

April 24, 2008

Schonwit & Company  
Certified Public Accountant  
151 Kalmus Drive, #M-3A  
Costa Mesa, California 92626

In connection with your audit of the financial statements of Cypress Homeowners Association for the year ended December 31, 2007, for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position and the results of operations and cash flows in conformity with U.S. generally accepted accounting principles, you have requested that we confirm, **to the best of our knowledge and belief, certain representations made to you:**

1. We are responsible for the fair presentation of the financial statements, which includes adjusting financial statements for material misstatements. We also affirm that the effects of any uncorrected misstatements are immaterial. We are also responsible for adopting sound accounting policies establishing and maintaining internal control, and presenting and detecting fraud. We have reviewed and approved the audit adjustments, as proposed.
2. We are responsible for the fair presentation of the information about future major repairs and replacements in the supplementary information accompanying the financial statements.
3. We have made available to you all:
  - a. Financial records and related data.
  - b. Minutes of the meetings of the Association, the Directors and Committees of the Directors.
4. There have been no irregularities involving management or employees, communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
5. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets or liabilities.
6. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
7. Arrangements with financial institutions involving compensating balances, lines of credit, or similar arrangements have been properly recorded and disclosed in the financial statements.
8. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
9. We have no knowledge of any fraud or suspected fraud affecting the Association involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others.
11. Related party transactions and related amounts receivable or payable have been recorded or disclosed in the financial statements.
12. There are no:
  - a. Violations of laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Other material liabilities and contingencies as required to be disclosed by Statement of Financial Accounting Standards Board No. 5.
13. We have advised you of all known lawsuits and all unasserted claims that our lawyers have advised us are probable of assertion.
14. There are no material transactions or related assets or liabilities that have not been properly recorded in the financial statements.
15. The Association has satisfactory title to all assets reflected in the financial statements, and there are no liens or encumbrances on such assets nor has any asset been pledged except as disclosed in the financial statements.
16. Provision has been made for any material loss to be sustained in the fulfillment of, or from inability to fulfill any commitment.
17. We have complied with all aspects of contractual agreements that are unrelated to, but may materially affect the financial statements.
18. The Board of Directors is collecting funds for the future major repairs and replacements in accordance with the Association's policy and per budgetary constraints. The audit appropriately discloses funding in accordance with recent reserve studies.
19. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

Very truly yours,

CYPRESS HOMEOWNERS ASSOCIATION

\_\_\_\_\_  
 Managing Representative

\_\_\_\_\_  
 President Date

\_\_\_\_\_  
 Treasurer Date