

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, 2011 through June 30, 2021 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 pages 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, 2011 \$ 1,289,501
- 2 . Reserve contribution for fiscal year 2010-2011 \$ 1,051,579
- 3 . Reserve contribution for fiscal year 2011-2012 \$ 1,110,467
- 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, 2011	\$ 1,289,501
<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, 2011	\$ 3,190,522
Percent Funded	33%

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

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Repair %	Current Repair/Replace Cost	Estimated Usfl Life	Rmng Life	Fiscal Year Jul 1 - Jun 30	Actuals		Proj/Act		(1) 2011	(2) 2012	(3) 2013	(4) 2014	(5) 2015	(6) 2016	(7) 2017	(8) 2018
						2008	2009	2010	2011								
COMMUTER SERVICES:																	
9901 - Bus Repair		4,389	1	1								4,612	4,727	4,845	4,966	5,090	
9902 - Bus Replacement		73,057	15	13		61,557											
ELEVATORS:																	
9903 - System Upgrade		289,487	30	21													
9904 - Cab Enhancement		2,855	1	1				14,742	15,111	15,488	3,000	3,075	3,152	3,231	3,311		
9905 - Component Replacement		59,983	30	28		47,380	15,880	117,040	119,966	122,965							
9906 - 5-year Load Test		10,356	5	5			750	8,160			11,431						
FENCING:																	
9907 - Wooden		3,122	1	1				3,046	3,122	3,200	3,280	3,362	3,446	3,532	3,621		
9908 - Iron Railings	10%	8,615	1	1		5,500	4,450	8,405	8,615	8,830	9,051	9,277	9,509	9,747	9,991		
9909 - Cyclone	10%	3,309	1	1			1,260	3,228	3,309	3,392	3,476	3,563	3,652	3,744	3,837		
LANDSCAPING:																	
9910 - Stream Pumps		5,248	1	1		2,084	3,938	5,120	5,248	5,380	5,514	5,652	5,793	5,938	6,086		
9911 - Stream Resurface	33%	42,557	10	2		15,624				43,621							
9911 - Stream Resurface	33%	42,557	10	3							44,712						
9911 - Stream Resurface	33%	42,557	10	4								45,830					
9912 - Irrigation Controllers		3,747	1	1		2,575	24,755	10,000	3,747	3,840	3,936	4,035	4,136	4,239	4,345		
9913 - Irrigation Valves		6,788	1	1		9,345	8,310	6,623	6,788	6,958	7,132	7,310	7,493	7,681	7,873		
9913 - Irrigation Repairs		8,549	1	1			8,340		8,549	8,762	8,981	9,206	9,436	9,672	9,914		
9914 - Tree Care		31,221	1	1		42,014	33,366	30,000	19,000	22,000	32,802	33,622	34,463	35,324	36,207		
9914 - Replace Trees		5,000	2	1				1,250	5,000		5,253		5,519		5,798		
9915 - Replace Plants		20,000	1	1		36,742	6,630	30,000	30,000	20,500	21,013	21,538	22,076	22,628	23,194		
LIGHTING:																	
9916 - Wall Mounted Exterior	10%	5,384	5	3			2,138	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320
9917 - Post/Flood/Walks/New Additions		17,900	15	1					17,900								
9918 - Interior		62,500	12	12					62,500								
9918 - Interior		64,063	12	1					64,063								
9918 - Interior		64,063	12	2					65,664								
9919 - Exit		18,002	50	47													
9920 - Garage		2,498	1	1				2,437	17,300	2,560	2,624	2,690	2,757	2,826	2,897		
9921 - Tennis Court		7,918	10	2						8,116							
MECHANICAL SYSTEMS:																	
9922 - Boilers Repair	10%	12,544	1	1		8,942	10,666	12,238	12,544	12,858	13,180	13,509	13,847	14,193	14,548		
9923 - Boiler Replacement		23,579	25	24			4,196										
9924 - Fan Motors	5%	3,308	1	1				3,228	3,308	3,391	3,476	3,563	3,652	3,743	3,837		
9924 - Fan Maintenance		11,900	10	1					11,900								
PAVED SURFACES:																	
9925 - Repair/Seal/Stripe (Drives)		66,572	5	4									71,691				
9926 - Petromat (Drives)		148,808	24	9													
9927 - Seal Coat/Repair Garage Floors		24,600	10	5										27,154			
9928 - Concrete Walkways Repair		4,480	1	1		20,240	15,356	4,372	4,480	4,592	4,707	4,824	4,945	5,069	5,195		
PAINTING EXTERIOR:																	
9929 - Townhomes		95,581	5	5				93,250									

