

Cypress

Home Owners Association

November 15, 2012

Re: 2013 Fiscal Year Pro-forma Operating Budget, Reserve Summary and Disclosures, Deferred Reserve Maintenance Disclosure, Collection Policy, Alternative Dispute Resolution, Insurance Disclosure, Rules and Regulations, Architectural Guidelines and Fine Policy.

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 2013 fiscal year.

The Association's monthly assessment will remain at \$285.00 for the 2013 fiscal year. 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 2013 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 Yamy Criblez, Cypress Home Owner Association's Management Representative with Accell Property Management.

Sincerely,

Board of Directors
Cypress Home Owners Association

**Cypress Home Owners Association
Approved Budget
January 1, 2013 to December 31, 2013**

<u>Jan '12 - Dec '12 Budget</u>	Number of Units	250	<u>Jan '13 - Dec '13 Budget</u>	Average Cost per Unit per Month
Income				
855,000.00	4010	Assessment Income	855,000.00	285.00
0.00	4021	Damage Assessment	0.00	0.00
150.00	4040	Fines	150.00	0.05
3,150.00	4050	Late Charges	3,150.00	1.05
8,000.04	4060	Collection Fees	8,200.00	2.73
500.04	4070	Keys	900.00	0.30
200.04	4085	Clubhouse Rental Fee	800.00	0.27
999.96	4095	Reserve Interest	0.00	0.00
0.00	4098	Miscellaneous Income	0.00	0.00
0.00	4100	Rental Income	0.00	0.00
<u>868,000.08</u>	Total Income		<u>868,200.00</u>	289.40
Expense & Allocation				
Utilities				
36,000.00	5010	Electricity	33,584.71	11.19
1,599.96	5020	Gas	2,500.00	0.83
51,999.96	5030	Water	57,000.00	19.00
<u>63,000.00</u>	5060	Trash/Waste Disposal	<u>63,000.00</u>	21.00
152,599.92	Total Utilities		156,084.71	52.03
Landscape				
85,200.00	5110	Maintenance Service	85,200.00	28.40
5,000.04	5120	Irrigation Repairs	2,500.00	0.83
2,000.04	5125	Backflow	2,000.04	0.67
1,400.04	5130	Plant Material	1,400.00	0.47
9,000.00	5170	Tree Trimming	7,000.00	2.33
<u>999.96</u>	5185	Extras	<u>999.96</u>	0.33
103,600.08	Total Landscape		99,100.00	33.03
Building Maintenance				
9,000.00	5210	Custodial Services	6,500.00	2.17
500.04	5215	Custodial Supplies	300.00	0.10
500.04	5222	Lighting Supplies	500.00	0.17
3,500.04	5230	Pest Control Services	4,000.00	1.33
21,500.04	5300	Common Area Repairs	18,570.00	6.19

<u>Jan '12 - Dec '12 Budget</u>		<u>Jan '13 - Dec '13 Budget</u>	Average Cost per Unit per Month
15,000.00	5305 Plumbing	15,000.00	5.00
12,000.00	5315 Roofing	6,000.00	2.00
<u>62,000.16</u>	Total Building Maintenance	<u>50,870.00</u>	<u>16.96</u>
	Pool & Spa		
11,349.96	5410 Pool & Spa Maintenance Serv	10,000.00	3.33
6,999.96	5415 Pool & Spa Repairs	5,000.00	1.67
1,599.96	5420 Pool & Spa Supplies	2,000.00	0.67
2,000.04	5425 Pool & Spa Chemicals	1,000.00	0.33
1,599.96	5435 Pool & Spa Inspections	1,705.00	0.57
<u>23,549.88</u>	Total Pool & Spa	<u>19,705.00</u>	<u>6.57</u>
	Administration		
8,000.04	5805 Collection Fees	8,200.00	2.73
20,000.04	5815 Bad Debt Write Off	20,000.00	6.67
150,000.00	5820 Insurance	150,000.00	50.00
300.00	5831 Board Member Education	300.00	0.10
41,499.96	5840 Management Services	43,558.20	14.52
1,100.04	5841 Management Services Extras	10,000.00	3.33
0.00	5842 Clubhouse Management	900.00	0.30
3,000.00	5855 Printing and Postage	3,017.14	1.01
999.96	5860 Community Social Events	150.00	0.05
0.00	5865 Emergency Preparedness Cor	200.00	0.07
2,000.04	5890 Federal Income Tax	0.00	0.00
999.96	5895 State Income Tax	0.00	0.00
549.96	5910 Website	550.00	0.18
999.96	5911 Tax & Audit Preparation	1,000.00	0.33
999.96	5915 Reserve Study	500.00	0.17
3,999.96	5930 Legal & Accounting	3,500.00	1.17
1,500.00	5998 Miscellaneous	1,000.00	0.33
<u>235,949.88</u>	Total Administration	<u>242,875.34</u>	<u>80.96</u>
577,699.92	Total Expense	568,635.05	189.55

