

Reserve Study Update Summary

This report documents the results of a reserve study performed by John D. Beatty & Company for the following:
Crown Colony Homeowners Association Daly City, California

It provides an analysis of the repair and replacement requirements for the association's major components and recommends a funding plan to meet those obligations. This study was performed in compliance with California Civil Code sections 1365 and 1365.5. The intent of this legislation is to insure that associations maintain a plan to meet all future obligations for major component maintenance. The essential elements of this legislation are:

- 1 . Identification of the major components which the association is obligated to maintain
- 2 . Current estimate of the useful life of each component
- 3 . Current estimate of the remaining life of each component
- 4 . Current estimate of the replacement cost of each component
- 5 . Current estimate of the total annual contribution necessary to maintain the major components
- 6 . Current estimate of the amount of cash reserves necessary to maintain the major components
- 7 . Disclosure of the current amount of accumulated cash reserves actually funded
- 8 . Disclosure of the percentage of reserves actually funded
- 9 . Disclosure of any determined or anticipated special assessments
- 10 . A general statement of methodology

SCOPE

This study is aligned with the association's fiscal year and establishes July 1, 2010 through June 30, 2020 as the period of time for which reserve expenditures and reserve fund balances are projected.

METHODOLOGY

A cash flow methodology was used to determine the annual reserve contribution. The underlying premise of this reserve funding approach is to establish a contribution level that will allow the association to maintain a positive balance in the reserve fund while meeting all anticipated maintenance obligations. The cash flow method allows the association to achieve this goal without the unnecessary overfunding of reserves. Also, as the interest earned on the reserve fund will not totally offset inflation, projections were made using the current inflation factor and an average interest rate on fully insured certificates of deposit.

In preparing this study, a comprehensive list of major components was developed and information was compiled on the type, number, age and cost of each of these components. In gathering this data, certain assumptions were made about costs, conditions, and future events and circumstances that may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the variations could be material. All life expectancies were based on reasonable industry experience for equipment and material and, unless specifically noted, all components were in a reasonable and ordinary condition.

No inspection was conducted of the major components. Information utilized to update the reserve study was obtained from management and the association's records.

For a component to be included in this study, the following criteria must be met:

- 1 . The maintenance of the component is the responsibility of the association;
- 2 . The maintenance of the component is not included in the annual operating budget;
- 3 . The estimated useful life of the component is greater than one year; and
- 4 . The estimated remaining life of the component is less than 30 years.

This study is intended to reflect the estimated replacement cost of the components and is not intended to project the actual cost of the work when performed. This limitation is necessary, as it is virtually impossible to predict with any degree of certainty the myriad factors that will impact costs at a future date. Because of this qualification, it is necessary for the results of this study to be reviewed annually to reflect any meaningful changes in use or significant increases in labor and/or materials costs.

The funding for this study has a threshold margin of 10%. This means that the projected ending balance for each fiscal year is at least 10% of the projected expenditures for the same year. This margin provides a contingency for any unforeseen or out of the ordinary repair or replacement expense. Additionally, it can be used in subsequent years as a source of funds for reallocation of the life cycles should the aging of any components be abnormally accelerated.

FINDINGS

The findings of this study indicate that it will be necessary to adjust the annual reserve contribution as indicated on 7-9 of this report in order to meet projected expenditures and keep pace with inflation. These findings are based on the following:

- 1 . Projected reserve fund balance as of July 1, 2010 \$ 1,475,564
- 2 . Reserve contribution for fiscal year 2009-2010 \$ 1,003,415
- 3 . Reserve contribution for fiscal year 2010-2011 \$ 1,051,579
- 4 . Assumed annual inflation rate 2.5%
- 5 . All "after tax" interest earned on reserve fund investments will be retained in the reserve fund.