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Repair %	Current Repair/Replace Cost	Estimated Usfl Life	Rmng Life	Fiscal Year Jul 1	Actuals 2009	Actuals 2010	Actuals 2011	Proj/Act 2010	(1) 2011	(2) 2012	(3) 2013	(4) 2014	(5) 2015	(6) 2016	(7) 2017	(8) 2018
9930 - Corridor Buildings		116,750	5	1	120,000			116,750									132,092
9930 - Corridor Buildings		132,195	5	2				135,500									153,306
9930 - Corridor Buildings		130,637	5	3								137,250					
9930 - Corridor Buildings		129,307	5	4			121,750						139,250				
9931 - Carpets/Rec/Gaz/Guard/Maint/		66,113	5	5			64,500							72,976			
PAINTING INTERIOR:																	
9932 - Corridor Bldgs/Lby/Doors		60,578	12	12			59,100										
9932 - Corridor Bldgs/Lby/Doors		59,100	12	1				59,100									
9932 - Corridor Bldgs/Lby/Doors		57,659	12	2			59,100										
9933 - Garages/Lockers/Striping #'s		169,895	10	7													197,026
RECREATION CENTER:																	
9934 - Carpet		10,252	10	5										11,316			
9934 - Flooring		12,464	12	12			12,503										
9935 - Repair Allowance		4,136	2	1				4,136				4,345			4,565		4,796
9936 - Furniture		10,250	10	9			4,354	15,235									
9937 - Exercise Equipment Replace/Repair		3,766	2	1			1,535	3,766				3,956			4,157		4,367
9938 - Appliances/Cabinets/TV		13,096	15	3								13,759					
9939 - Mechanical System Repairs		2,829	1	1			5,623	1,077	2,760	2,829	2,899	2,972	3,046	3,122	3,200	3,280	10,448
9940 - Billiard Tables		9,009	25	7													
9941 - Lighting		8,271	10	1				2,750									
9942 - Interior Stain/Paint		29,500	10	10				29,500									
9943 - Rest Room/Locker Room		78,575	20	5										86,732			
9944 - Saunas		6,939	5	1				6,939									7,851
RETAINING WALLS:																	
9945 - Masonary		2,206	5	4										2,376			
9945 - Wood		22,084	10	9			3,520	12,500									
ROOFING TOWNHOMES:																	
9946 - Composition Shingles		108,901	22	8													
9947 - Gutters/Downspouts		90,956	22	4				7,000				7,500		97,950			
9948 - Built-up Roof (BUR)		188,257	20	4			16,592					83,025		89,545			116,000
ROOFING CORRIDOR/REC BLDGS:																	
9949 - Composition Shingles		150,393	22	8													
9950 - Built-up Roof (BUR)	20%	307,757	20	2			28,717	93,549				101,000					468,640
9950 - Built-up Roof (BUR)	20%	307,757	20	3								103,525					
9950 - Built-up Roof (BUR)	20%	307,757	20	4									300,483				
9950 - Built-up Roof (BUR)	20%	307,757	20	5										308,016			
9950 - Built-up Roof (BUR)	20%	307,757	20	6				101,000									228,462
SECURITY SYSTEM:																	
9951 - Telephone Intercom System		1,615	1	1			1,576	1,615	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873	
SEWER LINE/WATER VALVES:																	
9952 - Clean Out/letting		8,279	1	1			9,495	8,055	20,000	8,279	8,486	8,698	8,915	9,138	9,366	9,601	