<u>Jan '12 - Dec '12 Budget</u>		<u>Jan '13 - Dec '13 Budget</u>	<u>Average Cost per Unit per Month</u>
Fund & Reserve Allocation			
Non-Capital Reserve Allocation			
30,000.00	8140 Reserve Contingency	70,973.95	23.66
<u>50,000.04</u>	8150 Painting	<u>94,034.00</u>	<u>31.34</u>
80,000.04	Total Non-Capital Res Alloc	165,007.95	55.00
Capital Reserve Allocation			
3,000.00	8230 Clubhouse	3,509.00	1.17
999.96	8265 Walls & Fences	779.00	0.26
999.96	8266 Wrought Iron Replacement	1,869.00	0.62
2,000.04	8295 HVAC and Water Heater	1,230.00	0.41
9,999.96	8311 Irrigation Rehabilitation	7,791.00	2.60
2,000.04	8360 Furniture	0.00	0.00
6,000.00	8370 Pool and Spa Equipment	6,000.00	2.00
24,999.96	8380 Tot Lots	7,500.00	2.50
999.96	8381 Wood Benches	0.00	0.00
144,999.96	8390 Roofs	105,879.00	35.29
14,000.04	8395 Carport Rehabilitation	0.00	0.00
800.04	8400 Signage	0.00	0.00
<u>0.00</u>	8450 Wood repairs/replacement	<u>0.00</u>	<u>0.00</u>
<u>210,799.92</u>	Total Capital Reserve Alloc	<u>134,557.00</u>	<u>44.85</u>
<u>290,799.96</u>	Total Recon, Non-Cap & Capital	<u>299,564.95</u>	<u>99.85</u>
<u>868,499.88</u>	Total Expense & Allocation	<u>868,200.00</u>	<u>289.40</u>
<u>-499.80</u>	Net Surplus/(Deficit)	<u>0.00</u>	<u>0.00</u>

Reserve Disclosures

Profile

Name	Cypress HOA
Location	Cypress, CA 90630
Units/General Type	250 / Condominium
Base Year / Age	1965 / 47
Fiscal Year Ends	December-31

Parameters

Level of Service	Level 3 Reserve Study Update (No Site-Visit)
Prepared for Fiscal Year (FY)	2013
Most Recent On-Site Inspection Date	September 27, 2011
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	\$290,800 per year
Current Reserve Balance	\$428,088 as of August 31, 2012
Funding Plan - Method / Goal	Cash Flow / Threshold - set Reserve Allocation \$290,800

Summary

FY Start Balance	\$450,000 <i>(projected to current FY end/next FY start)</i>		
Fully Funded Balance	\$1,240,789		
Percent Funded	36%		
<i>Proposed Budget</i>	<i>per year</i>	<i>per month</i>	<i>per unit per month</i>
Reserve Allocation	\$290,800	\$24,233	\$96.93

