RESOLUTION:**

Either party to a dispute within the scope of *Civil Code* Section 1363.810-1363.850 may invoke the following procedure:

1. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. A member of the Association may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
3. The Association’s board of directors shall designate a member of the board to meet and confer.
4. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the Association.

An agreement reached under those sections binds the parties and is judicially enforceable if both of the following conditions are satisfied:

1. The agreement is not in conflict with law or the governing documents of the Association.
2. The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

A member of the Association may not be charged a fee to participate in the IDR process.

**ALTERNATIVE DISPUTE RESOLUTION:**

Under certain circumstances, all California community associations and their individual members are to offer to participate in some form of Alternative Dispute Resolution (“ADR”) prior to initiating certain types of lawsuits pursuant to California *Civil Code* Section 1363.590.

Please be advised that *Civil Code* Sections 1363.840 and 1363.590 could be subject to different interpretations, as the statutory language has not yet been interpreted by any court. Each homeowner should consult with his/her own attorney regarding appropriate compliance with the statute.

**I. SCOPE OF STATUTE:**

*Civil Code* Section 1369.510 (a) defines “Alternative Dispute Resolution” as mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The form of ADR chosen may be binding or non-binding with the voluntary consent of the parties. *Civil Code* Section 1369.510 (b) defines “Enforcement Action” as a civil action or proceeding, other than a cross-complaint, filed by either individual homeowners or community associations, for any of the following purposes:

- A. Enforcement of the Davis-Stirling Common Interest Development Act, *Civil Code* Section 1350, *et seq.*
- B. Enforcement of the California Nonprofit Mutual Benefit Corporation Law (commencing with Section 7110 of the *Corporations Code*).
- C. Enforcement of the governing documents of the common interest development.

The Association or an owner or member of the Association may not file an Enforcement Action in the superior court unless the parties have endeavored to submit their dispute to ADR pursuant to *Civil Code* Section 1369.510.

*Civil Code* Section 1369.510 only applies to an Enforcement Action that is solely for declaratory relief, injunctive relief, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000). This section does not apply to a small claims action and except as otherwise provided by law, this section does not apply to an assessment dispute.

**II. COMPLIANCE PROCEDURES:**

The ADR process is initiated by one party serving all other parties with a “Request for Resolution,” which shall include all of the following:

- A. A brief description of the dispute between the parties.
- B. A request for alternative dispute resolution.
- C. A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
- D. If the party on whom the request is served is the owner of a separate interest, a copy of *Civil Code* Sections 1369.510-1369.590.

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.

The party on whom a Request for Resolution is served has 30 days following service to accept or reject the Request. If the party does not accept the Request within that period, the Request is deemed rejected by that party. If the party, on whom a Request for Resolution is served, accepts the Request, the parties shall complete the ADR within 90 days after the party initiating the Request received the acceptance, unless this time period is extended by written stipulation signed by both parties. The costs of the Alternative Dispute Resolution shall be borne by the parties.

Statements, negotiations and documents made or created at, or in connection with, ADR (except for arbitration) are confidential.

If a Request for Resolution is served before the end of the applicable time limitation for commencing an Enforcement Action, the time limitation is tolled during the following periods:

- A. The period provided in *Civil Code* Section 1369.530 for response to a Request for Resolution.
- B. If the Request for Resolution is accepted, the period provided by *Civil Code* Section 1369.540 for completion of ADR, including any extension of time stipulated to by the parties pursuant to Section 1369.540.

Pursuant to *Civil Code* Section 1369.560 (a), at the time of commencement of an Enforcement Action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:

- A. ADR has been completed in compliance with this *Civil Code* Section 1369.510, *et seq.*
- B. One of the other parties to the dispute did not accept the terms offered for ADR.
- C. Preliminary or temporary injunctive relief is necessary.

Failure to file a certificate pursuant to *Civil Code* Section 1369.560 (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

*Civil Code* Section 1369.570 (a) provides that after an Enforcement Action is commenced, on written stipulation of the parties, the matter may be referred to ADR. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the *Government Code*.

### III. FAILURE TO PARTICIPATE IN SOME FORM OF ADR:

In an Enforcement Action, in which fees and costs may be awarded pursuant to *Civil Code* Section 1354(c), the court, in determining the amount of an award of attorneys fees and costs, may consider whether a party's refusal to participate in ADR before commencement of the action was reasonable.

