

November 1, 2012

Dear Laurelmont Homeowner:

In compliance with Civil Code §1365, attached is the Laurelmont Community Association budget for the fiscal year ending December 31, 2013. 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 1% 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, 2013 your new assessment rate will be \$360.00 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

LAURELMONT COMMUNITY ASOC.
Fiscal Year End - December, 2013
Annual Budget 197 Units

				<u>ANNUAL</u>	<u>MONTHLY</u>	<u>PER UNIT/ PER MONTH</u>
INCOME:						
4010	0000	ASSESSMENTS - OWNERS		851,040	70,920.00	360.00
4325	0000	PRIOR YEAR SURPLUS		2,990	249.17	1.26
		TOTAL INCOME		854,030	71,169.17	361.26
GENERAL & ADMINISTRATIVE:						
5002	0000	AUDIT		1,100	91.67	.47
5005	0000	BAD DEBTS		50,000	4,166.67	21.15
5025	0000	EARTHQUAKE INSURANCE		30,000	2,500.00	12.69
5026	0000	INSURANCE EXPENSE		30,000	2,500.00	12.69
5033	0000	LEGAL		8,000	666.67	3.38
5036	0000	LICENSES & FEES		950	79.17	.40
5036	1000	TAXES & LICENSES		350	29.17	.15
5039	0000	MANAGEMENT FEES		34,233	2,852.75	14.48
5041	0000	MISCELLANEOUS		4,000	333.33	1.69
5041	1003	WEBSITE SERVICES		1,500	125.00	.63
5046	1005	PRINTING/MAILING/SUPPLIES		9,000	750.00	3.81
5047	0000	POSTAGE		500	41.67	.21
5050	0000	RESERVE ANALYSIS FEES		1,100	91.67	.47
		TOTAL GENERAL & ADMIN. EXPEN		170,733	14,227.75	72.22
LANDSCAPE:						
5200	1000	BACKFLOW INSPECTION		300	25.00	.13
5225	0000	IRRIGATION SYSTEM		3,000	250.00	1.27
5235	0000	LANDSCAPE MAINT. CONTRACT		54,000	4,500.00	22.84
5236	0000	LANDSCAPE EXTRAS		7,500	625.00	3.17
5290	0000	TREE MAINTENANCE		29,000	2,416.67	12.27
		TOTAL LANDSCAPE EXPENSES		93,800	7,816.67	39.68
MAINTENANCE:						
5218	0000	ELECTRICAL MAINTENANCE		1,500	125.00	.63
5231	0000	JANITORIAL SERVICE CONTRACT		1,500	125.00	.63
5244	0000	PLUMBING REPAIRS		36,000	3,000.00	15.23
5249	0000	POOL CONTRACT		5,200	433.33	2.20
5250	0000	POOL REPAIRS		7,000	583.33	2.96
5250	1014	POOL SUPPLIES		1,500	125.00	.63
5251	0000	PEST CONTROL		7,000	583.33	2.96
5251	1001	TERMITE		8,000	666.67	3.38
5253	0000	ROOF MAINTENANCE		30,000	2,500.00	12.69
5255	0000	REPAIRS & MAINTENANCE		30,000	2,500.00	12.69
5264	0000	STREET & SIDEWALK		3,000	250.00	1.27
5275	0000	SUPPLIES - JANITORIAL		500	41.67	.21
5299	1008	GATE REPAIR		2,000	166.67	.85
		TOTAL MAINTENANCE EXPENSES		133,200	11,100.00	56.35

LAURELMONT COMMUNITY ASOC.
 Fiscal Year End - December, 2013
 Annual Budget 197 Units

