

BARRON SQUARE HOMEOWNERS ASSOCIATION

Thain Way • Palo Alto • California

TO: BARRON SQUARE OWNERS

FROM: DEBORAH McGRAW, ASSOCIATION MANAGER

SUBJECT: 2013 BUDGET PACKET – CORRECTION NOTICE

DATE: NOVEMBER 28, 2012

The 2013 Budget packet which was recently sent to you included the wrong dues increase information. The average increase in the monthly assessments of 7.03% is correct, thus raising the monthly dues according to the table below, as of January 1, 2013:

REVISED 2012 MONTHLY DUES TABLE

Effective January 1, 2012, monthly assessments will be in accordance with the following table:

Unit		No. of	Total	2013 Mo. Dues Per Unit	Total Mo. Dues	2012 Mo. Dues
Type	Percent	Units	Percent		By Type	Per Unit
1	1.52	1	1.52	635.00	635	593.00
2	1.51	42	63.42	631.00	26,502	589.00
3	1.79	14	25.06	748.00	10,472	699.00
4	1.25	8	10.00	522.00	4,176	488.00
		65	100.00		41,785	

We apologize for any inconvenience this may have caused you.

BARRON SQUARE HOA - BUDGET SUMMARY

Fiscal Year: 01/01/2013 - 12/31/2013

	Actual at 12/31/11	Est. at 12/31/12	2013 Budget	Avg Unit Per Mo.
REVENUES:				
Total Regular Assessments	468,252	468,357	501,282	642.67
Total Interest & Dividend Income	18,432	7,270	6,748	8.65
Total Other Income	836	865	660	0.85
TOTAL REVENUES	487,520	476,492	508,690	652.17
EXPENSES:				
<i>MAINTENANCE & REPAIRS</i>				
Common Area Repairs & Maint.	8,939	5,800	5,970	7.65
Gutter Cleaning and Repairs	4,900	4,900	5,050	6.47
Unit Interior Related Repairs	875	5,500	4,000	5.13
Janitorial Services	1,920	1,920	1,980	2.54
Janitorial Supplies	145	100	150	0.19
Landscape - Contract	55,944	57,288	59,010	75.65
Landscape - Other	1,631	2,020	2,080	2.67
Landscape - Irrigation	964	0	0	-
Landscape - Large Tree Maint.	1,951	1,330	1,370	1.76
Lighting & Supplies	1,905	1,400	1,440	1.85
Pest Control	2,045	5,090	3,000	3.85
Plumbing & Sewers	4,467	5,430	3,500	4.49
Pool & Spa - Contract	3,840	3,840	3,960	5.08
Pool & Spa - Supplies & Repair	1,768	1,620	1,670	2.14
Well - Quarterly Service	0	0	1,200	1.54
TOTAL MAINT. & REPAIRS	91,293	96,238	94,380	121.00
<i>UTILITIES</i>				
Gas	2,207	2,200	2,420	3.10
Electricity	5,462	5,460	6,010	7.71
Storm Drain	10,309	10,670	11,740	15.05
Water	11,100	13,780	15,160	19.44
TOTAL UTILITIES	29,078	32,110	35,330	45.29
<i>ADMINISTRATIVE</i>				
Audit & Tax Preparation	2,950	2,925	3,010	3.86
Mailings, Postage & Copies	2,792	3,640	3,750	4.81
Dues & Subscriptions	265	265	270	0.35
Social Functions	197	600	620	0.79
Insurance	58,165	60,500	62,320	79.90
Insurance - Worker's Comp.	780	790	810	1.04
Legal & Professional Services	2,343	400	600	0.77
Management Services	26,700	27,560	28,390	36.40
Misc. Administrative	1,437	2,250	1,000	1.28
IRS/FTB - Pr. Yr. Pmts/Penalty	333	0	300	0.38
Permits, Licenses & Other	1,093	1,100	1,130	1.45
TOTAL ADMINISTRATIVE	97,054	100,030	102,200	131.03
Total Reserve Expenditures	72,647	82,250	193,330	247.86
Total Income Tax	3,763	1,440	1,462	1.87
TOTAL EXPENDITURES	293,835	312,068	426,702	547.05
Total Reserve Balance	1,140,945	1,329,596	1,411,584	
Percent Reserves Funded		54%	55%	