DISCLOSURES

This plan provides adequate funds to meet projected expenditures without relying on a special assessments or increases in regular assessments that require a vote of the membership. Based on the assumption that the association will fund reserves in accordance with this plan, which includes those increases indicated above, the percent funded was calculated in the following manner:

<u>Accumulated Cash Reserves (Numerator)</u>	
Projected reserve fund balance as of July 1, 2010	\$ 1,475,564
<u>Accrued Liability (Denominator)</u>	
Estimate of the amount of cash necessary to repair, replace, restore or maintain the association's major components as of July 1, 2010	\$ 3,050,677
Percent Funded	48%

This Reserve Study was reviewed and approved by the Association's Board of Directors.

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Current Repair %	Repair/Replace Cost	Estimated Usfl Life	Fiscal Year		Actuals 2007	Actuals 2008	Actuals 2009	Proj/Act 2010	(2) 2011	(3) 2012	(4) 2013	(5) 2014	(6) 2015	(6) 2016
				Jul 1	Jun 30										
COMPUTER SERVICES:															
9901 - Bus Repair		4,282	1	1	8,307							4,612	4,727	4,845	
9902 - Bus Replacement		71,275	15	14	8,000	61,557									
ELEVATORS:															
9903 - System Upgrade		282,427	30	22											
9904 - Cab Enhancement		2,319	1	1	3,102			2,263	2,319	2,377	2,437	2,498	2,560	2,624	
9905 - Component Replacement		58,520	1	1	28,720	19,000	47,380	85,000	58,520	59,983	61,483	63,020	64,595	66,210	
9906 - 5 year Load Test		10,103	5	1				750	8,160					11,431	
FENCING:															
9907 - Wooden		3,046	1	1	2,935			2,972	3,046	3,122	3,200	3,280	3,362	3,446	
9908 - Iron Railings	10%	8,405	1	1	1,040		5,500	8,200	8,405	8,615	8,831	9,051	9,278	9,509	
9909 - Cyclone	10%	3,229	1	1	3,570			3,229	3,310	3,392	3,477	3,564	3,653		
LANDSCAPING:															
9910 - Stream Pumps		5,120	1	1	1,133		2,084	4,995	5,120	5,248	5,380	5,514	5,652	5,793	
9911 - Stream Resurface	33%	41,149	10	1			15,624		41,149						
9911 - Stream Resurface	33%	41,149	10	2					42,178						
9911 - Stream Resurface	33%	41,149	10	3					43,233						
9912 - Irrigation Controllers		3,655	1	1			2,575	30,510	125,000	3,747	3,840	3,936	4,035	4,136	
9913 - Irrigation Valves		6,623	1	1	5,725	6,835	9,345	7,100	6,623	6,788	6,958	7,132	7,310	7,493	
9914 - Tree Care		30,460	1	1	31,020	31,117	42,014	32,675	30,000	19,000	22,000	32,802	33,622	34,463	
9915 - Improvements		10,506	1	1	6,500	1,500	36,742	10,250	10,506	10,769	11,038	11,314	11,597	11,887	
LIGHTING:															
9916 - Wall Mounted Exterior	10%	5,252	5	4				2,138				5,656			
9917 - Post/Flood/Walks/New Additions		5,483	1	1			5,349	5,483	5,620	5,760	5,904	6,052	6,203		
9918 - Interior		41,958	20	9											
9919 - Exit		17,562	50	48											
9920 - Garage		2,437	1	1				2,377	2,437	2,498	2,560	2,624	2,690	2,757	
9921 - Tennis Court		7,725	10	3						8,116					
MECHANICAL SYSTEMS:															
9922 - Boilers Repair	10%	12,238	1	1	11,571	6,028	8,942	11,940	12,238	12,544	12,858	13,180	13,509	13,847	
9923 - Boiler Rebuild / Holding Tanks Rplc		23,639	25	25	2,805			23,063							
9924 - Exhaust Fan Motors	5%	3,228	1	1	2,849	4,353		3,149	3,228	3,308	3,391	3,476	3,563	3,652	
PAVED SURFACES:															
9925 - Repair/Seal/Stripe (Drives)		64,614	5	5				22,625					71,322		
9926 - Petromat (Drives)		144,892	24	10											
9927 - Repair Garage Floors		24,000	10	6											
9928 - Concrete Walkways Repair		4,370	1	0	4,595	1,265	20,240	10,500	4,370	4,479	4,591	4,706	4,824	4,944	
PAINTING EXTERIOR:															
9929 - Townhomes		90,513	5	1	81,600			90,513						102,407	
9930 - Corridor Buildings	25%	107,046	5	2	199,800			109,722							
9930 - Corridor Buildings	25%	107,046	5	3			120,000			112,465					
9930 - Corridor Buildings	25%	107,046	5	4			108,000					115,276			
9930 - Corridor Buildings	25%	107,046	5	5				108,000						118,158	
9931 - Carpports/Rec/Gaz/Guard/Maint/		61,096	5	1	55,350			62,623						69,125	