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Current Repair/Replace %	Current Cost	Estimated Usfl Life	Estimated Rmng Life	Fiscal Year	Actuals		Proj/Act		(1)	(2)	(3)	(4)	(5)	(6)	(7)
						2008	2009	2010	2011							
9953 - Plumbing Pipe Breaks		26,242	1	1	1	54,380	6,196	25,602	26,242	26,898	27,570	28,259	28,966	29,690	30,432	
9954 - Water Valves		6,461	20	17		2,944		1,195								
SPAS:																
9955 - Plaster/Tile/Coping		11,038	8	4								11,887				
9956 - Pumps/Filters/Other		2,101	1	1		4,300	1,335	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	
9957 - Heater		5,384	10	9				2,750								
SWIMMING POOLS:																
9958 - Plaster/Tile		15,079	12	2						15,456						
9959 - Pumps/Filters/Other		2,101	1	1		7,153		2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	
9960 - Heater		6,571	5	1			3,450		6,571						7,434	
9961 - Coping/Decking		15,825	12	2						16,221						
9962 - Furniture		13,121	10	5									14,483			
TENNIS/BASKETBALL COURTS:																
9963 - Resurface/Repair		63,038	14	8												
9963 - Color Coat (1 Tennis, 1 Basketball)		20,500	7	2						21,013						
9963 - Waterproof (Two Unused Tennis)		20,481	7	2						20,993						
9964 - Windscreen		9,098	7	4									9,798			
TRAFFIC SYSTEM:																
9965 - Gate Operators		9,247	10	1						9,247						
OTHER:																
9966 - Corridor Carpets		86,034	12	12			1,900	83,936								
9966 - Corridor Carpets		86,034	12	1				86,034								
9966 - Corridor Carpets		86,034	12	2						88,185						
9966 - Corridor Flooring		58,425	12	12				57,000								
9966 - Corridor Flooring		40,498	12	1					40,498							
9966 - Corridor Flooring		40,498	12	2						41,510						
9967 - Corridor Wallcovering		32,677	12	12				31,880								
9967 - Corridor Wallcovering		32,677	12	1					32,677							
9967 - Corridor Wallcovering		32,677	12	2						33,494						
9968 - Signage and Accessories		2,380	1	1		630	2,316	8,550	8,764	8,983	2,500	2,563	2,627	2,692	2,760	
9969 - Master Lock System		59,605	40	37												
9971 - Utility/Access Doors		3,566	1	1		11,320		3,479	3,566	3,655	3,747	3,840	3,936	4,035	4,136	
9972 - Fire Alarm System Repairs		4,136	2	1		1,860		4,136								
9973 - Fire Hoses/Valves/Equipment		21,326	5	3		20,685										
9974 - Standpipe Certification		6,514	5	3		6,200										
9975 - Mailboxes		70,214	20	12												
9976 - Computer/Fax/Office Equipment		10,500	5	4		8,830	995									

