

Cypress Home Owners Association

November 26, 2008

Re: 2009 Fiscal Year Pro-forma Operating Budget, Reserve Summary and Disclosures, Deferred Reserve Maintenance Disclosure, Collection Policy, Alternative Dispute Resolution, Insurance Disclosure and Enforcement Policy, Rules & Regulations and Architectural Guidelines

Dear Community Member:

In accordance with California Civil Code § 1365 and 1365.9, enclosed is a copy of the approved Pro-forma Operating Budget, Reserve Summary, Collection Policy and Insurance Coverage Disclosure for the 2009 fiscal year.

Effective January 1, 2009 the Association's assessment rate will change to \$275.00. Assessments are due on the first day of each month and are subject to a late charge after fifteen (15) days past due. Homeowners will continue to receive a courtesy billing statement prior to the first of each month as a reminder of the assessment coming due.

You will also find enclosed a summary of the California Civil Code's Alternative Dispute Resolution (ADR) requirements for homeowners associations. The summary also includes our community's policy for disputes between the Association and a member involving a member's rights, duties, or liabilities under the Civil Code or under the governing documents.

In further compliance with the California Civil Code, the Board of Directors would like to notify members of their right to receive copies of Minutes from Board of Directors, Committee, and Membership meetings. Members may obtain Minutes by writing:

Cypress Home Owners Association
c/o Accell Property Management
23046 Avenida de la Carlota, Suite 700
Laguna Hills, CA 92653

Please provide an explanation outlining the reason for your request. Requestors will be charged the reasonable costs of duplicating and distributing the minutes.

The Board of Directors is pleased to present the 2009 Budget that represents the Association's best forecast of the upcoming fiscal year's operating expenses. Should you have any questions regarding the budget or other information contained herein, please contact Silvia Gutierrez, Cypress's Management Representative with Accell Property Management.

Sincerely,

Silvia Gutierrez
On behalf of the Board of Directors
Cypress Home Owners Association

Accell Property Management, Inc.
23046 Avenida de la Carlota, Suite 700 • Laguna Hills, CA 92653
(949) 581-4988 Fax (949) 581-9785

Cypress Home Owners Association
Approved Budget
January 1, 2009 to December 31, 2009

Number of Units	250	275.00	
	Jan '08 - Dec '08	Jan '09 - Dec '09	Cost per Unit
	Budget	Budget	per Month
Income			
4000 — Income			
4010 — Assessment Income	705,000.00	825,000.00	275.00
4015 — Special Assessment	0.00	0.00	0.00
4040 — Fines	0.00	500.00	0.17
4050 — Late Charges	3,240.00	4,775.00	1.59
4060 — Collection Fees	0.00	6,600.00	2.20
4070 — Keys	500.04	200.00	0.07
4095 — Reserve Interest	13,293.96	6,100.38	2.03
4098 — Miscellaneous Income	0.00	0.00	0.00
Total 4000 — Income	722,034.00	843,175.38	281.06
Total Income	722,034.00	843,175.38	281.06
Expense			
5000 — Utilities			
5010 — Electricity	28,800.00	31,000.00	10.33
5020 — Gas	2,520.00	3,800.00	1.27
5030 — Water	44,604.96	45,760.00	15.25
5040 — Telephone	300.00	0.00	0.00
5060 — Trash/Waste Disposal	49,200.00	47,000.00	15.67
Total 5000 — Utilities	125,424.96	127,560.00	42.52
5100 — Landscape			
5110 — Maintenance Service	76,968.00	86,400.00	28.80
5120 — Irrigation Repairs	5,400.00	750.00	0.25
5125 — Backflow	0.00	2,300.00	0.77
5130 — Plant Material	0.00	3,500.00	1.17
5170 — Tree Trimming	999.96	8,000.00	2.67
5185 — Extras	4,899.96	0.00	0.00
Total 5100 — Landscape	88,267.92	100,950.00	33.65
5200 — Buildings & Grounds			
5210 — Custodial Services	5,702.04	8,940.00	2.98
5215 — Custodial Supplies	0.00	1,200.00	0.40
5230 — Pest Control Services	1,620.00	1,300.00	0.43
5300 — Common Area Repairs	39,279.96	35,000.00	11.67
5305 — Plumbing	4,200.00	15,000.00	5.00
5310 — Painting & Wall Coverings	600.00	0.00	0.00
5315 — Roofing	4,200.00	5,000.00	1.67
Total 5200 — Buildings & Grounds	55,602.00	66,440.00	22.15