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Repair %	Current Repair/Replace Cost	Estimated Usfl Life	Fiscal Year Jul 1	Actuals 2006	Actuals 2007	Actuals 2008	Actuals 2009	Proj/Act 2010	(1) 2011	(2) 2012	(3) 2013	(4) 2014	(5) 2015	(6) 2016
PAINTING INTERIOR:															
9932 - Corridor Bldgs/Lby/Doors	33%	88,803	12	1					88,803						
9932 - Corridor Bldgs/Lby/Doors	33%	88,803	12	2					91,023						
9932 - Corridor Bldgs/Lby/Doors	33%	88,803	12	3											
9933 - Garages/Lockers/Striping #s		165,751	10	8	38,500	70,850						93,299			
RECREATION CENTER:															
9934 - Carpet		10,000	10	6											11,314
9934 - Flooring		10,000	10	1					10,000						
9935 - Repair Allowance		4,035	2	2	864			3,936	4,136				4,345		
9936 - Furniture		10,000	10	10			4,354	10,040							4,565
9937 - Exercise Equipment Replace/Repair		3,674	2	1	5,974	2,572	1,535		3,674			3,860			4,055
9938 - Appliances/Cabinets/TV		12,776	15	4		2,320							13,759		
9939 - Mechanical System Repairs		2,760	1	1	8,681	12,096	5,623	2,682	2,760	2,829	2,899	2,972	3,046		3,122
9940 - Billiard Tables		8,790	25	8											
9941 - Lighting		8,070	25	12											
9942 - Interior Stain/Paint		16,139	10	2					16,542						
9943 - Rest Room/Locker Room		76,659	20	6											86,732
9944 - Saunas		6,770	5	2				6,939							
RETAINING WALLS:															
9945 - Masonary		2,152	5	5											2,375
ROOFING TOWNHOMES:															
9946 - Composition Shingles		106,244	22	5											117,274
9947 - Gutters/Downspouts		88,738	22	5				6,250	7,000				7,500		97,950
9948 - Built-up Roof (BUR)		251,612	15	5	11,645	3,750	16,592								277,732
ROOFING CORRIDOR/REC BLDGS:															
9949 - Composition Shingles		146,725	22	5											161,957
9950 - Built-up Roof (BUR)	20%	300,304	15	3		43,552			315,507						
9950 - Built-up Roof (BUR)	20%	300,304	15	4			28,717						323,394		
9950 - Built-up Roof (BUR)	20%	300,304	15	5				93,549							331,479
9950 - Built-up Roof (BUR)	20%	300,304	15	6											339,766
9950 - Built-up Roof (BUR)	20%	300,304	15	7											
SECURITY SYSTEM:															
9951 - Telephone Intercom System		1,576	1	1	895			1,538	1,576	1,615	1,656	1,697	1,740		1,783
SEWER LINE/WATER VALVES:															
9952 - Clean Out/Jettering		8,077	1	1	12,171	6,567	9,495	7,880	8,077	8,279	8,486	8,698	8,915		9,138
9953 - Plumbing Pipe Breaks		25,602	1	1	27,594	8,041	54,380	24,977	25,602	26,242	26,898	27,570	28,259		28,966
9954 - Water Valves		6,304	20	18	2,830		2,944	1,172	1,195						
SPAS:															
9955 - Plaster/Tile/Coping		10,769	8	5	948	14,428									11,887
9956 - Pumps/Filters/Other		2,050	1	1	800	2,180	4,300	5,000	2,050	2,101	2,154	2,208	2,263		2,319
9957 - Heater		5,253	10	8	2,550	2,400									