				<u>ANNUAL</u>	<u>MONTHLY</u>	<u>PER UNIT/ PER MONTH</u>
				AMOUNT	AMOUNT	AMOUNT
PROPERTY PROTECTION:						
5363	0000	PROPERTY PROTECTION		3,000	250.00	1.27
		TOTAL PROPERTY PROTECTION EX		3,000	250.00	1.27
UTILITIES:						
5419	0000	ELECTRICITY		23,000	1,916.67	9.73
5423	0000	GAS		7,000	583.33	2.96
5495	0000	WATER		35,000	2,916.67	14.81
		TOTAL UTILITIES		65,000	5,416.67	27.50
RESERVES:						
6000	0000	LIGHTING		7,810	650.83	3.30
6008	0000	CONTINGENCY		11,308	942.33	4.78
6020	0000	FENCING RESERVE		30,879	2,573.25	13.06
6023	1003	UTILITY DOORS RESERVE		6,236	519.67	2.64
6025	1002	IRRIGATION CONTROLLERS		2,312	192.67	.98
6036	0000	GAS MAIN		18,629	1,552.42	7.88
6039	1000	CABANA RESERVE		1,024	85.33	.43
6043	0000	MAILBOX		1,508	125.67	.64
6048	0000	PAINTING RESERVE		75,338	6,278.17	31.87
6049	0000	PLUMBING RESERVE		18,629	1,552.42	7.88
6050	0000	POOL RESERVE		9,734	811.17	4.12
6053	0000	ROOF RESERVE		135,220	11,268.33	57.20
6056	1000	SIDING		24,455	2,037.92	10.34
6068	1003	SIGNS MONUMENT/STREETS		516	43.00	.22
6085	0000	STREETS & DRIVES		25,662	2,138.50	10.86
6086	1001	PEST/TERMITE CONTROL		11,187	932.25	4.73
6090	0000	TREE MAINTENANCE		7,849	654.08	3.32
		TOTAL RESERVES		388,296	32,358.00	164.25
		TOTAL EXPENSES		854,029	71,169.08	361.26
		NET PROFIT (LOSS)		1	.08	.00
				=====	=====	=====

Laurelmont Community Association

Assessment and Reserve Funding Disclosure Summary For the Fiscal Year January 1, 2013 through December 31, 2013

- (1) The regular assessment per ownership interest is \$360.00 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 board and/or members:

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

- (3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **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 yet been approved by the board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
January 1, 2038 thur December 31, 2038	\$1,519.00 per unit per month
	Total \$3,590,916

- (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 \$2,715,953 based in whole or in part on the last reserve study or update prepared by Reserve Data Analysis California, LLC as of August, 2012. The projected reserve fund cash balance at the end of the current fiscal year is 1,645,475, resulting in reserves being 61 percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$N/A. The current deficiency in reserve funding expressed on a per unit basis is \$5,434.
- (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)
2013	1,131,324	2,013,632	56%
2014	1,643,859	2,389,128	69%
2015	2,146,392	2,775,887	77%
2016	2,572,294	3,117,460	83%
2017	2,172,609	2,639,721	82%

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)
2013	904,792	45%
2014	1,203,922	50%
2015	1,506,882	54%
2016	1,758,975	56%
2017	1,220,888	46%

At the time this summary was prepared, the assumed long-term before tax interest rate earned on reserve funds was 2.4% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 1% 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
Aliso Viejo, California
RDA Owner's Summary

Report Date	August 16, 2012	Parameters:	
Version	012	Inflation	2.40%
Account Number	3222	Annual Contribution Increase	2.40%
Budget Year Beginning	1/ 1/13	Investment Yield	1.00%
Ending	12/31/13	Taxes on Yield	30.00%
Total Units Included	197	Contingency	3.00%
Phase Development	6 of 6	Reserve Fund Balance as of	
		1/ 1/13:	\$1,645,475.00

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

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$51,091.22
(\$259.35 per unit per month)	
Average Net Monthly Interest Contribution This Year:	464.21
Net Monthly Allocation to Reserves 1/ 1/13 to 12/31/13:	\$51,555.43
(\$261.70 per unit per month)	

RDA Reserve Management Software
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Laurelmont Community Association
RDA Owner's Summary