2012 MONTHLY DUES TABLE

Effective January 1, 2012, monthly assessments will be in accordance with the following table:

Unit Type	Percent	No. of Units	Total Percent	2013	Total	2012
				Mo. Dues Per Unit	Mo. Dues By Type	Mo. Dues Per Unit
1	1.52	1	1.52	635.00	635	593.00
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		65	100.00		41,785	

Fiscal Year: 01/01/2013 - 12/31/2013

Component	Year New	Pres. Est. Cost	Est. Use. Life	Est. Rem. Life	Req'd Bal at 12/31/12	2013 Additions	2013 Expenses	Req'd Bal at 12/31/13
BUILDING EXTERIOR - ROOFS								
Inspection & Repair Allowance - All Roofing Components	2012	19,707	2	1	9,854	9,854	0	19,707
Flat Roof Replacement @ 550 Thain	2012	14,420	20	19	721	721	0	1,442
Sloped & Flat Roof/Gutter/Downspout/Skylights - 25%	1998	203,030	18	3	169,192	11,279	0	180,471
Sloped & Flat Roof/Gutter/Downspout/Skylights - 25%	1998	203,030	19	4	160,287	10,686	0	170,973
Sloped & Flat Roof/Gutter/Downspout/Skylights - 25%	1998	203,030	20	5	152,273	10,152	0	162,424
Sloped & Flat Roof/Gutter/Downspout/Skylights - 25%	1998	203,030	21	6	145,021	9,668	0	154,690
PAINTING & STAINING								
Paint - All Wood/Metal Components	2009	139,050	6	2	92,700	23,175	0	115,875
Paint - Wood Shingle	2009	87,550	6	2	58,367	14,592	0	72,958
PAVING & CONCRETE								
Asphalt Paving - Seal Coat	2010	8,850	5	2	5,310	1,770	0	7,080
Asphalt Paving - Parking Striping	2010	600	5	2	360	120	0	480
Asphalt Paving - Curb Painting	2010	1,110	5	2	666	222	0	888
Asphalt Paving - Minor Repair - 5%	2010	11,070	5	2	6,642	2,214	0	8,856
Asphalt Paving - Major Repair - 25%	2010	55,340	40	37	4,151	1,384	0	5,534
Concrete Repairs - Repair/Replace - Minor	0	1,550	1	0	1,550	1,550	1,550	1,550
Concrete Repairs - Repair/Replace - Major	2008	9,270	10	5	4,635	927	0	5,562
Concrete - Pool Deck Repair/Replace	1979	54,630	35	1	53,069	1,561	0	54,630
RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES								
Doors - Entry Door & Hardware Allowance	0	5,150	1	0	5,150	5,150	5,150	5,150
Wood Siding/Shingle/Trim Ongoing Repairs	0	5,150	1	0	5,150	5,150	5,150	5,150
Termite Fumigation & Repairs (2006)	2006	66,950	10	3	46,865	6,695	0	53,560
Subterranean/Drywood Termite Warranty (Terminix)	0	10,750	1	0	10,750	10,750	10,750	10,750
Building Exterior Wood Repair/Replacement - every paint	2009	179,540	6	2	119,693	29,923	0	149,617
Building Exterior Wood Repair/Replacement - every other	2008	197,870	12	7	82,446	16,489	0	98,935
RESIDENTIAL BUILDING EXTERIORS - BALCONIES								
Small Balconies - Replace (4) Saarman	2002	32,960	30	19	12,085	1,099	0	13,184
Small Balconies - Replace (2)	1989	16,480	30	6	13,184	549	0	13,733