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Current Repair/Replace %	Current Cost	Estimated Usfl Life	Estimated Rmng Life	Fiscal Year		Actuals 2006	Actuals 2007	Actuals 2008	Actuals 2009	Proj/Act 2010	(1) 2011	(2) 2012	(3) 2013	(4) 2014	(5) 2015	(6) 2016
					Jul 1	Jun 30											
SWIMMING POOLS:																	
9958 - Plaster/Tile		14,714	12	3				1,175	7,153	12,000	2,050	2,101	2,154	2,208	2,263	2,319	
9959 - Pumps/Filters/Other		2,050	1	1			385					6,571					
9960 - Heater		6,411	5	2													
9961 - Coping/Decking		15,439	12	3			1,550										
9962 - Furniture		12,801	10	6									16,221				
TENNIS/BASKETBALL COURTS:																	
9963 - Resurface/Repair		61,500	14	9								20,500					
9963 - Color Coat (1 Tennis, 1 Basketball)		20,000	7	2								20,481					
9963 - Waterproof (Two Unused Tennis)		19,982	7	2													
9964 - Windscreen		8,876	7	5			2,885								9,798		
TRAFFIC SYSTEM:																	
9965 - Gate Operators		9,022	10	2								9,247					
OTHER:																	
9966 - Corridor Carpets/Wallpaper	33%	139,076	12	1							139,076						
9966 - Corridor Carpets/Wallpaper	33%	139,076	12	2							142,553						
9966 - Corridor Carpets/Wallpaper	33%	139,076	12	3							146,117						
9967 - Corridor Flooring	33%	24,459	12	1						24,459							
9967 - Corridor Flooring	33%	24,459	12	2							25,071						
9967 - Corridor Flooring	33%	24,459	12	3							25,698						
9968 - Signage and Accessories		4,035	1	1			2,327	630	3,936	4,035	4,136	4,239	4,345	4,454	4,565		
9969 - Master Lock System		58,151	40	38			26,077	55,349									
9971 - Utility/Access Doors		3,479	1	1			5,337	20,269	11,320	3,394	3,479	3,566	3,655	3,747	3,840	3,936	
9972 - Fire Alarm System Repairs		4,035	2	2				1,860	3,936		4,136			4,345	4,565		
9973 - Fire Hoses/Valves/Equipment		20,805	5	4				20,685						22,405			
9974 - Standpipe Certification		6,355	5	4				6,200						6,844			
9975 - Mailboxes		68,503	20	13													
9976 - Computer/Fax/Office Equipment		10,244	5	5				2,789	8,830	2,000				11,307			
9977 - Storage Lockers		2,690	1	1			1,985		2,624	2,690	2,757	2,826	2,897	2,969	3,043		
9978 - CCR's Revision		20,000	15	11			16,055										
9980 - Maintenance Equipment		9,423	10	4				300						10,148			
9981 - Maintenance Vehicle		7,000	5	3			7,295						7,354				
9981 - Maintenance Vehicle		7,000	5	3									7,354				
9981 - Maintenance Vehicle		7,000	5	5													
9982 - Construction Damage Repair		21,013	1	1			13,930	1,560	15,875	20,000	21,013	21,538	22,076	22,628	23,194	23,774	
9983 - Reserve Study Update		1,839	1	1			1,750	1,750	1,750	1,750	1,839	1,885	1,932	1,980	2,029	2,080	
9984 - Reserve Study Update Inspection		1,051	3	2				1,000				1,077			1,160		

