

# Cypress Home Owners Association

November 18, 2016

**Re: 2017 Fiscal Year Annual Budget Report, Annual Policy Statement, and Architectural Guidelines.**

Dear Community Member:

In accordance with California Civil Code §5300, enclosed is a copy of the approved Annual Budget Report, Annual Policy Statement, and Architectural Guidelines for the Association's upcoming 2017 fiscal year.

The Association's monthly assessment will increase to \$295.00 for the fiscal year commencing January 1, 2017. Assessments are due on the first day of each month and are subject to a twenty dollar (\$20.00) 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.

In evaluating the Association's needs the Cypress Home Owners Association Board of Directors felt it necessary to increase assessments to insure our Association has sufficient funds to meet its obligations to our membership and maintain property values. Anticipated maintenance for 2017 includes community-wide painting and wood repairs.

The Board of Directors is pleased to present the 2017 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 Dianna Campellone, Cypress Home's Management Representative with Accell Property Management.

Sincerely,

Board of Directors  
Cypress Home Owners Association

Cypress Home Owners Association  
 Approved Annual Budget  
 For the Fiscal Year January 1, 2017 to December 31, 2017  
 Date Approved by the Board 11/2/2016

<u>2016 Budget</u>		Number of Units	250
		<u>2017 Budget</u>	<u>Average Cost per Unit per Month</u>
<b>Income</b>			
855,000.00	4010 Assessment Income	885,000.00	295.00
900.00	4040 Fines	900.00	0.30
3,047.52	4050 Late Charges	4,650.00	1.55
9,000.00	4060 Collection Fees	6,000.00	2.00
1,200.00	4070 Keys	1,200.00	0.40
560.04	4085 Clubhouse Rental Fee	720.00	0.24
2,000.04	4095 Reserve Interest	1,210.00	0.40
<u>871,707.60</u>	<b>Total Income</b>	<u>899,680.00</u>	<u>299.89</u>
<b>Expense &amp; Allocation</b>			
Utilities			
15,000.24	5010 Electricity	26,000.00	8.67
2,100.00	5020 Gas	1,800.00	0.60
60,000.00	5030 Water	65,000.00	21.67
48,000.00	5060 Trash/Waste Disposal	48,000.00	16.00
<u>125,100.24</u>	<b>Total Utilities</b>	<u>140,800.00</u>	<u>46.93</u>
Landscape			
88,200.00	5110 Maintenance Service	88,200.00	29.40
1,500.00	5120 Irrigation Repairs	1,500.00	0.50
1,500.00	5125 Backflow	1,500.00	0.50
3,500.04	5130 Plant Material	10,000.00	3.33
9,999.96	5170 Tree Trimming	10,000.00	3.33
1,500.00	5185 Extras	5,000.00	1.67
<u>106,200.00</u>	<b>Total Landscape</b>	<u>116,200.00</u>	<u>38.73</u>

<u>2016 Budget</u>		<u>2017 Budget</u>	<b>Average Cost per Unit per Month</b>
	Building Maintenance		
5,000.04	5210 Custodial Services	5,720.00	1.91
500.04	5215 Custodial Supplies	500.00	0.17
500.04	5221 Lighting Repairs	350.00	0.12
6,500.04	5230 Pest Control Services	3,948.00	1.32
12,000.00	5300 Common Area Repairs	10,000.00	3.33
20,000.04	5305 Plumbing	25,000.00	8.33
9,999.96	5310 Painting & Wall Coverings	5,000.00	1.67
9,000.00	5315 Roofing	8,000.00	2.67
<u>63,500.16</u>	<b>Total Building Maintenance</b>	<u>58,518.00</u>	<u>19.51</u>
	Pool & Spa		
9,600.00	5410 Pool & Spa Maintenance Service	9,600.00	3.20
5,000.04	5415 Pool & Spa Repairs	5,000.00	1.67
6,000.00	5420 Pool & Spa Supplies	6,000.00	2.00
1,524.96	5435 Pool & Spa Inspections	1,250.00	0.42
<u>22,125.00</u>	<b>Total Pool &amp; Spa</b>	<u>21,850.00</u>	<u>7.28</u>
	Administration		
9,000.00	5805 Collection Fees	6,000.00	2.00
9,999.96	5815 Bad Debt Write Off	10,000.00	3.33
144,999.96	5820 Insurance	145,000.00	48.33
0.00	5826 Licenses & Permits	0.00	0.00
43,558.20	5840 Management Services	43,548.00	14.52
999.96	5841 Management Services Extras	1,000.00	0.33
1,200.00	5842 Clubhouse Management	1,200.00	0.40
6,000.00	5855 Printing and Postage	6,000.00	2.00
350.04	5860 Community Social Events	1,000.00	0.33
249.96	5865 Emergency Preparedness Committ	250.00	0.08
126.00	5890 Federal Income Tax	453.83	0.15
42.00	5895 State Income Tax	151.28	0.05
549.96	5910 Website	350.00	0.12
999.96	5911 Tax & Audit Preparation	1,000.00	0.33
600.00	5915 Reserve Study	1,000.00	0.33
4,500.00	5930 Legal & Accounting	3,000.00	1.00
459.96	5998 Miscellaneous	1,957.01	0.65
<u>223,635.96</u>	<b>Total Administration</b>	<u>221,910.12</u>	<u>73.97</u>
<b>540,561.36</b>	<b>Total Expense</b>	<b>559,278.12</b>	<b>186.43</b>

<u>2016 Budget</u>		<u>2017 Budget</u>	<b>Average Cost per Unit per Month</b>
<b>Fund &amp; Reserve Allocation</b>			
Non-Capital Reserve Allocation			
31,875.96	8140 Reserve Contingency	25,000.00	8.33
121,992.24	8150 Painting	100,000.00	33.33
0.00	8195 Reserve Interest	1,210.00	0.40
<u>153,868.20</u>	<b>Total Non-Capital Res Alloc</b>	<u>126,210.00</u>	<u>42.07</u>
Capital Reserve Allocation			
4,746.36	8211 Concrete Walkway Repairs	7,504.07	2.50
10,523.64	8230 Clubhouse/Doors	10,818.48	3.61
1,070.04	8265 Walls & Fences	1,100.05	0.37
3,748.56	8266 Wrought Iron Replacement	3,853.44	1.28
1,861.56	8295 HVAC and Water Heater	1,923.82	0.64
10,701.12	8311 Irrigation Rehabilitation	11,000.80	3.67
326.52	8360 Furniture	3,790.00	1.26
11,809.08	8370 Pool and Spa Equipment	12,085.38	4.03
6,188.16	8380 Tot Lots	7,595.86	2.53
125,430.48	8390 Roofs	148,623.00	49.54
0.00	8395 Carport Rehabilitation	0.00	0.00
872.52	8400 Signage	896.98	0.30
0.00	8450 Wood repairs/replacement	5,000.00	1.67
<u>177,278.04</u>	<b>Total Capital Reserve Alloc</b>	<u>214,191.88</u>	<u>71.40</u>
<u>331,146.24</u>	<b>Total Non-Cap &amp; Capital Reserve Allocation</b>	<u>340,401.88</u>	<u>113.47</u>
<u>871,707.60</u>	<b>Total Expense &amp; Allocation</b>	<u>899,680.00</u>	<u>299.89</u>
0.00	<b>Net Surplus/(Deficit)</b>	0.00	0.00