In accordance with California *Civil Code* Section 1369.590, the Board of Directors of the Association hereby advises you of the following:

**Failure by a member of the Association to comply with the alternative dispute resolution requirements of Section 1369.520 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 of the applicable law.**

### IV. NO EFFECT ON VOLUNTARY PARTICIPATION IN ADR:

The parties may still agree, in writing, to refer any dispute involving enforcement of the Association's Governing Documents, California *Corporations Code* Section 7110, *et seq.*, or the Davis-Stirling Common Interest Development Act, *Civil Code* Section 1350, *et seq.* to some form of IDR/ADR, even in those disputes which may be technically outside of the IDR/ADR statutes.

8. Be considerate of homeowners who live near the pool area. Keep noise to reasonable noise level. No radios, amplification equipment, or live bands are permitted.
9. Nails, tacks, or any material to hang decorations not permitted. All decorations shall be removed immediately following any party or gathering.

**COURTESY TO FELLOW MEMBERS AND GUESTS INCLUDES REPLACING CHAIRS BACK TO ORIGINAL PLACEMENT WHEN DEPARTING FROM THE POOL, INCLUDING REMOVAL OF TRASH.**

**IV. PETS:**

1. No more than two (2) pets per home.
2. All pets shall be licensed pursuant to county requirements.
3. All dogs shall be restrained on a leash held by a person capable of controlling the dog(s) while walking in the common area.
4. All pet owners are responsible for "clean up" of pet wastes in common area and restricted common areas (yard areas).
5. All pet owners are personally liable for personal injury or damage to common area property caused by or the result of pets owned.
6. Pets are not permitted at any time in the pool/spa area or facilities.

**V. PARKING:**

1. Speed Limit within the community is 15 mph at all times.
2. No parking on the common area streets permitted at any time.
3. No commercial vehicles may be parked, stored, or kept any where on association or common area property. Commercial vehicles include, but are not limited to, dump truck(s), trash truck(s), cement truck(s), oil or gas truck(s), delivery truck(s), flatbed truck(s), moving van(s), etc.
4. No off-road vehicles may be parked, stored, or kept on association or common area property including driveways of each unit.
5. Restoration or repairing of vehicles permitted within the confines of the individual garage of each unit, so long as the restoration and/or repair does not constitute nuisance to neighbors, does not constitute any safety hazard or potential risk of harm or injury, and does not constitute commercial business activity. No commercial business of restoration and/or repair of any type of motorized vehicle shall be conducted at any time including within the confines of a garage.

6. No RV, camper, motorhome, bus, trailer, bus coach, camping trailer, boat, aircraft, mobile home or inoperable motorized vehicles may be parked, stored, or kept anywhere on association common area including parking stalls in the association common area.

Excluded are camper trucks, pickup trucks, and vans up to 3/4 ton in weight when used for daily transportation to and from Laurelmont.

7. The Board of Directors has the authority to determine when a vehicle is being stored.
8. Vehicles failing to conform to the restrictions stated in Section V, Subsection 1-6 will be towed at the expense of Owner. Owner(s) shall be held liable for any damage to any association property including parking areas and streets caused by vehicles of owner(s).

**VI. ARCHITECTURAL & MAINTENANCE (C.C.&R. Sec. 8.06):**

Any improvements on or to your property including exterior/interior of the unit and landscaping will require written approval by the Architectural Committee prior to the commencement of any work. Improvements, changes, alterations, modifications include but are not limited to:

- ▶ Fences, walkways
- ▶ Patios, patio covers
- ▶ Pools, spas
- ▶ Alterations, changes, modifications to lot grade and/or drainage
- ▶ Any alteration, modification, change, addition to any exterior
- ▶ Installation of Gutters
- ▶ Installation of Screen Doors
- ▶ Trees, vegetation

Written approval from the Architectural Committee shall be obtained using the required authorization submission form from the property management company or a committee member.

The Architectural Committee has the responsibility to review all plans submitted, make recommendations or suggestions for those areas that may not conform to the C.C.&R's and submit the final plans to the Board of Directors for approval.

Certain exterior/interior changes may require a building permit. Approval by the Architectural Committee of the application is a prerequisite to obtaining a building permit. The County will not issue building permits without the required written approval by the Architectural Committee.

Submission of architectural and/or landscape plans must include an estimate of costs for the improvements to be made, in compliance with the written directive of the master association, Aliso Viejo Community Association, issued 4/16/91.