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

Reserve Component	Current Cost	Useful Life	Remaining Life
01 Coat/Paint/Stain			
01.01 building exteriors,paint-A	\$113,558	7	5
01.02 building exteriors,paint-B	\$275,783	7	6
01.03 wrought iron,paint	\$7,949	4	1
02 Equipment			
02.01 deck,concrete repairs,pool areas	\$16,223	20	9
02.02 folding furniture,clubhouse #1	\$1,650	20	8
02.03 folding furniture,clubhouse #2	\$1,650	20	8
02.04 hvac,clubhouse #1	\$6,370	20	4
02.05 hvac,clubhouse #2	\$6,370	20	4
02.06 play equipment & surface	\$37,139	15	1
02.07 water heater,clubhouse #1	\$1,298	12	12
02.08 water heater,clubhouse #2	\$1,298	12	12
02.09 water heater,restroom,pool #3	\$1,050	12	12
03 Fencing			
03.01 wood fence	\$10,815	20	8
03.02 wrought iron,pool #1,replace	\$8,652	20	4
03.03 wrought iron,pool #2,replace	\$8,652	20	4
03.04 wrought iron,pool #3,replace	\$8,652	20	4
04 Paint,Stain,Coating- 9009			
04.01 carports,paint	\$45,964	6	3
05 Pools/Spas			
05.01 filter,pool #1	\$2,650	10	7
05.02 filter,pool #2	\$2,650	10	2
05.03 filter,pool #3	\$1,325	10	1
05.04 filter,wader #1	\$1,325	10	7
05.05 filter,wader #2	\$1,325	10	2
05.06 heater,pool #1	\$3,028	10	1
05.07 heater,pool #2	\$3,028	10	8
05.08 heater,pool #3	\$2,487	10	1
05.09 pumps,pools/waders	\$4,056	8	3
05.10 rehab,pool #1	\$12,978	12	9
05.11 rehab,pool #2	\$12,978	12	6
05.12 rehab,pool #3	\$9,149	12	10
05.13 rehab,wader #1	\$3,245	12	9
05.14 rehab,wader #2	\$3,245	10	6

Reserve Disclosures

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>
06 Restoration			
06.01 bathrooms,clubhouse #1	\$2,704	12	2
06.02 bathrooms,clubhouse #2	\$2,704	12	2
06.03 bathrooms,pool area #3	\$2,704	12	2
06.04 carports,rehab-unfunded	\$0	999	999
06.05 clubhouse #1,rehab	\$13,194	15	1
06.06 clubhouse #2,rehab	\$13,194	15	1
06.07 concrete,repairs	\$5,408	4	1
06.08 irrigation system,rehab	\$108,150	20	3
07 Roofs			
07.01 flat roofs-02	\$10,815	25	6
07.02 flat roofs-06	\$32,445	25	9
07.03 flat roofs-07	\$37,853	25	19
07.04 flat roofs-08	\$43,260	25	1
07.05 flat roofs-11	\$59,483	25	7
07.06 flat roofs-12	\$64,890	25	15
07.07 flat roofs-13(a)	\$70,298	25	14
07.08 flat roofs-13(b)	\$70,298	25	20
07.09 flat roofs-15	\$81,113	25	25
07.10 flat roofs-22	\$118,965	25	16
07.11 flat roofs-24	\$129,780	25	17
07.12 flat roofs-26	\$140,595	25	18
07.13 flat roofs-27	\$146,003	25	23
07.14 flat roofs-29	\$156,818	25	10
07.15 flat roofs-40	\$216,300	25	21
07.16 mansard roofs-2000	\$21,738	50	38
07.17 mansard roofs-2001	\$76,084	50	39
07.18 mansard roofs-2002	\$65,214	50	40
07.19 mansard roofs-2003	\$72,461	50	41
07.20 mansard roofs-2004	\$68,837	50	42
07.21 mansard roofs-2005	\$50,722	50	43
07.22 mansard roofs-2006	\$94,199	50	44
07.23 mansard roofs-2007	\$72,461	50	45
07.24 mansard roofs-2008	\$76,084	50	46
07.25 mansard roofs-2009	\$68,837	50	47
07.26 mansard roofs-2010	\$28,984	50	48
07.27 mansard roofs-2011	\$10,869	50	49

Reserve Disclosures

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>
07 Roofs			
07.28 mansard roofs-2012	\$54,345	50	50
07.29 mansard roofs-2013	\$155,790	50	1
<i>Grand Total:</i>	\$3,060,141		

**Cypress Home Owners Association
Assessment and Reserve Funding Disclosure Summary
January 1, 2013 to December 31, 2013**

1) The current assessment per unit is \$285.00 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 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is \$1,044,657.00 based in whole or part on the last reserve study or update prepared by Strategic Reserve Corporation as of 12/31/12. The projected reserve fund cash balance at the end of the current fiscal year is \$450,000.00 resulting in the reserves being 43.08% funded at this date.

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. 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 0.7% percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.0% percent per year.