REPORT DATE: August 16, 2012
 VERSION: 012
 ACCOUNT NUMBER: 3222

DESCRIPTION	USE	+/-	REM	CURRENT	FULLY	ASSIGNED
	LIFE		LIFE	COST	FUNDED	RESERVES
					RESERVES	RESERVES
Streets - Asphalt Overlay, 2013	20	0	20	151,929	0	0
Streets - Asphalt Overlay, Pepper	20	0	18	50,619	5,062	0
Streets - Asphalt Overlay, Willow	20	0	19	79,492	3,975	0
Streets - Asphalt Repair, 2013	4	0	4	13,239	0	0
Streets - Asphalt Repair, Pepperwood	4	0	2	4,923	2,462	2,462
Streets - Asphalt Repair, Willowood	4	0	3	7,796	1,949	1,949
Streets - Asphalt Slurry Seal, 2011	4	0	2	3,089	1,545	1,545
Streets - Asphalt Slurry Seal, 2012	4	0	3	4,892	1,223	1,223
Streets - Asphalt Slurry Seal, 2013	4	0	4	8,307	0	0
Streets - Concrete, Repairs	1	0	0	10,000	10,000	10,000
*** CATEGORY SUMMARY:				334,287	26,215	17,178
Roofs - Composition Shingle	20	0	6	1,413,016	989,111	219,727
Roofs - Flat, 2001	12	0	0	70,968	70,968	70,968
Roofs - Flat, 2005	12	-3	1	13,901	12,356	12,356
*** CATEGORY SUMMARY:				1,497,885	1,072,436	303,052
Paint - Cabana, Interior	8	0	2	1,166	871	871
Paint - Stucco, Units	8	+1	3	37,296	24,748	24,748
Paint - Woodwork, Units/Pool Area	4	0	0	453,057	453,057	453,057
Paint - Wrought Iron	4	0	0	3,321	3,321	3,321
Paint - Wrought Iron, Pool	4	0	2	2,742	1,280	1,280
*** CATEGORY SUMMARY:				497,581	483,277	483,277
Wood - Siding, Repairs/Replacement	4	0	0	147,012	147,012	147,012
Wood - Trim, Repairs/Replacement	4	0	0	10,000	10,000	10,000
*** CATEGORY SUMMARY:				157,012	157,012	157,012
Fencing - Vinyl, 2003	30	0	20	580,015	193,338	0
Fencing - Vinyl, 2011	30	0	28	35,969	2,398	0
Fencing - Wrought Iron, Gates	25	+6	4	65,010	56,576	56,576
Fencing - Wrought Iron, Pool	25	+3	1	17,389	16,764	16,764
Fencing - Wrought Iron, Spa Gate	25	0	23	512	36	0
Walls - Block, Repairs	30	0	3	5,885	5,293	5,293
*** CATEGORY SUMMARY:				704,780	274,406	78,633
Lighting - Grounds	22	+9	4	6,856	5,967	5,967
Lighting - Pool Area	20	+11	4	6,510	5,665	5,665
Lighting - Street	25	0	9	91,221	58,381	0
*** CATEGORY SUMMARY:				104,587	70,013	11,632
Pool - Filters	12	0	6	2,108	1,054	1,054
Pool - Heater	12	0	6	3,902	1,851	1,851

Laurelmont Community Association
RDA Owner's Summary

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Pool - Pump/Motor System, 2009	8	0	4	2,149	1,075	1,075
Pool - Replastering & Tile	12	0	6	15,364	7,682	7,682
Pool - Spa, Filter	10	0	4	1,054	632	632
Pool - Spa, Heater	10	0	5	3,701	1,819	1,819
Pool - Spa, Pump/Motor System	8	0	0	3,584	3,584	3,584
Pool - Spa, Replastering & Tile	10	0	4	5,636	3,382	3,382
Pool Area - BBQ, Gas Pedestal	12	0	5	3,106	1,756	1,756
Pool Area - Ceramic Tile Counter	30	+1	4	1,308	1,138	1,138
Pool Area - Concrete Deck	20	-14	0	50,000	50,000	50,000
Pool Area - Deck Caulking, Deck	4	0	0	2,349	2,349	2,349
Pool Area - Deck Caulking, Pool/Spa	4	-1	0	1,086	1,086	1,086
Pool Area - Furniture, Replace	7	0	0	5,833	5,833	5,833
Pool Area - Furniture, Umbrellas	7	0	6	2,585	168	168
Pool Area - Key Fob System	8	0	6	1,024	231	231
Pool Area - Pump Room, Re-Plumb	25	0	0	3,164	3,164	3,164
Pool Area - Tables & Benches	12	0	6	4,720	2,360	2,360
Pool Area - Trellis, Wood	25	+2	0	6,434	6,434	6,434
*** CATEGORY SUMMARY:				119,106	95,597	95,597
Cabana - Ceramic Tile	30	+1	4	7,736	6,732	6,732
Cabana - Doors	20	0	14	1,480	444	0
Cabana - Plumbing Fixtures	25	+6	4	4,372	3,805	3,805
Cabana - Restroom Partitions	15	+6	1	613	584	584
Cabana - Water Heater	10	+4	0	1,162	1,162	1,162
*** CATEGORY SUMMARY:				15,363	12,727	12,283
Doors - Utility	20	+5	4	48,952	41,120	41,120
*** CATEGORY SUMMARY:				48,952	41,120	41,120
Mailboxes - Pedestal Sets	16	0	12	28,342	6,281	0
Signs - Monument	15	0	0	3,285	3,285	3,285
Signs - Traffic	10	0	0	6,448	6,448	6,448
*** CATEGORY SUMMARY:				38,075	16,014	9,733
Irrigation - Backflow Devices	30	0	3	10,989	9,884	9,884
Irrigation - Controllers	15	0	0	30,930	30,930	30,930
Irrigation - Enclosures	30	0	3	25,610	23,035	23,035
*** CATEGORY SUMMARY:				67,529	63,849	63,849
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