**Cypress Home Owners Association  
Annual Funding Disclosure Statement  
For the Fiscal Year January 1, 2017 - December 31, 2017**

Your Association's Board of Directors has prepared the following disclosure information to assist you in understanding the Association's reserve funding and assessment needs. In addition, California law requires our community to distribute the Assessment and Reserve Funding Disclosure Summary form included with this budget. The form provides information regarding the Association's current assessment rate, additional assessments scheduled for the Association, projected reserve requirements over the next thirty (30) years, or other contributions that would be necessary to ensure that sufficient funds will be available each year during the next thirty (30) years, as well as, a list of major reserve components not included in the Association's existing reserve funding. These forms should be reviewed when determining the Association's long-term assessment requirements.

**Summary of Reserve Funding Plan  
Civil Code §5300(b)(3)**

The Association is funding reserves at **100.50%** of the recommended funding requirements specified in the community's most recently prepared reserve analysis. The Association's current Board of Directors plans to continue funding at this rate provided unforeseen circumstances do not alter the Association's forecasted reserve and operating requirements. At this time the Board of Directors does not anticipate the need for any special assessments to meet reserve requirements.

**Statement as to the Potential of a Special Assessment to Fund Reserves  
Civil Code §5300(b)(5)**

At the time of this Budget Report the Association's Board of Directors has not determined nor anticipates the need for a special assessment. Consistent with the summary of the reserve funding plan described above, in the event a reserve component requires maintenance, repair or replacement and the costs exceed available reserve funds accumulated by our Association, the Board of Directors may find it necessary to raise the regular assessment rate or implement a special assessment to meet the Association's financial obligations.

**Statement as to the Mechanism or Mechanisms by which Reserves will be Funded  
Civil Code §5300(b)(6)**

The Board of Directors plans to continue to fund reserves per the reserve allocation schedule detailed in the proforma operating budget. It is the Board's intent that a portion of the regular assessments identified in the budget will be allocated to the Association's reserve accounts to fund the future repair, replacement, or additions of those major components that the association is obligated to maintain. Should the Association have insufficient funds to meet its obligations, then the Board reserves the right to defer scheduled maintenance of reserve components or levy an assessment for the funding of reserves.

**Procedures Used for Calculation of Reserves  
Civil Code §5300(b)(7)**

The Association's Board of Directors has relied on information, opinions, reports and statements presented to it by vendors, contractors, reserve study specialists, CPAs and/or other professionals and is relying upon this information, financial data and reports pursuant to Corporations Code §7231 in providing the association membership the information contained in the Assessment and Reserve Funding Disclosure Summary. Information contained within the Association's reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding future events based on information supplied to the Association's Board of Directors from said professionals. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this disclosure summary. Therefore, the actual replacement cost and remaining life may vary from the reserve study and the variation may be significant. Additionally, inflation, interest and other economic events may impact the reserve study, particularly over a thirty (30) year period of time, which could impact the accuracy of the reserve study and the funds available to meet the Association's obligation for repair and/or replacement of major components during the next thirty (30) years. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God cannot be accounted for and are excluded when assessing life expectancy of the components. The reserve study only includes items that the Association has a clear expressed responsibility to maintain pursuant to the Association's CC&R's.

Your Association employed a professional reserve analysis firm to appraise the remaining life, current replacement costs and new useful life of all major components that are attributable to the areas for which the Association is obligated. Reserve requirements were calculated based on beginning cash on hand, future replacement cost, estimated return on reserve investments and estimated remaining life.

A complete copy of the Reserve Study is available to all members. Copies will be provided only upon request. A reasonable charge for copying costs will be charged. Please contact Accell Property Management at (949) 581-4988 for more information.

**Statement Regarding Outstanding Loans**

Civil Code §5300(b)(8)

As of the date of this annual disclosure report, the Association does not have any outstanding loans.

## *Reserve Disclosures*

### Profile

Name	Cypress HOA
Location	Cypress, CA 90630
Units/General Type	250 / Condominium
Base Year / Age	1965 / 51
Fiscal Year Ends	December-31

### Parameters

Level of Service	Level 3 Reserve Study Update (No Site-Visit)		
Prepared for Fiscal Year (FY)	2017		
Most Recent On-Site Inspection Date	April 28, 2014		
Allocation Increase Rate	ref Cash Flow Analysis		
Contingency Rate	ref Component Details		
Inflation Rate	3.0%		
Interest Rate / Tax Rate	1.0% / 30.0%		
Interest Rate (net effective)	0.7%		
Current Reserve Allocation	\$331,146	per year	
Current Reserve Balance	\$913,144	as of June 30, 2016	
Funding Plan - Method / Goal	Cash Flow / Threshold - set Reserve Allocation \$331,146		

### Summary

<b>FY Start Balance</b>	<b>\$1,081,913</b>	<i>(projected to current FY end/next FY start)</i>	
<b>Fully Funded Balance</b>	<b>\$1,545,361</b>		
<b>Percent Funded</b>	<b>70%</b>		
<i>Proposed Budget</i>	<i>per year</i>	<i>per month</i>	<i>per unit per month</i>
<b>Reserve Allocation</b>	<b>\$331,146</b>	<b>\$27,596</b>	<b>\$110.38</b>

*Association management: members need to understand that Percent Funded is a general indication of reserve strength and that the parameter fluctuates from year to year due to the Disbursement Schedule.*

*The Reserve Allocation was determined using the Funding Plan indicated above under the Parameters section. This allocation should be increased annually using the Allocation Increase Rate found in the Cash Flow Analysis.*

*Association management should budget the Reserve Allocation amount toward reserves for next fiscal year, to ensure the availability of reserves to fund future reserve component expenditures. This amount reflects a change of significant value from the Current Reserve Allocation. The Reserve Allocation must be reviewed and adjusted for inflation (and other vital factors) in succeeding years to ensure the- Security of a Successful Plan!*