Small Balconies - Replace (3)	1983	24,720	30	0	24,720	824	24,720	824
Small Balconies - Replace (1) - 4141	2009	8,240	30	26	1,099	275	0	1,373
Large Balconies - Replace (23) Saarman	2002	433,960	30	19	159,119	14,465	0	173,584
Large Balconies - Replace (5)	2001	94,350	30	18	37,740	3,145	0	40,885
Large Balconies - Replace (10)	1997	188,680	30	14	100,629	6,289	0	106,919
Large Balconies - Replace (10)	1993	188,680	30	10	125,787	6,289	0	132,076
Large Balconies - Replace (10)	1998	188,680	30	15	94,340	6,289	0	100,629
Large Balconies - Replace (6)	1985	113,210	30	2	105,663	3,774	0	109,436
Large Balconies (2) - 4108 & 4141	2009	36,750	30	26	4,900	1,225	0	6,125
Townhouse Balconies - Replace (2)	1985	25,750	30	2	24,033	858	0	24,892
Townhouse Balconies - Replace (3)	1979	38,630	30	0	38,630	1,288	38,630	1,288
Repair Small, Large & Townhouse Balconies Allowance	0	2,580	1	0	2,580	2,580	2,580	2,580
RESIDENTIAL BUILDING EXTERIORS - STAIRS								
Straight Stair & Landing - Replace (6) Saarman	2002	52,530	30	19	19,261	1,751	0	21,012
Straight Stair & Landing - Replace (3)	1989	26,270	30	6	21,016	876	0	21,892
U-Shaped Stair & Landing - Replace (7) Saarman	2002	108,150	30	19	39,655	3,605	0	43,260
U-Shaped Stair & Landing - Replace (2)	1992	30,900	30	9	21,630	1,030	0	22,660
L-Shaped Stairs & Landing - Replace (8) Saarman	2002	98,880	30	19	36,256	3,296	0	39,552
L-Shaped Stairs & Landing - Replace (1)	2008	12,360	30	25	2,060	412	0	2,472
L-Shaped Stairs & Landing - Replace (3)	1990	37,080	30	7	28,428	1,236	0	29,664
Stairs & Landing - Repair Allowance	0	2,580	1	0	2,580	2,580	2,580	2,580
GARAGE & TRASH ENCLOSURE								
Doors - Garage Door & Trim Repair Allowance	2012	25,750	20	19	1,288	1,288	0	2,575
Doors - Single Car Garage Doors	1979	64,890	40	6	55,157	1,622	0	56,779
Doors - Wood/Glass Pedestrian Door	1979	7,730	35	1	7,509	221	0	7,730
Doors - Solid Wood Doors @ Walk in Garbages	2004	6,180	30	21	1,854	206	0	2,060
Trash Enclosure Rebuild Allowance	2008	10,300	10	5	5,150	1,030	0	6,180
FENCES, RETAINING WALLS & GATES								
Fence - Wood @ Patio - Repair/Replace Allowance	2008	1,030	5	0	1,030	206	1,030	206
Fence - Wood - G.N. @ Clubhouse Driveway	2003	2,220	25	15	888	89	0	977
Fence - Wood - G.N. @ Clubhouse to Building 10 Driveway	2003	5,070	25	15	2,028	203	0	2,231
Fence - Wood - @ Building 9 Drive and Open Space	2000	7,860	25	12	4,087	314	0	4,402
Fence - Wood - @ Building 10 Drive and Open Space	2008	5,410	25	20	1,082	216	0	1,298
Fence - Wood - G.N. behind Buildings 4, 5, 6, 7, 8, 9	2000	14,890	25	12	7,743	596	0	8,338
Fence - Wood - G.N. behind Buildings 1, 2, 3, 4	2000	11,470	25	12	5,964	459	0	6,423