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Current Repair/Replace %	Current Repair/Replace Cost	Estimated Usfl Life	Estimated Rmng Life	Fiscal Year		Actuals 2006	Actuals 2007	Actuals 2008	Actuals 2009	Proj/Act 2010	Proj/Act 2011	(2) 2012	(3) 2013	(4) 2014	(5) 2015	(6) 2016
					Jul 1	Jun 30											
RECONSTRUCTION:																	
9701 - Siding Faces Townhome Repair	6,464	6,464	1	1	3,325	1,755	3,325	1,755	6,306	6,464	6,625	6,791	6,961	7,135	7,313	7,487	7,661
9702 - Siding Faces Townhome Replacement	42,930	42,930	5	2	39,865		39,865		40,000	50,000	44,003	44,003	44,003	44,003	44,003	44,003	44,003
9703 - Siding Corridor Replace	2,437	2,437	1	1	4,973	81,943	4,973	81,943	22,685	40,000	2,498	2,560	2,624	2,690	2,757	2,824	2,891
9704 - Carport Structural																	
9707 - Exterior Deck Stacks	321,491	321,491	1	1	351,591	69,217	351,591	69,217	250,069	202,000	321,491	329,528	337,766	346,211	354,866	363,738	372,601
9709 - Fire Stair Repairs	3,152	3,152	1	1					3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,651	3,737
9710 - Pole Bases																	
9711 - Concrete Deck Repairs/Entry Landings	2,829	2,829	1	1	201	995	201	995	4,400	2,829	2,899	2,972	3,046	3,122	3,200	3,278	3,356
9712 - Fire Stair Door Area	2,037	2,037	1	1					1,987	2,037	2,087	2,140	2,193	2,248	2,304	2,360	2,416
9716 - Corridor Building End Siding	263,943	263,943	25	15													
9717 - Courtyard Waterproofing	175,454	175,454	40	40					193,068								
9720 - Drain and Stenwall Repair	32,307	32,307	30	28													
9721 - Clubhouse Roofing/Repairs	31,713	31,713	30	27	39,150	5,850	39,150	5,850	19,963	34,791	35,661	36,552	37,466	38,403	39,363	40,344	41,345
9722 - Architectural Fees	34,791	34,791	1	1	33,657	9,735	33,657	9,735	21,827	19,963	34,791	35,661	36,552	37,466	38,403	39,363	40,344
UNSCHEDULED.....	5%	40,892	1	1	6,673	0	6,673	0	28,007	10,817	57,748	57,748	57,748	60,520	63,424	66,328	69,232
TOTAL EXPENDITURES		6,193,522			899,023	723,303	899,023	723,303	1,091,202	869,078	1,303,855	1,219,913	1,481,216	1,233,561	1,963,458	1,433,663	1,433,663