## Reserve Disclosures

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>
<b>01 Coat/Paint/Stain</b>			
01.01 building exterior,paint-A	\$127,809	7	1
01.02 building exterior,paint-B	\$310,395	7	2
01.03 carports,paint	\$27,268	6	5
01.04 wrought iron,paint	\$8,946	4	2
<b>02 Equipment</b>			
02.01 appliances,clubhouse,range/oven	\$1,950	20	3
02.02 bench,metal mesh	\$874	15	12
02.03 doors,bathrooms	\$4,243	30	29
02.04 doors,clubhouse entry	\$20,793	30	28
02.05 doors,pool pump room	\$2,121	30	28
02.06 doors,wtr htr rooms	\$2,121	30	3
02.07 folding furniture,clubhouse #1	\$1,857	20	4
02.08 folding furniture,clubhouse #2	\$1,857	20	4
02.09 hvac,clubhouse #1	\$7,169	20	16
02.10 hvac,clubhouse #2	\$7,283	20	20
02.11 play equip,bars/slides/swings	\$21,218	15	13
02.12 play equip,tot lot(CH #2)	\$32,781	20	17
02.13 refrigerator(Welbilt)	\$974	20	19
02.14 security,pool access system	\$2,574	15	1
02.15 sigange,unit #'s	\$9,925	20	19
02.16 water heater,clubhouse #1	\$1,460	12	8
02.17 water heater,clubhouse #2	\$1,460	12	8
02.18 water heater,pool bldg #3	\$1,181	12	8
<b>03 Fencing</b>			
03.01 walls,perimeter repairs-unfunded	\$0	999	999
03.02 wood fence,patio yard	\$12,172	20	5
03.03 wrought iron,pool #1,replace	\$9,737	20	5
03.04 wrought iron,pool #2,replace	\$17,767	20	19
03.05 wrought iron,pool #3,replace	\$15,134	20	19
<b>04 Pools/Spas</b>			
04.01 deck,concrete repairs,pool areas	\$18,258	20	5
04.02 filter #1,pool #1	\$1,491	10	5
04.03 filter #2,pool #1	\$1,491	10	8
04.04 filter,pool #2	\$2,982	10	9
04.05 filter,pool #3	\$1,491	10	1
04.06 filter,wader #1	\$1,491	10	2



## Reserve Disclosures

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>
<b>04 Pools/Spas</b>			
04.07 filter,wader #2	\$1,491	10	1
04.08 heater,pool #1	\$3,408	10	1
04.09 heater,pool #2	\$3,408	10	5
04.10 heater,pool #3	\$2,799	10	1
04.11 pumps,pool #2	\$912	15	14
04.12 pumps,pool/wader #1	\$1,825	8	6
04.13 pumps,pools/wader #2/3	\$1,825	8	1
04.14 rehab,pool #1	\$14,606	12	7
04.15 rehab,pool #2	\$14,606	12	7
04.16 rehab,pool #3	\$10,297	12	6
04.17 rehab,wader #1	\$3,651	10	5
04.18 rehab,wader #2	\$2,306	10	10
<b>05 Restoration</b>			
05.01 bathrooms,clubhouse #1	\$19,221	20	19
05.02 bathrooms,clubhouse #2	\$19,221	20	19
05.03 bathrooms,clubhouse #3	\$19,221	20	19
05.04 carports,rehab-unfunded	\$0	999	999
05.05 clubhouse #1,rehab	\$14,850	15	1
05.06 clubhouse #2,rehab	\$14,850	15	1
05.07 concrete car stops,replace	\$5,304	20	17
05.08 concrete,repairs	\$11,894	4	4
05.09 irrigation system,rehab	\$121,723	20	1
05.10 play equip,border timber/wood fiber	\$16,358	15	14
05.11 pump room#3,rehab	\$3,127	30	30
05.12 utility lines,rehab-unfunded	\$0	999	999
<b>06 Roofs</b>			
06.01 flat roofs-2000	\$36,517	25	9
06.02 flat roofs-2001	\$127,809	25	10
06.03 flat roofs-2002	\$109,551	25	11
06.04 flat roofs-2003	\$121,723	25	12
06.05 flat roofs-2004	\$115,637	25	13
06.06 flat roofs-2005	\$85,206	25	14
06.07 flat roofs-2006	\$158,240	25	15
06.08 flat roofs-2007	\$121,723	25	16
06.09 flat roofs-2008	\$127,809	25	17
06.10 flat roofs-2009	\$115,637	25	18

## Reserve Disclosures

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>
<b>06 Roofs</b>			
06.11 flat roofs-2010	\$48,689	25	19
06.12 flat roofs-2011	\$18,258	25	20
06.13 flat roofs-2012	\$103,465	25	21
06.14 flat roofs-2013	\$133,896	25	22
06.15 flat roofs-2014	\$115,637	25	23
06.16 mansard roofs-2000	\$24,466	50	34
06.17 mansard roofs-2001	\$85,632	50	35
06.18 mansard roofs-2002	\$73,399	50	36
06.19 mansard roofs-2003	\$81,554	50	37
06.20 mansard roofs-2004	\$77,477	50	38
06.21 mansard roofs-2005	\$57,088	50	39
06.22 mansard roofs-2006	\$106,021	50	40
06.23 mansard roofs-2007	\$81,554	50	41
06.24 mansard roofs-2008	\$85,632	50	42
06.25 mansard roofs-2009	\$77,477	50	43
06.26 mansard roofs-2010	\$32,621	50	44
06.27 mansard roofs-2011	\$12,233	50	45
06.28 mansard roofs-2012	\$69,321	50	46
06.29 mansard roofs-2013	\$89,710	50	47
06.30 mansard roofs-2014	\$77,477	50	48

**Grand Total:** 87

\$3,556,635

**Cypress Home Owners Association  
For the Fiscal Year January 1, 2017 to December 31, 2017**

**Reserve Component Deferred  
Maintenance Disclosure Statement**

**Deferred Reserve Components:** At November 2, 2016

<b>Reserve Component</b>	<b>Deferred Maintenance</b>	<b>Reason to Defer Maintenance</b>
8150 - Painting	Building Exterior	Work is scheduled to be completed in 2017.
8370 - Pool and Spa Equipment	Security-Pool Access System	Pool facilities rekeyed May 2016.
8370 - Pool and Spa Equipment	Filter-Wader #2, Pool #3, Heater- Pool #1/#3, Pumps-Pools/Wader #2/#3	Components continues to perform effectively.
8230 - Clubhouse/Doors	Clubhouse #1/#2, Rehabilitation	Work is scheduled to be completed in phases.
8311 - Irrigation Rehabilitation	Irrigation System, Rehabilitation	Work is scheduled to be completed in phases.