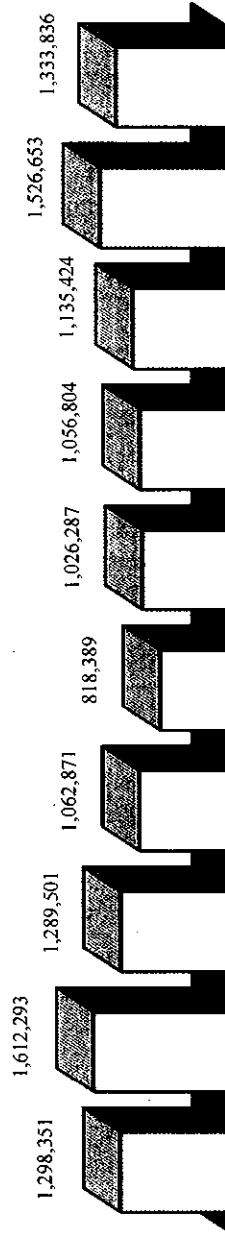
Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Current Repair/Replace %	Current Cost	Estimated Usfl Life	Estimated Rmng Life	Fiscal Year Jul 1	Actuals 2008	Actuals 2009	Actuals 2010	Proj/Act 2010	2011	2012	2013	2014	2015	2016	2017	2018
9977 - Storage Lockers		2,757	1	1					2,690	2,757	2,826	2,897	2,969	3,043	3,119		3,197
9978 - CCR's Revision		20,500	15	10													
9980 - Maintenance Equipment		9,659	10	3		300						10,148					
9981 - Maintenance Vehicle		7,175	5	2							7,354						
9981 - Maintenance Vehicle		7,175	5	3								7,538					
9981 - Maintenance Vehicle		7,175	5	4									7,727				
9982 - Construction Damage Repair		21,538	1	1		15,875	11,800	21,013	21,538	22,076	22,628	23,194	23,774	24,358	24,977		
9983 - Reserve Study Update		1,885	1	1		1,750	1,750	1,839	1,885	1,932	1,980	2,029	2,080	2,132	2,186		
9984 - Reserve Study Update Inspection		1,077	3	1		1,000			1,077			1,160					1,249
BUILDING EXTERIOR:																	
9701 - Siding Faces Townhome Repair		6,625	1	1				6,464	6,625	6,791	6,961	7,135	7,313	7,496	7,683		
9702 - Siding Faces Townhome Replacement		45,104	5	5				44,004						49,786			
9703 - Siding Corridor Replace		2,498	1	1		22,685	16,646		2,498	2,560	2,624	2,690	2,757	2,826	2,897		
9707 - Exterior Deck Stacks		256,250	1	1		250,069	205,825	250,000	256,250	262,656	269,223	275,953	282,852	289,923	297,171		
9709 - Fire Stair Repairs										65,450							
9710 - Pole Bases/Pole Tops		25,000	1	1													
9711 - Concrete Deck Repairs/Entry Landings		2,899	1	1			3,490	2,829	2,899	2,971	3,046	3,122	3,200	3,280	3,362		
9712 - Fire Stair Door Area		2,087	1	1				2,037	2,087	2,139	2,193	2,247	2,304	2,361	2,420		
9716 - Corridor Building End Siding		270,542	25	14													
9717 - Courtyard Waterproofing		179,841	40	39		193,068											
9718 - Solar Power		179,841	40	39				76,000									
9719 - Soft Story		179,841	40	39				5,000	5,000								
9720 - Drain and Stenwall Repair		33,114	30	27													
9721 - Clubhouse Roofing/Repairs		32,550	30	26													
9722 - Architectural Fees		35,661	1	1		21,827	12,932	25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717		
UNCHEDULED..... 5%		47,873	1	1		28,007	12,751	57,748	57,748	57,748	60,520	63,424	69,372	73,327	77,506		
TOTAL EXPENDITURES		6,798,643				1,091,202	698,482	1,397,964	1,354,609	1,431,140	1,044,157	1,292,658	1,318,597	1,023,294	1,622,765		