Year Ending	Projected Reserve Balance (a)	Estimated Amount Required in Reserves (b)	Percent Fully Funded (c)
2013	\$458,307.00	\$1,240,789.00	36.94%
2014	\$753,958.01	\$1,147,754.00	65.69%
2015	\$900,824.40	\$1,343,773.00	67.04%
2016	\$1,187,409.44	\$1,386,161.00	85.66%
2017	\$1,382,129.06	\$1,568,408.00	88.12%

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 1365.5. 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 this article. 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
 January 1, 2013 to December 31, 2013

101.91% Funding

250 Units

Fiscal Year	Accumulated Reserves	Reserve Expenditures	Ideal Allocation	Expected Allocation	Surplus/ (Deficit)	Additional Assessment per Unit per Month
2013	450,000	291,258	293,950	299,565	458,307	0.00
2014	458,307	12,824	302,693	308,475	753,958	0.00
2015	753,958	172,833	313,707	319,699	900,824	0.00
2016	900,824	43,552	323,949	330,137	1,187,409	0.00
2017	1,187,409	147,132	335,444	341,852	1,382,129	0.00
2018	1,382,129	361,598	346,581	353,201	1,373,732	0.00
2019	1,373,732	78,047	356,590	363,402	1,659,087	0.00
2020	1,659,087	21,716	263,614	268,650	1,906,020	0.00
2021	1,906,020	162,072	272,876	278,088	2,022,037	0.00
2022	2,022,037	223,043	281,449	286,825	2,085,819	0.00
2023	2,085,819	15,082	289,887	295,424	2,366,162	0.00
2024	2,366,162	172,777	300,082	305,814	2,499,199	0.00
2025	2,499,199	424,602	309,492	315,404	2,390,001	0.00
2026	2,390,001	118,603	317,461	323,525	2,594,923	0.00
2027	2,594,923	172,711	327,891	334,154	2,756,366	0.00
2028	2,756,366	298,051	338,287	344,749	2,803,064	0.00
2029	2,803,064	243,146	348,156	354,806	2,914,724	0.00
2030	2,914,724	266,598	358,767	365,620	3,013,746	0.00
2031	3,013,746	272,611	369,585	376,645	3,117,780	0.00
2032	3,117,780	625,057	380,741	388,014	2,880,737	0.00
2033	2,880,737	555,644	389,823	397,269	2,722,362	0.00
2034	2,722,362	25,147	399,778	407,415	3,104,630	0.00
2035	3,104,630	501,597	413,849	421,754	3,024,787	0.00
2036	3,024,787	86,074	425,028	433,147	3,371,860	0.00
2037	3,371,860	197,801	439,546	447,942	3,622,001	0.00
2038	3,622,001	362,685	453,749	462,416	3,721,733	0.00
2039	3,721,733	732,536	467,272	476,198	3,465,395	0.00
2040	3,465,395	39,222	478,688	487,832	3,914,004	0.00
2041	3,914,004	69,708	495,435	504,899	4,349,195	0.00
2042	4,349,195	31,501	512,497	522,287	4,839,981	0.00

Cypress Home Owners Association
Approved Budget

Reserve Component Deferred
Maintenance Disclosure Statement

Deferred Reserve Components: At November 15, 2012

Reserve Component	Deferred Maintenance	Reason to Defer Maintenance
8150 - Painting	Painting of Wrought Iron	Component continues to perform effectively.
8230 - Clubhouse	Rehabilitation of Clubhouse 1 & 2	Work is currently being scheduled.
8295 - Hot Water Heater	Replacement of Hot Water Heaters at Clubhouse 1 & 2	Component continues to perform effectively.
8370 - Pool and Spa Equipment	Replacement of Filter - Pool 3	Filter was replaced.
8370 - Pool and Spa Equipment	Replacement of Heaters - Pools 1 & 3	Component continues to perform effectively.
8380 - Tot Lots	Replacement of Equipment and resurfacing	Work will be scheduled following completion of preparatory work on association components.
8390 - Roofs	Replacement of Flat Roofs 2008 and Mansards 2013	Flat roof replacement is currently being scheduled. Mansard roofs to be evaluated in the 2013 fiscal year.

Other Budgeted Reserve Components:

Reserve Budget Category	Deferred Maintenance	Reason to Defer Maintenance
8140 - Reserve Contingency	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
8311 - Irrigation Rehabilitation	none at this time	N/A
8360 - Furniture	none at this time	N/A
8381 - Wood Benches	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
Annual Funding Disclosure
For the Fiscal Year January 1, 2013 - December 31, 2013

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.