**Other Budgeted Reserve Components:**

<b>Reserve Budget Category</b>	<b>Deferred Maintenance</b>	<b>Reason to Defer Maintenance</b>
8140 - Reserve Contingency	none at this time	N/A
8195 - Reserve Interest	none at this time	N/A
8211 - Concrete Walkway Repairs	none at this time	N/A
8265 - Walls & Fences	none at this time	N/A
8266 - Wrought Iron Replacement	none at this time	N/A
8295 - HVAC and Water Heater	none at this time	N/A
8360 - Furniture	none at this time	N/A
8380 - Tot Lots	none at this time	N/A
8390 - Roofs	none at this time	N/A
8395 - Carport Rehabilitation	none at this time	N/A
8400 - Signage	none at this time	N/A
8450 - Wood repairs/replacement	none at this time	N/A

The Association's Board of Directors has relied on information, opinion, reports and statements presented to it by vendors, contractors, reserve study specialists, CPAs and/or other professionals and is relying upon this information, financial data and reports, pursuant to Corporations Code 7231, in providing the association membership the information contained in this Disclosure Statement. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this disclosure summary.

**Cypress Home Owners Association  
Summary of Insurance Coverage & Limits  
August 12, 2016**

In conformance with the California Civil Code, Section 5300(b)(9), the following coverage limits apply to **Cypress Home Owners Association** insurance coverage:

**Limits of Insurance**

**The following coverage is provided by  
Farmers Insurance Exchange:**

**Property**

Buildings/Auxiliary Structures	\$ 50,674,400
Deductible	\$10,000
Fidelity Bond	\$1,100,000
Deductible	\$500

**Liability**

General Liability	\$2,000,000
Damage to Rented Premises	\$75,000
Personal and Advertising Injury	\$2,000,000
Aggregate	\$4,000,000
Medical Payments	\$5,000
Directors & Officers Liability	\$1,000,000
Deductible	\$0
Workers Compensation	\$1,000,000

**The following coverage is provided by  
Truck Insurance Exchange:**

Umbrella Liability	\$1,000,000
Aggregate	\$1,000,000
Deductible	\$10,000

**The following coverage is provided by  
Palomar, General Security and Empire Indemnity:**

Earthquake	\$23,000,000
Deductible	20%
Flood	\$23,000,000
Deductible	20%

Prendiville Insurance Agency, Farmers Insurance Group, assisted the Cypress Home Owners Association in the development of the general liability policy limits. The coverages shown above follow the recommendations by Patrick Prendiville for Cypress Home Owners Association.

In the event of a covered loss, all insurance deductibles would be paid by the party responsible for the maintenance, repair and replacement of the covered item in accordance with the Cypress Home Owners Association's governing documents and Part 5, of the California Civil Code.

The coverages shown above extend to portions of the real property improvements of the common areas.

**This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around you 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.**

**Cypress Home Owners Association  
Assessment and Reserve Funding Disclosure Summary  
January 1, 2017 to December 31, 2017**

1) The current assessment per unit is \$295.00 per Month.

Note: If assessments vary by size or type of unit, the assessment applicable to this unit be found on page n/a of the attached report.

2) Additional 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 is Due:	Amount Per Unit Per Month (If Assessments Are Variable, See Note Immediately Below):	Purpose of Assessment:
None		
	Total:	\$0.00

Note: If assessments vary by size or type of unit, the assessment applicable to this unit be found on page n/a of the attached report.

3) Based on 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 X No \_\_\_\_\_

4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Approximate Date Assessment Will Be Due:	Amount per Unit per Month:
	Total: \$0.00

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 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$1,545,361.00 based in whole or part on the last reserve study or update prepared by Strategic Reserves Corporation as of 12/31/16. The projected reserve fund cash balance at the end of the current fiscal year is \$1,081,913.00 resulting in the reserves being 70.01% funded at this date.

7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 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. 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 (c) percent funding.

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. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 0.70% percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00% percent per year.

Year Ending	Projected Reserve Balance (a)	Estimated Amount Required in Reserves (b)	Percent Fully Funded (c)
2017	\$1,120,708.88	\$1,475,432.00	75.96%
2018	\$1,129,250.88	\$1,369,273.00	82.47%
2019	\$1,484,006.88	\$1,611,990.00	92.06%
2020	\$1,838,667.88	\$1,854,695.00	99.14%
2021	\$2,026,509.88	\$2,038,402.00	99.42%

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.

(b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

**Cypress Home Owners Association  
30 Year Reserve Funding  
For the Fiscal Year January 1, 2017 to December 31, 2017**

100.50% Funding

250 Units

Fiscal Year	Accumulated Reserves	Reserve Expenditures	Ideal Allocation	Expected Allocation	Surplus/ (Deficit)	Additional Assessment per Unit per Month
2017	1,081,913	301,606	338,719	340,402	1,120,709	0.00
2018	1,120,709	340,371	348,913	348,913	1,129,251	0.00
2019	1,129,251	4,449	359,205	359,205	1,484,007	0.00
2020	1,484,007	17,567	372,228	372,228	1,838,668	0.00
2021	1,838,668	88,090	275,932	275,932	2,026,510	0.00
2022	2,026,510	25,157	285,139	285,139	2,286,492	0.00
2023	2,286,492	35,928	295,088	295,088	2,545,652	0.00
2024	2,545,652	184,060	305,275	305,275	2,666,867	0.00
2025	2,666,867	458,922	314,747	314,747	2,522,692	0.00
2026	2,522,692	186,885	322,621	322,621	2,658,428	0.00
2027	2,658,428	202,103	332,720	332,720	2,789,045	0.00
2028	2,789,045	193,883	343,059	343,059	2,938,221	0.00
2029	2,938,221	200,972	353,809	353,809	3,091,058	0.00
2030	3,091,058	171,297	364,877	364,877	3,284,638	0.00
2031	3,284,638	458,985	376,529	376,529	3,202,182	0.00
2032	3,202,182	775,800	386,559	386,559	2,812,941	0.00
2033	2,812,941	322,274	394,758	394,758	2,885,425	0.00
2034	2,885,425	232,158	406,518	406,518	3,059,785	0.00
2035	3,059,785	319,743	419,329	419,329	3,159,371	0.00
2036	3,159,371	79,184	431,963	431,963	3,512,150	0.00
2037	3,512,150	436,012	446,728	446,728	3,522,866	0.00
2038	3,522,866	524,948	459,468	459,468	3,457,386	0.00
2039	3,457,386	898,482	472,054	472,054	3,030,958	0.00
2040	3,030,958	31,728	482,505	482,505	3,481,735	0.00
2041	3,481,735	105,825	499,499	499,499	3,875,409	0.00
2042	3,875,409	19,293	516,509	516,509	4,372,625	0.00
2043	4,372,625	1,941	534,672	534,672	4,905,356	0.00
2044	4,905,356	131,593	553,523	553,523	5,327,286	0.00
2045	5,327,286	423,179	572,052	572,052	5,476,159	0.00
2046	5,476,159	817,748	589,138	589,138	5,247,549	0.00

**Cypress Home Owners Association  
Federal Housing Administration (FHA)  
Certification Disclosures  
As of September 29, 2016**

**Federal Housing Administration (FHA) Disclosure:**

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is a condominium project. The association of this common interest development **is not** certified by the Federal Housing Administration.



