



Cypress Home Owners Association

NEWS

www.cypresshoa.org

April/May 2009

President's Report

Don Moreau

Greetings. It was good to see too many new faces at the March meeting who came for an informative discussion about our earthquake insurance, loss assessment, and how the deductible works. Many thanks to Patrick Prendiville for his participation.

I would like to remind everyone that earthquake insurance is just one of the many components that are factored into our annual budget. Additional items include re-roofing, repainting, and all other items necessary for the up-keep and maintenance of our structures and our community.

The budget process begins in late summer and is discussed over the course of several Board meetings. Homeowners are always encouraged to attend these meetings.

Now that the weather is warmer, our pools and playgrounds are getting more use. Please be sure children are properly supervised. Remember it is a state law that an adult must accompany children under the age of 14 in the pool areas for the protection and safety of the children.

Accell Property Management

Silvia Gutierrez, Property Manager
23046 Avenida de la Carlota, Ste 700
Laguna Hills CA 92356
949-581-4988; silvia@cypresshoa.org

Maintenance requests/service

Contact Customer Service
949-581-4988; accell@cypresshoa.org

Billing and monthly statements

Contact Accounting
949-581-4988
accounting@cypresshoa.org

Board Meetings Clubhouse #2, 7:15pm

**Thursday, April 23
Thursday, May 28**

**Clubhouse Reservations
Sabrina Moreau
714-252-9021
sabbmom@yahoo.com**

Earthquake Insurance for Condo Owners

Patrick Prendiville, CIRMS
Prendiville Insurance Agency
patrick@prendivilleagency.com

Homeowners' personal property insurance policies do not cover earthquake damage; a separate policy with the California Earthquake Authority is necessary.

The CEA is a privately-financed, publicly-managed entity that offers residential earthquake policies through many participating insurance companies, including State Farm, Automobile Club, Mercury Insurance, USAA, and Farmers.

The CHOA earthquake insurance package includes a master earthquake policy for the Association's property – the structures. However, this does not include interior repairs, personal property, loss of use, or loss assessment.

It is recommended that homeowners purchase a policy through CEA that includes:

Real property: Up to \$25,000 to repair structural components, such as interior upgrades, cabinetry, plumbing, and electrical fixtures. 15% deductible.

Personal property: Up to \$100,000 in coverage for personal belongings, such as furniture, clothing, and electronics. \$750 deductible.

Loss of use: Up to \$15,000 for alternative housing and extra expenses after a claim. No deductible.

Loss assessment: Up to \$75,000 to cover assessments by CHOA for earthquake-related damage. 15% deductible. Under CHOA's current master earthquake policy, there is a 20% deductible that may be assessed to all homeowners following a claim. Loss assessment coverage of \$50,000 should be a reasonable and sufficient level of protection for CHOA homeowners.

The cost of a CEA policy varies with the coverage, but should range between \$300 to 500. A good value when you consider the cost of a hotel room for two weeks (or more) or the cost of replacing all your belongings on your own or paying a special assessment in the amount of thousands of dollars. Policies solely for loss assessment protection average about \$300.

A CEA policy will not replace the Association's master policy. It is meant to complement the master policy and fill in the gaps between homeowner and association responsibilities.

For more information, contact your personal insurance agent or visit www.earthquakeauthority.com.

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February 2009

Year-to-date Income Statement

Modified accrual basis

Treasurer's Report

Brenan Cheung

	2 Months	Budget	Variance
Income			
Assessments	137,116.00	137,500.00	(384.00)
Fines	0.00	83.34	(83.34)
Late Charges	1,260.00	795.84	464.16
Keys	0.00	33.34	(33.34)
Collection Fees	420.00	1,100.00	(680.00)
Reserve Interest	9.82	1,016.74	(1,006.92)
Total Income	138,805.82	140,529.26	(1,723.44)
Expense & Allocation			
Utilities:			
Electricity	5,437.77	5,166.66	(307.11)
Gas	21.68	633.34	611.66
Water	5,322.81	7,626.66	2,293.85
Trash/waste disposal	8,897.68	7,833.34	(1,064.34)
Total Utilities	19,725.94	21,260.00	1,534.06
Maintenance:			
Landscape	18,575.65	16,825.02	(1,750.63)
Buildings & Grounds	14,090.10	11,073.34	(3,016.76)
Pools	6,601.09	3,833.34	(2,767.75)
Total Maintenance	39,266.84	31,731.70	(7,535.12)
Administration:			
Collection fees	2,425.00	933.34	(1,491.66)
Insurance	29,435.30	33,333.34	3,898.04
Licenses/permits	0.00	200.00	200.00
Management serv.	6,914.00	6,914.00	0.00
Management serv. extras	626.25	166.66	(459.59)
Clubhouse management	0.00	100.00	100.00
Printing/postage	573.00	875.00	302.00
Federal income tax	0.00	666.66	666.66
State income tax	0.00	83.34	83.34
Website	0.00	91.66	91.66
Tax/audit prep.	0.00	233.34	233.34
Reserve study	0.00	183.84	183.84
Bank charges	0.00	30.00	30.00
Legal/accounting	1,200.00	500.00	(700.00)
Misc.	1,071.00	83.34	(987.66)
Total Administration	42,244.55	44,394.02	2,149.47
Total Expense	101,237.33	97,385.72	(3,851.61)
Reserve Allocation			
Non-Capital Reserves	13,774.06	13,774.06	0.00
Capital Reserves	29,369.50	29,369.50	0.00
Total Fund & Res. Alloc.	43,143.56	43,143.56	0.00
Total Expense & Alloc.	144,380.89	140,529.28	(3,851.61)
Net Surplus/(Deficit)	(5,575.07)	(0.02)	(5,575.05)

Treasurer's Note

Please do not hesitate to contact me with any comments or suggestions, 714-851-3158, brenan@cypresshoa.org.

As of February 2009, our operating expenses indicate a \$5,575 year-to-date variance (deficit) over what we had budgeted, and reserve interest revenue is not accurately reflected due to CD transfers. We paid invoices from 2008 for common area repairs, irrigation repairs and landscaping, and pool maintenance and corresponding annual permits. In addition, there is the annual retainer for the Association's attorney.

Based on the 2009 Budget, we continue to allocate reserve funds monthly for the roofing project (\$12,500), the painting project (\$6,887) and other assets (\$2,185).

I encourage everyone to pay their monthly assessments promptly in order to ensure the successful implementation of our ongoing projects, as well as to avoid late fees. Many lenders are becoming wary of HOAs with high delinquency rates and may refuse to lend to potential buyers. Please clear up any late fees as soon as possible, because just one \$15 late fee counts as delinquent.

On March 24, 2009, I visited Accell and met with the management and staff who handle our account. We discussed Accell's accounting system and the switch to full accrual, the reporting of the financial statements, vendor invoices and payment system, accounts receivable reconciliations, and cash flow statements. Several changes will be made in future financial reporting.

Board of Directors

Don Moreau, President
don@cypresshoa.org, 714-252-9021

Katie Bryson, Vice-President
katie@cypresshoa.org, 714-814-6716

Betsy-Ann Toffler, Secretary
betsyann@cypresshoa.org, 714-527-9220

Brenan Cheung, Treasurer
brenan@cypresshoa.org, 714-851-3158

Judith Fischer, Director-At-Large
judith@cypresshoa.org, 714-761-4503