Funding Plan

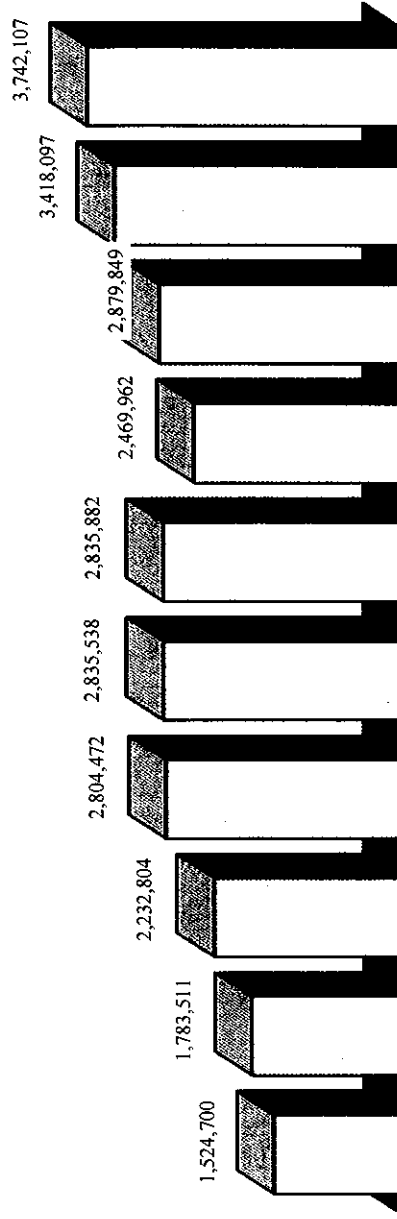
Projected Cash Balance



Fiscal Year	Actuals	Actuals	Pro/Act	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Jul 1	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Jun 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
BEGINNING BALANCE	1,413,931	1,298,351	1,612,293	1,289,501	1,062,871	818,389	1,026,287	1,056,804	1,135,424	1,526,653	
EXPENDITURES (inflated \$)	2.5%	1,091,202	698,482	1,397,964	1,354,609	1,431,140	1,292,658	1,318,597	1,023,294	1,622,765	
RESERVE CONTRIBUTION		957,457	1,003,415	1,051,579	1,110,467	1,172,654	1,307,668	1,380,898	1,394,707	1,408,654	
Per Unit Per Month (920 units)		86.73	90.89	95.25	100.59	106.22	118.45	125.08	126.33	127.60	
Percentage Increase to Reserves		7.8	4.8	4.8	5.6	5.6	5.6	5.6	1.0	1.0	
Percentage Increase to Total Assessment		25.9	1.3	1.3	1.6	1.7	1.8	1.9	0.3	0.3	
RECLASS		(17,658)	0	0	0	0	0	0	0	0	
INTEREST	1.5%	35,823	9,009	23,593	17,511	14,004	15,507	16,319	19,817	21,294	
ENDING BALANCE		1,298,351	1,612,293	1,289,501	1,062,871	818,389	1,026,287	1,056,804	1,135,424	1,526,653	1,333,836