**Cypress Home Owners Association  
Department of Veterans Affairs (VA)  
Certification Disclosures  
As of September 29, 2016**

**Department of Veterans Affairs (VA) Disclosure:**

Certification by the federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is a condominium project. The association of this common interest development **is not** certified by the federal Department of Veterans Affairs.

**Cypress Home Owners Association**  
**Annual Policy Statement**  
Effective January 1, 2017

In accordance with California Civil Code §5310, the following annual disclosures are being provided as required by law.

**Association's Designated Recipient**  
**California Civil Code §§5310(a)(1), 4035**

Members who wish to submit official communications to the association shall provide all communications to the association, at the noted address:

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

Members may also send communications via facsimile or email as follows:  
949.581.9785 Facsimile  
[hoa@accellpm.com](mailto:hoa@accellpm.com)

Pursuant to Civil Code §5260 members requesting to change membership information, individual delivery, membership list opt out status or request association documents pursuant to Civil Code section §5320 must do so by submitting their request in writing on an appropriate form designated by the association. Forms are available through Accell Property Management, Inc. and the Association's website.

**Right of Notice to Two Addresses**  
**California Civil Code §§5310(a)(2), 4040(b)**

Members have the right to submit a request to have notices sent to up to two (2) different specified addresses for the distribution of collection notices, annual audit, annual budget report, and annual policy statement. Members who wish to receive notices at two (2) separate addresses may submit a written request on the appropriate form to Accell Property Management, Inc. via US mail, facsimile or email, at the above address. Forms are available through Accell Property Management, [accellpm.com](http://accellpm.com) and the Association's website.

**General Notice Location**  
**California Civil Code §§5310(a)(3), 4045(a)**

The association's designated area for posting of general notices is located at the Clubhouse #1 and Clubhouse #2 bulletin boards.

**Right to Receive General Notice by Individual Delivery**  
**California Civil Code §§5310(a)(4), 4040(a), 4045(b)**

Members opting for individual delivery will receive notices by US First Class Mail, unless otherwise specified and assented to by the Association.

To receive general notices via email, Members are required to submit their request in writing using the appropriate form available through Accell Property Management, [accellpm.com](http://accellpm.com) and the Association's website.

**Right to Receive Board Minutes**  
**California Civil Code §§5310(a)(5), 4950(b)**

Members have a right to receive copies of Minutes from Board of Directors, Committee, and Membership meetings. A written request is required providing an explanation outlining the reason for your request. Requestors will be charged the reasonable costs of duplicating and distributing the minutes. Members may obtain Minutes by writing the Association's Designated Recipient at the above address.

All other disclosures required in accordance with Civil Code §5310 are attached hereto and are a part of these Annual Policy Statements:

- Assessment Collection Policy [§§5310(a)(6), 5730] including the Mailing Address for Overnight Payments of Assessments [§§5310(a)(11), 5655];
- Policies and Practices in Enforcing Lien Rights or Other Legal Remedies for Default in the Payment of Assessments [§5310(a)(7)];
- Enforcement and Fine Policy [§5310(a)(8)];
- Internal and Alternative Dispute Resolution Procedures [§5310(a)(9)]; and
- Architectural Submission & Review Procedures [§§5310(a)(10), 4765].

**Cypress Home Owners Association  
Collection Policy  
Effective January 1, 2017**

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 member's 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, the following are the Association's assessment practices and policies:

1. Assessments, late charges, interest and collection costs, including any attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied [Civil Code Section 5650(a)].
2. The association shall provide notice by first-class mail to the owners of the separate interests of any increase in the regular or special assessments of the association, not less than thirty (30) or more than sixty (60) days prior to the increased assessment becoming due. 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's responsibility to pay each assessment in full each month regardless of whether a statement is received.** All other assessments, including special assessments, are due and payable on the date specified on the Notice of Assessment.
3. 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 costs, including attorney's fees, unless the owner and the Association enter into a written agreement providing for payments to be applied in a different manner [Civil Code 5655(a)].
4. **Regular and special assessments levied pursuant to the governing documents are delinquent fifteen (15) days after they become due. The association will levy late charges at fifteen (15) days past due.** If an assessment is delinquent the association may recover all of the following:
  - (a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees.
  - (b) A late charge not exceeding ten (10%) percent of the delinquent assessment or twenty dollars (\$20.00), whichever is greater, unless the declaration specifies a late charge in a smaller amount, in which case any late charge imposed shall not exceed the amount specified in the declaration.
  - (c) Interest on all sums imposed in accordance with this section, including the delinquent assessments, reasonable fees and costs of collection, and reasonable attorney's fees, at an annual interest rate not to exceed twelve (12%) percent, commencing thirty (30) days after the assessment becomes due, unless the declaration specifies the recovery of interest at a rate of a lesser amount, in which case the lesser rate of interest shall apply and shall continue to be assessed each month until the account is brought current.
5. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.
6. If an assessment is not received within sixty (60) days after the assessment becomes due and at least thirty (30) days prior to recording a lien, the Association or its designee will send a pre-lien letter to the owner as required by Civil Code Section 5660 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 fee for the 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 by the owner within fifteen (15) days of the pre-lien letter. The Board shall meet with the owner in executive session within forty five (45) days of receipt of the owner's written request pursuant to the association's "meet and confer" program required by Civil Code Section 5900, unless there is no regularly scheduled board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the owner.

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, the Association will authorize a lien be recorded for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees against the owner's property.** The owner will be charged for the fees and costs of preparing and recording the lien. 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 Sections 5700-5720].
8. 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. Prior to recording of a lien for delinquent assessment, the Association shall offer the owner and, if so requested by the owner, participate in dispute resolution [Civil Code Sections 5705 -5720].
9. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Civil Code Sections 5200-5240 and Corporation 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, interests, and costs of collection associated with 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. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an association's ability to record a lien on the owner's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the association may resume its efforts to collect the delinquent assessments from the time prior to entering into the 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 right 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 cost of collection, including attorney's fees, must be paid in full to the Association.
14. All charges listed herein are subject to change upon thirty (30) days prior written notice.
15. **The mailing address for overnight payment of assessments is:**

**Cypress Home Owners Association  
c/o Accell Property Management, Inc.  
23046 Avenida de la Carlota, Suite 700  
Laguna Hills, CA 92653  
(949) 581-4988**

16. The Association may not foreclose unless delinquent assessments are greater than \$1,800 or greater than twelve (12) months delinquent.
17. Prior to initiating a foreclosure for delinquent assessments, the association shall offer the owner and, if so requested by the owner, shall participate in dispute resolution pursuant to the association's "meet and confer" program or alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 5900-5920.
18. 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.
19. A nonjudicial foreclosure by the Association to collect upon a debt for delinquent assessments shall be subject to a right of redemption. The redemption period within which the separate interest may be redeemed from a foreclosure sale under this paragraph ends ninety (90) days after the sale.
20. Owners have the right to request that all collection correspondence and legal notices be mailed to both a primary and secondary address. Upon receipt of a written request by an owner sent by United States Mail or facsimile transmission, identifying a secondary address for purposes of receiving collection notices, the Association shall send additional copies of all collection correspondence and legal notices to both the primary and secondary address provided in the written request.