Fiscal Year: 01/01/2013 - 12/31/2013

Component	Year New	Pres. Est. Cost	Est. Use. Life	Est. Rem. Life	Req'd Bal at 12/31/12	2013 Additions	2013 Expenses	Req'd Bal at 12/31/13
Fence - Wood - Pool Area Fences	2005	970	25	17	310	39	0	349
Fence - Cyclone @ Tennis Court - Replace	1979	11,120	45	11	8,402	247	0	8,649
Retaining - Wood @ Units 4122 and 4124	1995	1,910	30	12	1,146	64	0	1,210
Retaining - Masonry Retaining Wall @ Tennis	1979	27,810	55	21	17,192	506	0	17,697
Retaining - Wood @ Pool Area	2003	6,700	25	15	2,680	268	0	2,948
Gates - El Camino Car Gates - Replace	1995	1,550	25	7	1,116	62	0	1,178
Gate - El Camino Pedestrian Gate - Replace	2007	1,550	25	19	372	62	0	434
Gates - Pool Gates - Replace	2005	3,090	25	17	989	124	0	1,112
Gates - Cyclone @ Tennis Court - Replace	1995	520	25	7	374	21	0	395
Gates - Wood @ Maintenance Area	2000	1,030	15	2	893	69	0	961
LIGHTING - ALL SITE								
Lighting Wiring and Controllers Repair Allowance	0	1,030	1	0	1,030	1,030	1,030	1,030
Light Fixtures - @ Landscaping & Wiring	1979	10,200	30	0	10,200	340	10,200	340
Light Poles @ Pool Area - Poles, Fixtures & Wiring	1979	3,090	30	0	3,090	103	3,090	103
Lights - Clubhouse Building Exterior	1979	390	30	0	390	13	390	13
Lights - Wall Mount @ Garages	1979	5,790	30	0	5,790	193	5,790	193
Lights - Residential Building Exterior - Entry/Balc./Stairs	1979	25,110	30	0	25,110	837	25,110	837
SPA								
Pre-Fab Tub Replace	2002	10,300	20	9	5,665	515	0	6,180
Rails - Replace	2002	1,030	30	19	378	34	0	412
Heater - Replace	2006	2,730	15	8	1,274	182	0	1,456
Filter - Replace	1997	2,320	16	0	2,320	145	2,320	145
Filter Pump - Replace	1994	880	9	0	880	98	880	98
SWIMMING POOL								
Drainage Upgrade Allowance	2009	2,580	15	11	688	172	0	860
Plaster - Resurface	2003	7,960	12	2	6,633	663	0	7,297
Coping - Replace	2003	2,470	30	20	823	82	0	906
Tile - Replace	2003	2,470	30	20	823	82	0	906
Seal Coping/Deck Joint - Replace Mastic	2003	740	10	0	740	74	740	74
Rails - Replace	2003	2,060	30	20	687	69	0	755
Lights - Replace	2003	310	15	5	207	21	0	227
Heater - Replace	2000	2,940	13	0	2,940	226	2,940	226
Filter - Replace	2000	2,320	13	0	2,320	178	2,320	178
Filter - Pump Replace	2000	880	13	0	880	68	880	68
Solar Controller - Replace	2000	770	15	2	667	51	0	719
Solar Pump - Replace	2000	880	13	0	880	68	880	68
Solar Panels - Replace	2000	9,270	15	2	8,034	618	0	8,652
Solar Panels - Structure Replace	2000	5,560	15	2	4,819	371	0	5,189
Pool Signs - Replace	2004	260	5	0	260	52	260	52
Pool Furniture - Replacement Allowance	2004	2,580	10	1	2,322	258	0	2,580
CLUBHOUSE BUILDING EXTERIOR								
Gutter & Downspout - Replace	2005	2,240	25	17	717	90	0	806
Clubhouse Deck & Stairs - Replace - Redwood	2008	15,450	25	20	3,090	618	0	3,708
Clubhouse Deck & Stairs - Sealing/Leak Maintenance	2010	1,490	3	0	1,490	497	1,490	497
Doors - Wood/Glass Entry Doors	1979	3,500	45	11	2,644	78	0	2,722
Doors - Solid Wood Entry Door - Pool Equipment Room	1979	620	45	11	468	14	0	482
Doors - Metal/Glass Sliding Doors	1979	2,940	35	1	2,856	84	0	2,940
Windows	1979	5,150	35	1	5,003	147	0	5,150
CLUBHOUSE INTERIOR								
Paint - Interior (Clubhouse)	2004	3,600	15	6	2,160	240	0	2,400
Carpet Floor - Replace	2005	4,550	15	7	2,427	303	0	2,730
Tile Floor - Replace	1979	11,330	40	6	9,631	283	0	9,914
Refrigerator - Replace	2004	520	15	6	312	35	0	347
Disposal - Replace	2011	310	15	13	41	21	0	62
HVAC Unit - Replace	1979	3,090	34	0	3,090	91	3,090	91
Clubhouse & Sauna Fans - Replace	1994	720	20	1	684	36	0	720
Sauna Room Rehabilitation & Door	1979	5,150	35	1	5,003	147	0	5,150
Sauna Mechanical - Replace	2011	3,090	30	28	206	103	0	309
Water Heater - tankless	1996	1,030	18	1	973	57	0	1,030
Doors - Wood w/Glass	1979	1,240	45	11	937	28	0	964
Doors - Solid Wood	1979	2,470	45	11	1,866	55	0	1,921
Lights	2004	2,940	35	26	756	84	0	840
Restroom Upgrade	2004	10,300	15	6	6,180	687	0	6,867