Funding Plan

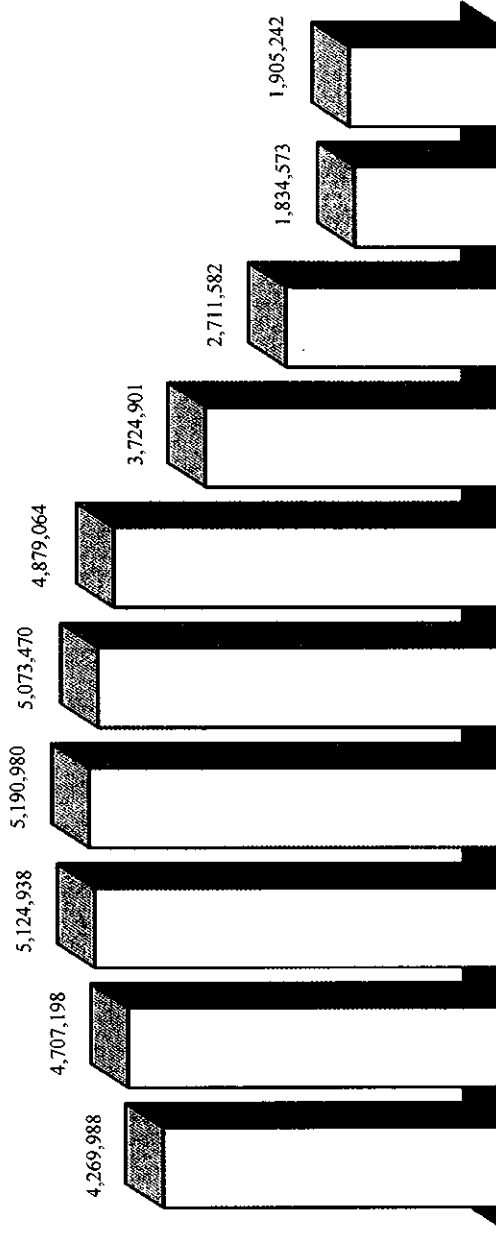
Projected Cash Balance



Fiscal Year	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Jul 1	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Jun 30	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
BEGINNING BALANCE	1,333,836	1,524,700	1,783,511	2,232,804	2,804,472	2,835,538	2,835,882	2,469,962	2,879,849	3,418,097
EXPENDITURES (inflated \$)	1,253,156	1,202,783	1,031,943	931,680	1,491,429	1,537,190	1,915,685	1,155,308	1,049,259	1,285,322
RESERVE CONTRIBUTION	1,422,740	1,436,968	1,451,337	1,465,851	1,480,509	1,495,314	1,510,267	1,525,370	1,540,624	1,556,030
Per Unit Per Month (920 units)	128.87	130.16	131.46	132.78	134.10	135.45	136.80	138.17	139.55	140.94
Percentage Increase to Reserves	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
SPECIAL ASSESSMENTS	0	0	0	0	0	0	0	0	0	0
INTEREST	21,279	24,627	29,898	37,498	41,985	42,219	39,498	39,825	46,883	53,302
ENDING BALANCE	1,524,700	1,783,511	2,232,804	2,804,472	2,835,538	2,835,882	2,469,962	2,879,849	3,418,097	3,742,107

Funding Plan

Projected Cash Balance



	Fiscal Year	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
BEGINNING BALANCE	Jul 1	3,742,107	4,269,988	4,707,198	5,124,938	5,190,980	5,073,470	4,879,064	3,724,901	2,711,582	1,834,573
EXPENDITURES (inflated \$)	Jun 30	1,103,353	1,216,924	1,258,631	1,629,964	1,829,323	1,920,252	2,886,487	2,746,191	2,612,659	1,675,996
RESERVE CONTRIBUTION		1,571,590	1,587,306	1,603,179	1,619,211	1,635,403	1,651,757	1,668,275	1,684,958	1,701,807	1,718,825
Per Unit Per Month (920 units)		142.35	143.78	145.22	146.67	148.13	149.62	151.11	152.62	154.15	155.69
Percentage Increase to Reserves		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
SPECIAL ASSESSMENTS		0	0	0	0	0	0	0	0	0	0
INTEREST		59,643	66,828	73,192	76,793	76,410	74,088	64,049	47,914	33,842	27,840
ENDING BALANCE		4,269,988	4,707,198	5,124,938	5,190,980	5,073,470	4,879,064	3,724,901	2,711,582	1,834,573	1,905,242

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 \$ Variable 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:

Assessment and Reserve Funding Disclosure Summary

- (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 **\$3,190,522** , 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 **\$1,289,501** , resulting in reserves being **33%** funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **\$ 1,289,501** (beginning balance per management) (see attached explanation
- (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	\$ 2,818,260	\$ 1,062,871	33%
3	\$ 2,859,454	\$ 818,389	29%
4	\$ 2,679,280	\$ 1,026,287	36%
5	\$ 2,500,979	\$ 1,056,804	39%
6	\$ 2,646,488	\$ 1,135,424	45%

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 25, 2011** . 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 Summary.

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.