Assessments

The Association is funding reserves at 100% 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. However, 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.

Assumptions and Variables

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.

Procedures Used for Calculation and Establishment of Reserves

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.

**Cypress Home Owners Association
Collection Policy
Effective January 1, 2013**

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 1367(a); Civil Code Section 1367.1(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) nor 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.
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 fifteen dollars (\$15), 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 1367.1 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 in Article 5 (commencing with Section 1363.810) of Chapter 4 of the Civil Code, 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 Section 1367(e); Civil Code Section 1367.1(g)].
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 pursuant to Civil Code section 1367.4, et seq. 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 pursuant to sections 1367.1 (c) and 1368.810 of the Civil Code.
9. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Civil Code Section 1365.2 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 required in Article 5 (commencing with Section 1363.810) of Chapter 4 or alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7.
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
Civil Code Section 1365.1 Compliance Notice
Effective January 1, 2013**

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Section 1367.4 of the *Civil Code*. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. **(Sections 1366, 1367.1, and 1367.4 of the Civil Code.)**

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. **(Sections 1366 and 1367.1 of the Civil Code.)**

The association must comply with the requirements of Section 1367.1 of the *Civil Code* when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. **(Section 1367.1 of the Civil Code.)**

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. **(Section 1367.1 of the Civil Code.)**

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. **(Section 1367.1 of the Civil Code.)**

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

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. **(Section 1367.1 of the Civil Code.)**

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

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.)**

**CYPRESS HOME OWNERS ASSOCIATION
SUMMARY OF CALIFORNIA CIVIL CODE
INTERNAL AND ALTERNATIVE DISPUTE RESOLUTION REQUIREMENTS
FOR COMMON INTEREST DEVELOPMENTS
At November 15, 2012**

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 7, under Title 6 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 7, under Title 6. 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 1369.520 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 1354, 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 1363.840. These procedures require that: (1) The party may request the other part 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.

**CYPRESS HOME OWNERS ASSOCIATION
INSURANCE COVERAGE DISCLOSURE
AT NOVEMBER 15, 2012**

In conformance with the California Civil Code, Section 1365, the following coverage limits apply to Cypress Home Owners Association insurance coverage:

Limits of Insurance

**The following coverage is provided by
Mid-Century Insurance Company:**

Property

Buildings/Auxiliary Structures	\$40,705,000.00
Deductible	10,000.00
Fidelity Bond	700,000.00
Deductible	100.00

Liability

General Liability	\$2,000,000.00
Aggregate	4,000,000.00
Directors & Officers Liability	1,000,000.00
Aggregate	1,000,000.00
Medical Payments	5,000.00
Deductible	1,000.00

Earthquake Insurance	23,000,000.00
Deductible	20%

Patrick Prendiville, Prendiville Insurance Agency, assisted the Cypress Home Owners Association in the development of the general liability policy limits. The coverages shown above follow the recommendations by Prendiville Insurance Agency 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 governing documents and Title VI, of the California Civil Code.

The coverage's 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 subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around 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 (CHOA)
Responsibilities • Rules and Regulations • Architectural Guidelines
Adopted Date: July 26, 2012

CHOA Responsibilities

(excluding damage caused by homeowners and residents)

1. Exterior painting of all original dwellings, carports, clubhouses, and pool structures including:
 - a. Wood trim and doors
 - b. Metal trim
 - c. Stucco
2. Interior painting in clubhouse and pool structures.
3. Roofs on original structures (excluding damage caused by homeowner installations such as antennae, air conditioning, satellite dishes, and solar heating panels).
4. Plumbing, electrical, and general maintenance and repair of clubhouses and pools.
5. Common area fencing and landscaping. (Common areas are the grounds, playgrounds, pool areas, clubhouses, and fronts and sides of unit exteriors.)
6. Trash collection and trash areas.
7. Unit address numbers, signage, and carport space numbers/stripping.
8. Pests, including but not limited to bees and wasps, in the common area.
9. Playground surfaces and equipment.
10. Interior sidewalks.

Utility/City Responsibilities

1. Golden State Water Company:
 - a. Water line from the main to the meter.
2. Southern California Edison Company:
 - a. Residential walkway and carport lighting, and streetlights.
3. Gas Company:
 - a. Pool heating.
4. The City of Cypress:
 - a. Larwin Avenue, streetside sidewalks, and alley asphalt.