**Cypress Home Owners Association  
Lien & Foreclosure Policy  
Effective January 1, 2017**

**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 Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 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 5700 through 5720 of the Civil Code, inclusive)**

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

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. **(Section 5675 of the Civil Code)**

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. **(Section 5660 of the Civil Code)**

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. **(Section 5685 of the Civil Code)**

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

## PAYMENTS

When an owner makes a payment, 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 5655 of the Civil Code)**

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserves the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. **(Section 5685 of the Civil Code)**

## MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share 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 5665 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 5665 of the Civil Code)**

**CYPRESS HOME OWNERS ASSOCIATION  
VIOLATION AND FINE POLICY**

Approved Date: July 26, 2012

Distributed: October 21, 2016

**GENERAL RULES AND REGULATIONS Violations of Nos. 1 – 20:**

1. Violation notice.
2. Hearing before the Board of Directors.
3. \$100 fine levied against homeowner.
4. If violation persists, the homeowner will be fined an additional \$100 every 30 days that the violation continues.
5. If violation is not corrected or if fine levied reaches \$500, a lawsuit will be filed against the homeowner.

**Violations of No. 21 – 22:**

1. Violation notice.
2. Hearing before the Board of Directors.
3. Homeowner will be assessed the cost of repair or replacement of damaged property.
4. If the homeowner refuses to pay costs, legal action will be taken against the homeowner.

**ANIMAL/PET RULES Violations of Nos. 1 – 4:**

1. Violation notice.
2. Hearing before the Board of Directors.
3. \$100 fine levied against homeowner.
4. If violation persists, the homeowner will be fined an additional \$100 every 30 days that the violation continues.
5. If violation is not corrected or if fine levied reaches \$500, a lawsuit will be filed against the homeowner.

**Violations of Nos. 5 –7:**

1. Violation notice.
2. Orange County Animal Control Services will be contacted.

**ARCHITECTURAL GUIDELINES: Front Doors, Screen/Security Doors, Window Replacement, Patio Covers and Fences Any Violation:**

1. Violation notice.
2. Hearing before the Board of Directors.
3. \$100 fine levied against homeowner.
4. If violation persists, the homeowner will be fined an additional \$100 every 30 days that the violation continues.
5. If violation is not corrected or if fine levied reaches \$500, a lawsuit will be filed against the homeowner.

**SOLAR PANELS and SATELLITE DISH/ANTENNA RULES Violations of Nos. 1-5:**

1. Violation notice.
2. Hearing before the Board of Directors.
3. \$100 fine levied against homeowner.
4. If violation persists, the homeowner will be fined an additional \$100 every 30 days that the violation continues.
5. If violation is not corrected or if fine levied reaches \$500, a lawsuit will be filed against the homeowner.



**CLUBHOUSE RULES Violations of Nos. 1 – 5:**

When violations are deemed excessive by the Clubhouse Manager, Property Manager, or a member of the Board of Directors, Cypress Police Department may be called, and/or the party may be halted at time of violation.

Violations of Nos. 1 – 12

1. Violation warning.
2. Hearing before Board of Directors. Homeowner/Renter subject to \$100 fine.
3. If a violation is deemed excessive by the Clubhouse Manager, Property Management, or a member of the Board of Directors, the \$100 deposit will not be returned and the right to use the clubhouse will be denied for a period of 6 months.
4. If a fine has been levied and is not paid, the homeowner will be fined an additional \$100 every 30 days that the fine remains unpaid.

**LANDSCAPING RULES Violations of Nos. 1 – 8:**

1. Violation notice.
2. Hearing before the Board of Directors.
3. \$100 fine levied against homeowner.
4. If violation persists, the homeowner will be fined an additional \$100 every 30 days that the violation continues.
5. If violation is not corrected or if fine levied reaches \$500, a lawsuit will be filed against the homeowner.

**PARKING RULES Violations of Nos. 1 – 3, 12 -14:**

The Cypress Police Department will be called to take appropriate action or the vehicle will be towed at owner's expense.

**Violations of Nos. 4 – 11:**

1. Violation notice.
2. Hearing before the Board of Directors.
3. \$100 fine levied against homeowner.
4. If violation persists, the homeowner will be fined an additional \$100 every 30 days that the violation continues.
5. If violation is not corrected or if fine levied reaches \$500, a lawsuit will be filed against the homeowner.

**POOL RULES Violations of Nos. 1 – 14:**

If violation is deemed excessive by property management or a member of the Board of Directors, the person(s) in violation may be asked to leave the pool area.

1. Violation notice.
2. Hearing before the Board of Directors.
3. \$100 fine levied against homeowner.
4. If violation persists, the homeowner will be fined an additional \$100 every 30 days that the violation continues.
5. If violation is not corrected or if fine levied reaches \$500, a lawsuit will be filed against the homeowner.

**CYPRESS HOME OWNERS ASSOCIATION  
SUMMARY OF CALIFORNIA CIVIL CODE  
INTERNAL AND ALTERNATIVE DISPUTE RESOLUTION REQUIREMENTS  
FOR COMMON INTEREST DEVELOPMENTS  
Effective January 1, 2017**

**PLEASE TAKE NOTICE:** *An association or an owner or a member of a common interest development may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to Article 2, of Chapter 10, under Part 5, of Division 4 of the California Civil Code.*

In general, the California Civil Code encourages parties involved in a dispute involving enforcement of the Association's governing documents to submit the dispute to a form of alternative dispute resolution (ADR) such as mediation or arbitration prior to filing a lawsuit. The intent of the statute is to promote speedy and cost-effective resolution of such disputes, to better preserve community cohesiveness and to channel CC&R disputes away from our state's court system.

Any party to a dispute regarding enforcement of the governing documents may initiate the process of ADR by serving a Request for Resolution on another party to the dispute. A Request for Resolution must contain the following: (1) a brief description of the nature of the dispute; (2) a request for ADR; and (3) a notice that the party receiving the Request for Resolution is required to respond within thirty (30) days of receipt or the request will be deemed rejected.