**A. General Architectural Rules:**

1. Patio cover posts shall be three feet (3') from the fence and/or adjoining buildings. Patio cover overhangs must be at least eighteen inches (18") from fences and/or adjoining buildings.
2. Patio covers, any yard equipment above fence line shall be painted white or color of fence, as approved by the Architectural Committee. Contact the property management company for the color code and resource for the paint required prior to submitting your



- application to the Architectural Committee.
3. Dirt must be kept under the fence level. No building, fence, succo, or siding may be used to retain dirt.
  4. Rain gutters must be white. Gutters should be installed in a manner to avoid and preclude drainage in to flower beds or planters resulting in dirt overflow on sidewalks and/or driveways.
  5. Planters must retain dirt at least three inches (3") from fence or gate.
  6. No landscaping may be attached to any fence or building. Exceptions: Vines planted by the developer and maintained by the Association.
  7. Screens and doors shall be maintained in good repair. Screens frames including doors shall only be white.
  8. Yards (front courtyards and rear yards) must be landscaped within ninety (90) days of close of escrow. Yards shall at all times be maintained, free of weeds, debris, trash and waste of any nature, and shall meet standards of construction in accordance with the original approved Architectural plan, or original construction plans.
  9. Driveways shall be maintained in a clean manner, free of oil, grease and/or rust stains.
  10. Security signs placed by homeowner shall be limited to the front courtyard, size not to exceed 8" x 10".
  11. Any decorative plaques or signs such as "Welcome" signs may not be attached to the exterior of any building or visible from the window of any unit without the advance written approval of the Architectural Committee.
  12. Planters/Pots - Wooden Planters displayed on exterior of units require advance written approval of the Architectural Committee. Clay pots cannot be displayed on front courtyard fences. All pots visible from the common area must be the same white, blue or gray as the units, and shall require saucers.
  13. Air Conditioners - Screening of unit must be white or fence color, and shall not be higher than the existing fence. For installations and/or future relocation of the A/C equipment the homeowners on both sides of the home must approve, in writing, the proposed location prior to submittal to the Architectural Committee.
  14. Spa screening must be painted white or the color of the fence and cannot be higher than the existing fence. Location of the spa and equipment shall require written consent of the homeowners on both sides of the unit, and architectural committee prior to commencement of any installation.
  15. Prior written approval is required from neighbors and the Architectural Committee prior to any alterations, modifications, changes or installation of plants, trees or vegetation in the restricted common area (your enclosed rear yard or courtyard entry).

16. Trees in the restricted common area shall have a height limitation of thirty feet (30') and shall comply with CC&R Sec. 8.08.
  17. No tree or vegetation of any kind may attach itself to, or cause damage to any building, or common area property. Exceptions are vines installed by developer and maintained by the Association.
  18. Wrought iron fencing shall be white square tubular, of same like, kind and quality as the pool wrought iron without spikes or any other device that may cause risk of injury or harm.
- VII. ENFORCEMENT:**
- June 1, 1992, the Board of Directors adopted the following policy for the enforcement of the applicable rules and regulations including assessments to be applied for noticed violations.
- If a resident observes any infraction of the rules, the resident may either point out the infraction to the person involved, or may inform the Board of Directors in writing, of the facts surrounding the infraction. Mailing of any such notice shall be in care of the designated property management company.
- No such written notification shall be considered unless the person writing identifies himself/herself by signature of the letter.
- A. Enforcement Policy:**
- The purpose of this policy is to inform the homeowners of the procedures the Board of Directors has adopted in accordance with the Association's governing documents.
1. **Notice of Violation:**  
Upon determination violation exists, written notice shall be mailed to the homeowner, including date and description of violation incurred.  
A minor offense will result in a "Community Reminder" letter sent. If the offense is not resolved, or if the issue is of a more serious nature, a "Violation Notice and Opportunity for Hearing" will be sent to the homeowner. The homeowner will be given a reasonable period of time to resolve the violation or request a scheduled hearing before the Board of Directors.  
If the homeowner fails to resolve the violation within a reasonable period of time, or appear at their scheduled hearing, an automatic penalty assessment may be imposed. In addition, if the violation continues without resolution by the homeowner, at the discretion of the Board of Directors, the matter may continue to accrue additional fines or may be submitted to legal counsel for all appropriate action.  
Should the matter be submitted to legal counsel at the direction of the Board of Directors, all legal costs including but not limited to court costs, legal fees, assessment and enforcement costs shall be