Homeowner Responsibilities

1. Patio covers and enclosures.
2. Exterior glass, screens, screen/security doors, eave screens, mailboxes, doorbells, and porch lights.
3. Structural condition of exterior doors on homes and storage areas.
4. Fencing enclosing patio areas and fencing between individual patios.
5. Air conditioning and heating units.
6. Termite control and repair due to termite damage.
7. All pest control inside the unit.
8. Hose bibs.
9. Water line from meter to home.
10. All other items not specifically mentioned above as being maintained by the Association or by a third party such as the City and the utility companies.
11. Interior walls, ceilings, mouldings, electrical wiring, floors and floor coverings, and doors. All homeowners must have their own personal homeowner's insurance to protect their personal property and the interior of the units.

Rules and Regulations

1. Rules and Regulations of the Cypress Home Owners Association may be modified by the Board of Directors. Homeowners will be given a 30-day comment period on the new rules. Once approved by the Board, notice of the changes will be sent to the homeowners within 15 days. Violation of any of these rules may result in fines or other

action as defined in the Violation and Fine Policy. Homeowners are responsible for ensuring their tenants/renters observe all rules.

2. One real estate sign or rental sign may be placed on that portion of the common area adjacent to the unit for sale or rent or on that portion of the common area most visible from the street. 'For Sale' and 'For Rent' signs may not exceed 18 inches by 24 inches. 'For Sale' signs must be removed after property is sold. Display of 'Sold' sign is allowed for not more than seven (7) days. Sold signs remaining in the property after seven (7) days will be removed by the Board. Signs placed in violation of the above shall be removed by the management company/property manager and/or members of the Board of Directors and turned over to the management company.
3. No noxious, loud, or offensive activity shall be carried out upon any Lot or any part of the Properties, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the owners of his/her respective dwelling unit, or which shall in any way increase the rate of insurance. Abusive language and profanity, and loud noise/music are not allowed.
4. No personal property shall be left in front of any residence. This includes, but is not limited to, barbecues, bicycles, volleyball nets, skateboards and scooters, tents, toys, mops and brooms, and shoes and sandals. Front common areas are not to be used for storage or as primary cooking areas.
5. Sidewalk chalk is allowed in front of resident's unit only and must be removed by resident within 24 hours. Chalk writing is not allowed in the street or on common areas.
6. No hitting of balls is permitted in the common area. Playing catch or throwing balls is allowed provided there is no disturbance to nearby homeowners. Throwing balls against a unit or building is prohibited.
7. No skateboarding, scooters, or roller-skating is allowed in the common areas and alleyways. No roller skating/bicycle ramps are allowed. Benches and porches are not allowed to be used as roller skating/bicycle ramp.
8. No hockey playing is allowed throughout the entire complex.
9. No climbing of trees is allowed.
10. No climbing on carport and/or building roofs is allowed.
11. No carpet is permitted in the front porch entryway. Only standard entry mats are permitted.
12. Only standard window coverings (curtains, blinds, and shades) are permitted. Bed sheets, paper, posters, stickers, or foil are not allowed.
13. Window or roof unit air conditioners are prohibited.
14. Items kept on a homeowner's patio (other than standard patio furniture) must not be visible over the fence from the ground level.
15. Clotheslines on front porches, fences, or in carports or other common areas are prohibited.
16. All trash must be put in the appropriate trash receptacles provided, either regular trash or recyclable trash. The trash service allows homeowners two (2) free large item pickups per year (e.g., hot water tanks, dishwashers, mattresses, furniture and the like). Prior to placing a large item within the trash bin area (large items are not to be placed in the dumpster) the large item pickup must be coordinated with the property manager. Household and hazardous waste (petroleum products, pesticides, paint, etc.) are not to be disposed of in trash bin, but can be disposed of at the Household and Hazardous Waste Collection Center in Huntington Beach.
17. Appropriate holiday decorations may be displayed in front of a unit no sooner than four (4) weeks prior to a holiday and must be removed no later than four (4) weeks following the holiday.
18. Residents are not permitted to camp in the common area.
19. Only gas barbecues are permitted. Charcoal grills are not allowed. Gas barbecues may be used in front yard areas, but cannot remain in the front area for more than twenty-four (24) hours.