If the Request is accepted, the ADR must be completed within ninety (90) days of receipt of the acceptance, unless otherwise agreed by the parties and stipulated by written consent. Any Request for Resolution sent to the owner of a separate interest must include a copy of Civil Code, Article 2, of Chapter 10, under Part 5, of Division 4. The costs of the alternative dispute resolution shall be borne by the parties.

**FAILURE OF A MEMBER OF THE ASSOCIATION TO COMPLY WITH THE ALTERNATIVE DISPUTE RESOLUTION REQUIREMENTS OF SECTION 5930 OF THE CIVIL CODE MAY RESULT IN THE LOSS OF YOUR RIGHTS TO SUE THE ASSOCIATION OR ANOTHER MEMBER OF THE ASSOCIATION REGARDING ENFORCEMENT OF THE GOVERNING DOCUMENTS OR THE APPLICABLE LAW.**

Should Cypress Home Owners Association or an individual member wish to file a lawsuit for enforcement of Cypress Home Owners Association's governing documents, the law requires the Association or the individual file a certificate with the court stating that one or more of the following conditions is satisfied: (1) Alternative dispute resolution has been completed in compliance with this article; (2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution; (3) Preliminary or temporary injunctive relief is necessary. Failure to file a certificate pursuant to the Civil Code could be cause for the lawsuit to be dismissed.

Furthermore, in any lawsuit to enforce the governing documents in which fees and costs may be awarded pursuant to subdivision (c) of Section 5975, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

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 of the Association, Cypress Home Owners Association has elected to observe the following procedures in compliance with and as defined under California Civil Code Section 5915. These procedures require that: (1) The party may request the other party to meet and confer in an effort to resolve the dispute; (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 at least one 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(s) on behalf of the Association.

5. All guests must be accompanied by a resident adult in the pool area. Maximum number of guests per residence is four (4). Residents are responsible for their guests.
6. Damages to pool areas or surrounding facilities, including the restrooms, are the homeowner's responsibility. Homeowners will be assessed the cost for any repairs.
7. Anyone over 7 years of age is not allowed in the wading pool except for supervising adults (at least 18 years of age).
8. NO alcoholic beverages are allowed in pool area or in any other common areas.
9. NO glassware or food allowed in pool area. Only beverages in non-breakable containers are allowed.
10. NO bicycles, skateboards, roller blades, scooter, or other wheeled devices, boogie boards, surfboards, rafts, scuba gear, Frisbees, or balls (other than inflatable beach balls) are allowed in pool area.
11. NO pushing, running, shoving, roughhousing, abusive/foul language, or excessive splashing allowed in pool area.
12. NO diving is allowed. Jumping is allowed under supervision of an adult.
13. NO pets or animals are allowed in pool area.
14. NO loud music.

#### POOL HOURS

SUNDAY – THURSDAY	9:00 a.m. – 9:00 p.m.
FRIDAY – SATURDAY	9:00 a.m. – 10:00 p.m.
DAY BEFORE LEGAL HOLIDAY	9:00 a.m. – 10:00 p.m.

#### **Architectural Guidelines**

1. No exterior addition or alterations to any building nor changes in fences, hedges, walls or other structures may be commenced, erected or maintained until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by the Association. This includes, but is not limited to, construction, alteration, or replacement of patio covers and fences, front doors, screen/security doors, satellite dishes, solar water heating units, and windows. See Article VII, and Article VIII, Section 8 of the CC&Rs. Owners are responsible for obtaining and displaying all necessary permits from the City of Cypress and all other applicable governmental agencies.
2. Architectural application forms are available from the property manager or online ([www.cypresshoa.org](http://www.cypresshoa.org)). The Board reserves the right to inspect the job to maintain compliance with the submitted plans. Homeowners are responsible for obtaining and displaying necessary city permits.
3. The property owner will be financially responsible for removing or correcting all non-approved improvements or additions, as may be determined by the Association, in addition to all fines imposed for the violation. In the event legal action is necessary to obtain an owner's compliance, the owner will also be responsible for the Association's attorneys' fees and court costs.

4. All improvements on an owner's lot, including mailboxes and porch lights, must be maintained in good condition, and conform to the Association's current building regulations, color, and décor.

### **Specifications for Front Doors**

1. An architectural application must be submitted and approved in writing prior to installation. A manufacturer's brochure and specifications must be submitted with the application.
2. Front doors must be in good repair and well maintained.
3. The exterior of all doors must be painted in keeping with the color scheme of the building. No wood-stained doors are permitted.
4. The door may consist of 50% glass. Clear, smoke, or opaque glass is permitted. No colored glass is permitted. Sidelights are only permitted when a two-door entry is being converted into a single-door entry.

### **Specifications for Screen/Security/Storm Doors**

1. An architectural application must be submitted and approved in writing prior to installation. A manufacturer's brochure and specifications must be submitted with the application.
2. Screen doors, security doors and storm doors must be in good repair and well maintained.
3. Screen doors, security doors and storm doors must be white only.

### **Specifications for Replacement of Windows**

1. An architectural application must be submitted and approved in writing prior to installation. A manufacturer's brochure and specifications must be submitted with the application.
2. Unit windows must be in good repair and well maintained.
3. No structural changes are permitted.
4. Window frames are to be white aluminum or white vinyl. The window frame is not to exceed 1 and  $\frac{3}{4}$  inches in width.
5. Window glass may be one of the following colors: clear or standard 44% gray.
6. The windowpanes can either be single, double or triple pane.
7. The windows may contain grids and have internal blinds.
8. The window must be professionally installed. The homeowner will be liable for 100% of the cost to repair any damages to the structure caused by improper installation.

### **Specifications for Patio Fences**

1. An architectural application with specifications must be submitted and approved in writing prior to installation, whether the patio fence is new or is a replacement. No lattice may be installed without prior written approval.
2. Patio fences and gates must be kept in good repair and well maintained, including termite control.
3. Patio fences and gates must be made of 3  $\frac{1}{2}$ " to 5  $\frac{1}{2}$ " wide cedar wood or redwood or composite fencing material in cedar only. The composite fencing must be professionally installed. Fence height will be determined at time request is submitted for approval depending on location of unit.

4. Patio gates must be made of same material and design, and same height as the patio fence.
5. Patio fences and gates may be sealed with a natural wood stain only.