	Jan '08 - Dec '08 Budget	Jan '09 - Dec '09 Budget	Cost per Unit per Month
5400 — Pool & Spa			
5410 — Pool & Spa Maintenance Servi	12,000.00	8,400.00	2.80
5415 — Pool & Spa Repairs	0.00	12,000.00	4.00
5420 — Pool & Spa Supplies	0.00	1,100.00	0.37
5425 — Pool & Spa Chemicals	0.00	1,500.00	0.50
5435 — Pool & Spa Inspections	0.00	0.00	0.00
Total 5400 — Pool & Spa	12,000.00	23,000.00	7.67
5800 — Administration			
5810 — Collection Fees	0.00	5,600.00	1.87
5820 — Insurance	215,955.96	200,000.00	66.67
5826 — Licenses & Permits	1,500.00	1,200.00	0.40
5830 — Advertising	0.00	0.00	0.00
5840 — Management Services	41,484.00	41,484.00	13.83
5841 — Management Services Extras	300.00	1,000.00	0.33
5842 — Clubhouse Management	600.00	600.00	0.20
5855 — Printing and Postage	2,307.96	5,250.00	1.75
5890 — Federal Income Tax	2,799.96	4,000.00	1.33
5895 — State Income Tax	1,400.04	500.00	0.17
5910 — Website	600.00	550.00	0.18
5911 — Tax & Audit Preparation	1,050.00	1,400.00	0.47
5915 — Reserve Study	2,139.96	1,100.00	0.37
5920 — Bank Charges	540.00	180.00	0.06
5930 — Legal & Accounting	2,400.00	3,000.00	1.00
5997 — Office Supplies	0.00	0.00	0.00
5998 — Miscellaneous	600.00	500.00	0.17
Total 5800 — Administration	273,677.88	266,364.00	88.79
Total Operating Expense	554,972.76	584,314.00	194.77
8100 — Fund Allocation			
8125 — Landscape	0.00	0.00	0.00
8140 — Reserve Contingency	0.00	0.00	0.00
8150 — Painting	65,681.04	82,644.38	27.55
8170 — Fumigation	0.00	0.00	0.00
8180 — Tree Trimming	0.00	0.00	0.00
8195 — Reserve Interest	0.00	0.00	0.00
Total 8100 — Fund Allocation	65,681.04	82,644.38	27.55
8200 — Reserve Allocation			
8230 — Clubhouse	2,631.00	0.00	0.00
8265 — Walls & Fences	2,601.96	5,000.00	1.67
8270 — Fire System	500.04	0.00	0.00
8295 — Hot Water Heater	99.00	0.00	0.00
8310 — Irrigation Controller	0.00	0.00	0.00
Trash Access Gates	0.00	13,017.00	4.34

	Jan '08 - Dec '08 Budget	Jan '09 - Dec '09 Budget	Cost per Unit per Month
8360 — Furniture	350.04	0.00	0.00
8370 — Pool and Spa Equipment	5,204.04	8,200.00	2.73
8380 — Tot Lots	3,354.00	0.00	0.00
8381 — Wood Benches	264.00	0.00	0.00
8390 — Roofs	85,722.00	150,000.00	50.00
8400 — Signage	254.04	0.00	0.00
Total 8200 — Reserve Allocation	101,380.08	176,217.00	58.74
Total Allocation	167,061.12	258,861.38	86.29
Total Expense	722,033.88	843,175.38	281.06
Net Income	0.12	0.00	0.00