20. Renters or guests who are responsible for the destruction of Association property in the pools and/or common area will result in the owner being assessed the full value of repairing or replacing the property.
21. Owners renting their unit are responsible for the conduct of all occupants of their units. Rule violations levied against any occupant will result in a fine against the owner for the rule violation.
22. Bounce houses are not allowed in the common area.

Animal /Pet Rules

1. Any complaints pertaining to pets should be forwarded in writing to the management company/property manager.
2. Pets are not allowed to relieve themselves in the common area. Should any such incident occur, the waste shall be promptly removed by the pet's owner or responsible homeowner.
3. Washing of animal refuse from patios and carports is not allowed.
4. Pets may not be chained or tied in common area, nor are they allowed in the pool areas.
5. Pets are not permitted to run loose in the common area.
6. Dogs, cats, or any pets liable to cause a disturbance are prohibited from the common area. Prolonged noise from any pet will not be tolerated and can be reported to Orange County Animal Control Services, 714-935-6848 (8:00 a.m. – 5:00 p.m.) or 714-935-7158 (5:00 p.m. – 8:00 a.m.).
7. Pet ownership shall conform to all city and county regulations, including those ordinances involving number of pets, rabies vaccinations, licenses, etc. The limit for number of pets is three (3) dogs OR three (3) cats, or any combination thereof.

Clubhouse Rules

Clubhouse Manager and/or CHOA are not responsible for lost or stolen items.

1. Maximum occupancy is 51 – This is in accordance with the Cypress City Code.
2. Pool key is to be used for the restrooms only. No pool use is allowed during your party.
3. No one under the age of 21 years is permitted the use of the clubhouse without supervision at all times by an adult at least 21 years of age.
4. No alcohol is allowed.
5. No loud music or excessive noise. No disc jockeys or live bands.
6. The event is to remain inside the clubhouse at all times.
7. Outdoor barbecues, tables, outdoor bars, or outdoor buffets are strictly forbidden.
8. No pets or animals are permitted in the clubhouse.
9. Decorations may be put up with masking tape only to avoid damage to surfaces.
10. No glitter or confetti is to be used inside the clubhouse.
11. Fireplaces are not to be used.
12. The clubhouse must be vacated by all guests by 9:00 P.M. Sunday through Thursday, and by 10:00 P.M. Friday, Saturday, and day before a holiday.

Upon leaving, all doors must be securely locked, all lights must be turned off (including the restrooms), and the air conditioner/heater must be in the OFF position. The key must be returned to the clubhouse manager the following day by 10:00 A.M. Neither Cypress Home Owners Association nor Clubhouse Manager is responsible for lost or stolen items.

A \$20.00 fee is to be collected by the Clubhouse Manager who will forward it to the Association. A deposit of \$100.00 is required for all clubhouse reservations and is to be presented when the key to the clubhouse is picked up. Homeowner and tenant/renter is responsible for any and all damages that may occur to the clubhouse and restrooms during their use or the deposit will not be returned. The deposit may also not be returned if the key is lost, and/or if the following is not done to the satisfaction of the clubhouse manager to ensure the clubhouse is left in good clean condition:

- Floors are to be swept and cleaned.
- All trash must be removed and trashcans cleaned, if necessary, to avoid ants.
- Tables and chairs must be left clean and neatly stacked.
- All decorations, balloons, and tape must be removed.
- Kitchen sink and counters must be thoroughly cleaned. Refrigerator and stove must be thoroughly cleaned and left empty.

Landscaping Rules

1. Unit fronts and sides are considered common areas, and therefore Association property. These areas are maintained by the Association's landscaping company, not the homeowner. Homeowners who have questions or complaints about landscaping maintenance should address them to the management company/property manager.
2. Homeowners may place planters and/or pots containing plants in the common areas in front of their units, but these must be maintained by the homeowner. They must be kept clear of the front door. If plants in these containers are not properly maintained, homeowners will be subject to violations and fines, and removal of the containers.
3. Plants and trees in patios areas must be kept away from the building exterior and roof.
4. Homeowners are not permitted to remove or alter any landscaping or to plant additional landscaping in the common area without the written consent of CHOA. Homeowners wishing a change to existing landscaping or additional landscaping may submit a request in writing using the Association's architectural application form along with a landscape design plan detailing location and type of plants to be used. After new landscaping has been approved and installed by the Association's landscaping company, regular maintenance is the responsibility of the Association's landscaping company, **not** the homeowner.
5. Lawn ornaments are not allowed in the common area.
6. Homeowners wishing to install solar or Malibu lights must submit an architectural application and receive approval before installation.
7. Appropriate lawn furniture is allowed in front of residences. It must be maintained in good repair, and blend in with the décor of surrounding buildings.
8. Residents must not disturb or make direct requests of the gardeners hired to maintain the complex. Any request for landscape maintenance should be directed to the management company/property manager.