Laurelmont Community Association
RDA Owner's Summary

DESCRIPTION	USE +/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
*** CATEGORY SUMMARY:			25,000	25,000	25,000
Termite Control - Fumigation	15	0	0	239,184	239,184
*** CATEGORY SUMMARY:			239,184	239,184	239,184
TOTAL ASSET SUMMARY:			3,909,341	2,636,848	1,597,549
CONTINGENCY @ 3.00%:				79,105	47,926
GRAND TOTAL:				2,715,953	1,645,475
Percent Fully Funded:			61%		

Laurelmont Community Association
RDA Standard Projections

REPORT DATE: August 16, 2012
VERSION: 012
ACCOUNT NUMBER: 3222

Beginning Accumulated Reserves: \$1,645,475

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'13	3,909,341	613,095	5,571	1,132,816	1,131,324	2,013,632	56%
'14	4,003,165	607,719	9,165	104,349	1,643,859	2,389,128	69%
'15	4,099,241	601,955	12,692	112,113	2,146,392	2,775,887	77%
'16	4,197,623	584,622	15,727	174,448	2,572,294	3,117,460	83%
'17	4,298,366	558,092	13,041	970,818	2,172,609	2,639,721	82%
'18	4,401,526	565,034	16,467	86,476	2,667,633	3,094,542	86%
'19	4,507,163	566,075	8,016	1,785,268	1,456,456	1,780,047	82%
'20	4,615,335	574,731	11,341	104,507	1,938,020	2,218,596	87%
'21	4,726,103	579,897	9,218	890,924	1,636,211	1,850,366	88%
'22	4,839,529	592,167	11,992	199,582	2,040,787	2,214,908	92%
'23	4,955,678	607,534	15,265	145,184	2,518,402	2,658,310	95%
'24	5,074,614	623,393	18,596	155,748	3,004,643	3,114,251	96%
'25	5,196,405	631,445	15,337	1,109,680	2,541,745	2,588,264	98%
'26	5,321,119	646,529	19,101	117,719	3,089,656	3,109,567	99%
'27	5,448,826	664,240	22,650	168,344	3,608,202	3,603,985	100%
'28	5,579,597	675,693	23,905	513,506	3,794,293	3,760,557	101%
'29	5,713,508	676,813	21,251	1,077,957	3,414,400	3,340,229	102%
'30	5,850,632	661,432	25,336	109,409	3,991,760	3,946,393	101%
'31	5,991,047	700,827	28,309	281,416	4,439,479	4,401,079	101%
'32	6,134,832	714,681	31,275	313,033	4,872,403	4,849,093	100%
'33	6,282,068	746,278	19,376	2,454,854	3,183,204	3,064,980	104%
'34	6,432,838	720,925	23,796	124,784	3,803,141	3,712,148	102%
'35	6,587,226	754,020	27,868	179,921	4,405,109	4,333,619	102%
'36	6,745,319	754,326	32,352	143,557	5,048,230	5,025,691	100%
'37	6,907,207	825,879	27,310	1,537,290	4,364,130	4,282,121	102%
'38	7,072,980	781,411	31,924	175,857	5,001,608	4,974,810	101%
'39	7,242,732	845,995	17,753	2,860,862	3,004,494	2,870,803	105%
'40	7,416,557	758,340	21,904	232,530	3,552,208	3,507,511	101%
'41	7,594,555	881,860	16,789	1,565,139	2,885,718	2,773,485	104%
'42	7,776,824	843,764	20,986	283,450	3,467,018	3,393,647	102%