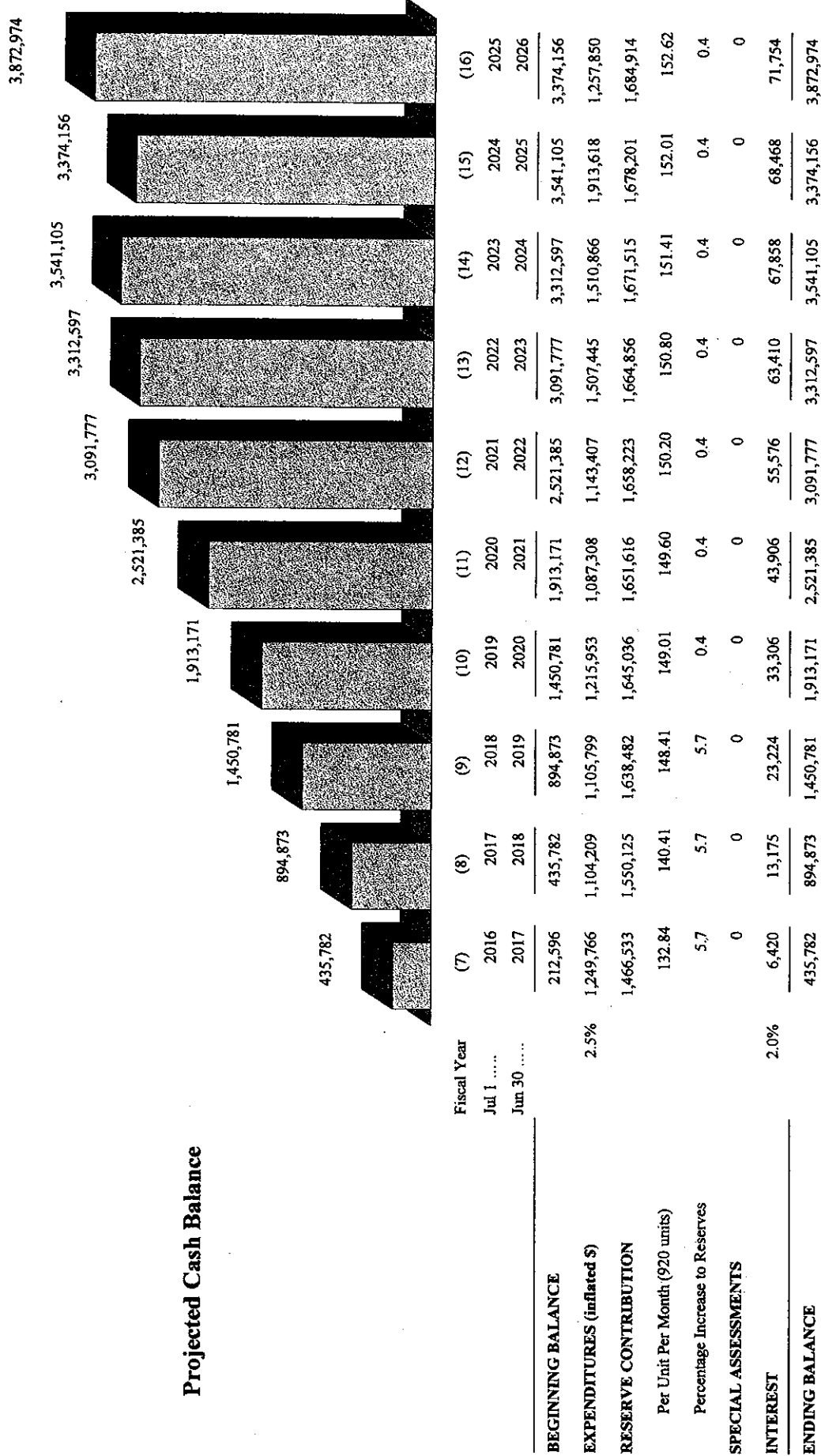
Funding Plan

Projected Cash Balance

Fiscal Year	Actuals		Actuals		Actuals		Actuals		Actuals		Actuals		Actuals		Actuals		Actuals		
	2006	2007	2007	2008	2008	2009	2009	2010	2010	2011	2011	2012	2012	2013	2013	2014	2014	2015	2015
Jul 1	777,567	1,413,931	1,316,009	1,475,564	1,246,880	1,160,259	871,497	893,654	254,189	212,596									
Jun 30	827,956	777,567	1,413,931	1,316,009	1,475,564	1,246,880	1,160,259	871,497	893,654	254,189	212,596								
BEGINNING BALANCE	827,956	777,567	1,413,931	1,316,009	1,475,564	1,246,880	1,160,259	871,497	893,654	254,189	212,596								
EXPENDITURES (inflated \$)	899,023	723,303	1,091,202	869,078	1,303,855	1,219,913	1,481,216	1,233,561	1,963,458	1,433,663									
RESERVE CONTRIBUTION	817,836	888,173	957,457	1,003,415	1,051,579	1,111,519	1,174,875	1,241,843	1,312,628	1,387,448									
Per Unit Per Month (920 units)	74.08	80.45	86.73	90.89	95.25	100.68	106.42	112.49	118.90	125.67									
Percentage Increase to Reserves	0.0	8.6	7.8	4.8	4.8	5.7	5.7	5.7	5.7	5.7									
SPECIAL ASSESSMENTS	0	442,693	0	0	0	0	0	0	0	0									
INTEREST	30,798	28,801	35,823	25,218	23,593	21,773	17,578	13,875	11,365	4,622									
ENDING BALANCE	777,567	1,413,931	1,316,009	1,475,564	1,246,880	1,160,259	871,497	893,654	254,189	212,596									