Parking Rules

1. All vehicles and trailers parked in the carport areas must have current DMV registration stickers.
2. No parking is allowed in the fire zones, in front of the garbage bins, or behind parked cars in the carport area. Vehicles parked in these areas shall be reported to the police and are subject to the laws of the City of Cypress.
3. Inoperative or abandoned vehicles may not be kept, placed, or stored in homeowner parking or visitor spaces. For purposes of this regulation, a vehicle is considered to be inoperative or abandoned if:
 - a. The DMV registration stickers on the vehicle's license plate have been expired for six (6) months or more;
 - b. The vehicle is lacking an engine, transmission, wheels, tires, doors, windshield or any other major part or equipment necessary to operate safely on the highways; and/or
 - c. The vehicle is on jacks or blocks or has one or more flat tires and the vehicle has not been moved within ninety-six (96) hours following issuance of a parking citation.
4. Homeowners who have registered a vehicle as "Planned Non-Operation" with the DMV must place a copy of that registration in plain view on the front dashboard or windshield.
5. Each homeowner is assigned two (2) parking spaces. Only one vehicle or trailer may be parked in a parking space except when written authorization is given by the Board of Directors for a motorcycle.
6. Vehicles shall be parked only in their assigned parking spaces except when the Board of Directors has been provided a copy of a written agreement between two (2) homeowners that has been signed by both parties.
7. No vehicle of any kind shall be parked in a guest parking space for more than ninety-six (96) hours except with written permission from the Board. Guest parking spaces are those spaces where no carport exists but the space is clearly marked for visitor parking.
8. Residents shall not park in the guest parking spaces.
9. Homeowners are responsible for their guest/tenant's compliance with all parking rules.
10. Major repairs of vehicles are not allowed in the carports. Minor repairs that may be completed within twenty-four (24) hours are allowed. No petroleum products or solvents shall be spilled or washed onto the common area, and they shall not be dumped into the trash bins. This includes all forms of vehicle engine lubricants, cleaners, etc.
11. Each homeowner shall be responsible for any oil and other fluids spilled in the carports.
12. Carports are for parking vehicles and not for storage of any items (e.g., trailers, furniture, carpet, appliances).
13. Vehicles parked in fire lanes or in marked "No Parking" areas, vehicles parked within fifteen (15) feet of a fire hydrant, in front of garbage bins, behind parked cars, or in a manner which blocks a resident's ability to enter or exit a carport are subject to tow at the vehicle owner's expense without prior notice or warning. In addition to, or as an alternative to towing, the Association reserves the right to impose fines for such violations occurring on common area in accordance with the Association's published fine policy.
14. Vehicles parked in violation of any other parking regulation are subject to tow at the vehicle owner's expense at any time after ninety-six (96) hours have elapsed following the issuance of a vehicle citation. In addition to, or as an alternative to towing, the Association reserves the right to impose fines for such violations in accordance with the Association's published fine policy.

Pool Rules

For everyone's safety and enjoyment, the pool rules must be observed by all homeowners, renters, and guests. The "pool area" includes the swimming pools and surrounding property within the fence, as well as the clubhouse restrooms. Remember that homeowners live very close to the pool, and pool noise is magnified by the water. **There is NO lifeguard on duty. Pool gate must be closed and locked at all times.**

1. Pool safety equipment is for EMERGENCY USE ONLY. Pool ropes are for safety only, not for playing.
2. Infants and toddlers must wear swim diapers.
3. Children under 14 years of age must be accompanied by a resident adult (at least 18 years of age) in the pool area.
4. Persons with skin disorders, communicable diseases, or open wounds are not allowed in the pool.
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). 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 four-inch wide cedar wood or redwood or Timberwolf 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.) 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
VIOLATION AND FINE POLICY
Approved Date: July 26, 2012**

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/Rentor 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 (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.