#### **Specifications for Patio Covers**

1. An architectural application must be submitted and approved in writing prior to installation, whether the patio cover is new or is a replacement. If patio cover is a commercial installation, a manufacturer's brochure and specifications must be submitted with the application.
2. Homeowners are responsible for obtaining and displaying necessary permits from the City of Cypress.
3. Patio covers must be made of aluminum or wood with at least 2 x 6 rafters.
4. The covering may be either 1 x 2 or 2 x 2, with a minimum two inches apart, or a lattice covering, or a solid cover.
5. Patio cover must conform to the exterior design colors of the complex or it may have a clear wood stain.

#### **Specifications for Satellite Dishes/Antennae**

1. An architectural application must be submitted and approved in writing prior to installation.
2. The Federal Communications Commission (FCC) permits the Association to establish preferred locations for television satellite dishes and antennae with a diameter or diagonal measurement of one meter or less (such as PrimeStar, Dish, etc.).
3. Satellite dishes may be installed in the patio area on the fascia portion of the shed roofs OR on the roof of the shed using an umbrella stand or cinder block platform. (Contact property manager for instructions or go to [www.cypresshoa.org](http://www.cypresshoa.org).) Dishes are not permitted to be attached directly to the roof membrane because that type of installation voids the roof warranty.
4. The owner must maintain the dish or antenna, repair any damage to the common area or other Association-maintained property, and hold the Association harmless from any claims related to the installation.
5. Installation of any type of dish or antenna on a common area without prior approval from the Association, or in a manner otherwise in violation of the FCC rule, may incur the removal of the dish at the owner's expense pursuant to the CC&Rs, in addition to costs to relocate or remove the dish or antenna, and the cost of repairing the common area or roof.

#### **Specifications for Solar Panels**

1. An architectural application must be submitted and approved in writing prior to installation. A manufacturer's brochure and specifications must be submitted with the application.
2. Solar panels must be installed on the homeowner's roof only. They must be racked and extend no more than forty-eight (48) inches above the roof level within twenty-four (24) inches (at least) from roof edge or adjacent homeowner's roof.
3. The panels must be professionally installed with warranty against roof leaks and structural damage. The company installing the panels must provide proof of their contractor's license and liability and workers' comp insurance.
4. The homeowner will be responsible for maintaining the unit in good condition. The homeowner will be responsible for removing and reinstalling the solar unit if the Association deems re-roofing of the unit is necessary.

5. The homeowner will be responsible for the cost of repairs for personal and/or Association property if the solar unit causes a roof leak or other structural damage.

Cypress Home Owners Association (CHOA)  
Home Improvement - Architectural Application  
(please print neatly)

The Declaration of Covenants, Conditions and Restrictions (CC & Rs) for our community requires that you obtain the approval of the Architectural Committee before commencing any improvements or alterations to your home or lot. To obtain this approval, please complete this form, and mail or deliver along with the required copies of plans and other related material to:

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

Homeowner's Name: \_\_\_\_\_ Home Phone \_\_\_\_\_

Address where work is to be performed: \_\_\_\_\_ Cell Phone \_\_\_\_\_

Email \_\_\_\_\_

Follow these steps:

- 1) Read Article VII; Article VIII, Section 8; and Article IX in the CC & Rs.
- 2) Read Architectural Regulations in general Rules and Regulations for CHOA.
- 3) Enclose drawings and detailed plans/specifications as detailed on the Architectural Submission Checklist.

Description and nature of work to be performed: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**\*\* Important - Read Carefully \*\***

Any compliance with local government ordinances, building codes, and the CC& Rs and Rules & Regulations of CHOA regarding architectural/structural changes and additions is strictly between the homeowner and these regulating bodies. Approval of this request does not imply the Association's acceptance based upon the above-mentioned regulations. It is your responsibility to contact these regulating bodies as required. If further architectural and/or design changes are to take place that are not part of this application, applicant must submit a new application for the proposed improvements.

Your request will be reviewed by the Architectural Committee and will be given a decision within forty-five (45) days from receiving a completed application including all plans and specifications as outlined above.

The undersigned owner acknowledges and agrees that:

- 1) I have received, read, and understand the Architectural Rules and Regulations and agree that the provisions of the same are made a part of this application, including all homeowner obligations and liabilities therein. I also acknowledge that architectural approval is not intended to be, nor shall it be considered, a substitute for obtaining required local governmental permits, inspections and approvals. I acknowledge that local governmental permits and inspections may be required and that it is my responsibility to obtain all such permits and inspections at my sole expense.
2. No work on the proposed improvements shall commence until I have received written approval of my final improvement plans from the Architectural Committee and have satisfied any and all conditions of such approval.
3. My failure to obtain the required Architectural Committee approval of any improvements or to comply with all applicable architectural standards will constitute a violation of the CC & Rs, and I may be required to modify or remove such improvements at my sole expense.

Homeowner Signature \_\_\_\_\_ Date \_\_\_\_\_

Association Use Only

Approved \_\_\_\_\_ Disapproved \_\_\_\_\_ Comments \_\_\_\_\_

Architectural Committee Signature \_\_\_\_\_ Date \_\_\_\_\_

## Cypress Home Owners Association Architectural Submission Checklist

In order for your architectural application to be complete, you must attach the items listed below to your application for review by the Architectural Committee.

### Plans & Specifications

- Two (2) sets of plans & specifications
- Proper scale used on plans 1/8" = 1'-0" or 1/4" = 1'-0"

### Structural changes/additions (e.g., front doors, windows, patio covers, fences, solar panels)

- Dimensions (height, width & length) shown on plans
- Color and materials to be used
- Elevation view of structure

### Hardscape (e.g., patio stones/pavers, walkways)

- Dimensions shown on plans
- Grades shown for all hardscape (flow direction and slope)
- Elevation shown for all hardscape (patio slab) in relationship to stucco screed
- Color and material to be used for finished surfaces (photo or sample attached)

### Landscape

- Plant material species specified
- Plant material sizes specified
- Plant material located on plans
- Dimensions for lot boundaries
- Dimensions showing location of trees
- Dimensions of all planter areas
- Grades shown for landscape areas (flow direction and slope)
- Existing and proposed drainage systems specified

### Raised Planters

- Drainage shown/specified
- Waterproofing specified
- Material and finish specified (photo or sample attached)

Homeowner's Name \_\_\_\_\_

Date \_\_\_\_\_

Home phone \_\_\_\_\_ Cell  
phone \_\_\_\_\_ Email \_\_\_\_\_

Address where work is to be performed \_\_\_\_\_

Submission forwarded to Architectural Committee

Date \_\_\_\_\_

Submission insufficient, returned to homeowner

Date \_\_\_\_\_

Please return this form with your architectural application and related plans and specifications to: Cypress Home Owners Association, c/o Accell Property Management Co., 23046 Avenida de la Carlota, Suite 700, Laguna Hills CA 92653. If you have questions regarding the architectural review process, please contact Accell Property Management Co., 949-581-4988.