Funding Plan

Projected Cash Balance



Funding Plan

Projected Cash Balance

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Fiscal Year										
Jul 1	4,491,567	4,427,542	4,547,283	4,156,289	4,099,001	3,795,558	4,273,921	4,163,688	3,814,930	
Jun 30										
BEGINNING BALANCE	3,872,974	4,491,567	4,427,542	4,547,283	4,156,289	4,099,001	3,505,963	3,795,558	4,273,921	4,163,688
EXPENDITURES (inflated \$)	1,155,877	1,850,754	1,674,332	2,189,203	1,857,907	2,394,094	1,515,358	1,341,125	1,940,324	2,181,291
RESERVE CONTRIBUTION	1,691,654	1,698,420	1,705,214	1,712,035	1,718,883	1,725,759	1,732,662	1,739,592	1,746,551	1,753,537
Per Unit Per Month (920 units)	153.23	153.84	154.46	155.08	155.70	156.32	156.94	157.57	158.20	158.83
Percentage Increase to Reserves	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
SPECIAL ASSESSMENTS	0	0	0	0	0	0	0	0	0	0
INTEREST	82,817	88,308	88,860	86,174	81,736	75,297	72,292	79,896	83,541	78,996
ENDING BALANCE	4,491,567	4,427,542	4,547,283	4,156,289	4,099,001	3,505,963	3,795,558	4,273,921	4,163,688	3,814,930

Assessment and Reserve Funding Disclosure Summary

This Summary contains information about the Association's assessments and the status of the reserve fund. The Association may periodically update or supplement the information in this Summary. Please contact the Association to determine if a more recently prepared Summary or supplement is available.

As of the date this Summary was prepared:

- (1) The current **total** assessment per unit is \$ _____ per month.

NOTE: If assessments vary by the size or type of unit, the assessment applicable to this unit may be found on the attached Variable Assessment 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 the assessment:

NOTE:if assessments vary by the size or type of unit, the assessment applicable to this unit may be found on the attached Variable Assessment Report.

- (3) Based upon 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 If the Special Assessment in Note (2) is collected 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:

- (5) The following major components, which are included in the reserve study, are NOT included in the existing reserve funding:

Major Component:	Useful remaining life in years:	Reason this major component was not included:

- (6) Based on the method of calculation in paragraph (4) or subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is **\$3,050,677**, based in whole or in part on the the last reserve study or update, prepared by John D. Beatty & Company. The projected reserve fund cash balance at the end of the current fiscal year is **\$1,475,564**, resulting in reserves being **48%** funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **\$ 1,475,564** (beginning balance per management) (see attached explanation).

Assessment and Reserve Funding Disclosure Summary

(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 (listed in the table below), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known reserves, is (listed in the table below), leaving the reserve at (listed in the table below) 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 (listed in the table below), leaving the reserves at (listed in the table below) percent funding.

Year	Estimated amount required in the reserve fund	Projected reserve fund cash balance	Percent Funded
2	\$ 2,865,153	\$ 1,246,880	44%
3	\$ 2,791,528	\$ 1,160,259	42%
4	\$ 2,485,259	\$ 871,497	35%
5	\$ 2,456,018	\$ 893,654	36%
6	\$ 1,726,989	\$ 254,189	15%

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.

This Summary was authorized by the Association based on the information available in the Association's most recent reserve study or annual update dated as of **April 23, 2010**. This summary supercedes all earlier issued versions.

NOTE: The remainder of Civil Code section 1365.2.5 is not part of the required Assessment and Reserve Funding Disclosure Summary Form, but is included here because the information is needed to properly complete the form.



John D. Beatty
President

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
- (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 like of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.