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 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 forty dollar (\$40.00) 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 three hundred dollars (\$300.00) 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	\$40.00 each
Resolution to Record Lien	\$50.00
Lien Fee	\$200.00
Additional Lien mailings	\$50.00 each
Lien Release	\$100.00
Payment Plan Admin. Fee – monthly fee	\$25.00
Attorney Package Preparation & Monthly Monitoring	\$300.00
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:

**LAURELMONT COMMUNITY ASSOCIATION
C/O PCM
23726 Birtcher Dr.
Lake Forest, Ca 92630**

NOTICE ASSESSMENTS AND FORECLOSURE

(Required by Civil Code Section 1365.1)

Effective date: January 1, 2009

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 doing so, 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

Insurance Disclosure Form

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

Property Insurance:

Name of Insurer:	Allied		
Policy Limits:	\$35,644,300	Amount of Deductible:	\$5,000
Date Policy Begins:	03/31/2012	Date Policy Ends:	03/31/2013

General Liability Insurance:

Name of Insurer:	ALLIED		
Policy Limits:	\$1,000,000	Amount of Deductible:	None
Date Policy Begins:	03/01/2012	Date Policy Ends:	03/01/2013

Earthquake and/or Flood Insurance:

Name of Insurer:	EQ: Lloyds of London Flood: None	Amount of Deductible:	EQ: 10% Flood:
Policy Limit:	EQ: \$5,000,000 Flood:	Date Policy Begins:	EQ 03/31/2012 Flood:
Date Policy Begins:	EQ: 03/31/2012 Flood:	Date Policy Ends:	EQ 03/31/2013 Flood:

Fidelity Insurance:

Name of Insurer:	Great American		
Policy Limits:	\$1,800,000	Amount of Deductible:	\$10,000
Date Policy Begins:	03/01/2012	Date Policy Ends:	03/01/2013

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 (f) 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.

**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.

LAURELMONT COMMUNITY ASSOCIATION
REQUEST FOR ARCHITECTURAL APPROVAL

Homeowner Name: _____ Date: _____

Address: _____

Home Phone No.: _____ Work Phone No.: _____

Description of Improvement: _____

BY SUBMITTING THIS REQUEST, HOMEOWNER WARRANTS THAT HOMEOWNER HAS AND WILL COMPLY WITH ALL REQUIRED LAWS AND REGULATIONS INCLUDING BUT NOT LIMITED TO OBTAINING BUILDING PERMITS AND INSURANCE AS RELATED TO THE ABOVE IMPROVEMENT. ARCHITECTURAL APPROVAL IS NOT INTENDED TO BE, NOR SHALL IT BE CONSIDERED TO BE, A SUBSTITUTE FOR CITY APPROVAL.

FURTHERMORE, HOMEOWNER INDEMNIFIES AND HOLDS THE LAURELMONT COMMUNITY ASSOCIATION AND ITS AGENTS HARMLESS FROM ALL CLAIMS AND LITIGATION RESULTING FROM CONSTRUCTION, INSTALLATION, MAINTENANCE OR USE OF THE ABOVE DESCRIBED IMPROVEMENT. HOMEOWNER WILL BE RESPONSIBLE FOR THE FUTURE MAINTENANCE AND REPAIR OF, AND FOR ALL DAMAGES (INCIDENTAL OR OTHERWISE) RESULTING FROM, ANY CLAIMS OR LITIGATION RELATED TO THE ABOVE IMPROVEMENT.

NO CONSTRUCTION WILL BEGIN UNTIL THE WRITTEN APPROVAL OF THE ASSOCIATION HAS BEEN RECEIVED PURSUANT TO THE ASSOCIATION'S CC&R'S. ALL CONSTRUCTION WILL BE IN COMPLIANCE WITH THE APPROVED PLAN.

Print Owner's Name

Owner's Signature

Date

Attachments:

_____ 3 copies of Architectural diagram (e.g. project details, photos or brochures of proposed products, dimensions of property line, grading & drainage).

_____ 3 copies of this form completed by homeowner.

Neighbor Awareness: The neighbors' approval is not a condition for your plans being approved by the Architectural Review Committee. The intent is to advise the adjacent neighbors of the proposed improvement.

Neighbor's Address

Neighbor's Signature

Neighbor's Address

Neighbor's Signature

Neighbor's Address

Neighbor's Signature

To be completed by Architectural Control Committee

Approved: _____ Conditions: _____

Denied: _____ Explanation: _____

By: Architectural Committee Member: _____