Fiscal Year: 01/01/2013 - 12/31/2013

Component	Year New	Pres. Est. Cost	Est. Use. Life	Est. Rem. Life	Req'd Bal at 12/31/12	2013 Additions	2013 Expenses	Req'd Bal at 12/31/13
Kitchen Area Upgrade	2004	5,150	15	6	3,090	343	0	3,433
Furniture Replace	2005	7,210	10	2	5,768	721	0	6,489
TENNIS COURT AREA								
Tennis Court - Resurface/Lines	2010	5,670	5	2	3,402	1,134	0	4,536
Tennis Court - Replace	1979	37,080	45	11	28,016	824	0	28,840
Tennis Court Net - Replace	2010	360	5	2	216	72	0	288
IRRIGATION & LANDSCAPING								
Well Components Repair and Replacement - Ongoing	0	2,580	1	0	2,580	2,580	2,580	2,580
Well Components - Major System Replacement	2011	57,280	25	23	4,582	2,291	0	6,874
Irrigation Replace Allowance (Valves, Pipes, Heads etc.)	2011	2,580	1	0	2,580	2,580	2,580	2,580
Irrigation Controllers 4ea	2009	8,240	15	11	2,197	549	0	2,747
Irrigation Controllers 2 ea	2000	4,120	15	2	3,571	275	0	3,845
Backflow Preventor	1995	10,300	25	7	7,416	412	0	7,828
Large Tree Care	0	10,300	1	0	10,300	10,300	10,300	10,300
Large Landscape Enhancements	0	5,150	1	0	5,150	5,150	5,150	5,150
MISCELLANEOUS & CONTINGENCIES								
Storage Shed (Modular) - Replace	2007	1,240	20	14	372	62	0	434
Iron Stair Railings @ site Concrete Stairs	1985	5,460	30	2	5,096	182	0	5,278
Arborist Tree Report	2009	5,150	5	1	4,120	1,030	0	5,150
Reserve Study - Annual update	2009	820	3	3	0	273	0	273
Reserve Study - Annual update	2010	820	3	0	820	273	820	273
Reserve Study - Third Year Site Inspection	2011	1,650	3	1	1,100	550	0	1,650
Underground Utility Inspections & Repairs	0	5,150	1	0	5,150	5,150	5,150	5,150
CC&R Revisions	2009	5,150	5	1	4,120	1,030	0	5,150
MAILBOX KIOSKS								
Kiosks Rebuild (Structure, Siding, Roof)	1995	9,270	25	7	6,674	371	0	7,045
Mailboxes	1995	12,050	25	7	8,676	482	0	9,158
SIGNAGE								
Entry Sign (Monument) Replace	1997	2,580	21	5	1,966	123	0	2,089
Mapboard - Repair/Replace	2005	2,580	12	4	1,720	215	0	1,935
Building/Unit Number Signs Repair/Replace	2005	3,350	12	4	2,233	279	0	2,513
Unallocated Items (3%)		5,400	1	0	5,400	5,400	5,400	5,400
Component		4,067,487			2,444,198	298,568	185,530	2,557,236

NOTE: Based on Reserve Study by Reserve Analysis Consulting, LLC - November 2011

- (a) The disclosures required by this article with regard to an association or a property shall be summarized on the following form:

BARRON SQUARE HOMEOWNERS ASSOCIATION
Assessment and Reserve Funding Disclosure Summary 1365.2.5

- (1) The current regular assessment per ownership interest is (see chart below) per unit.
(2) Additional regular or special 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 ownership interest per month (If assessment is variable, see note immediately below)	Purpose of the Assessment
January 1, 2013	variable	Regular Monthly Assessment

2012 MONTHLY DUES TABLE

Effective January 1, 2012, monthly assessments will be in accordance with the following table:

Unit Type	Percent	No. of Units	Total Percent	2013 Mo. Dues Per Unit	Total Mo. Dues By Type	2012 Mo. Dues Per Unit
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		65	100.00		41,785	

- (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 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 that have not yet been approved by the board or the members.
- (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 \$2,444,198, based in whole or in part on the last reserve study or update prepared by Reserve Analysis Consulting as of November 2011. The projected reserve fund cash balance at the end of the current fiscal year is \$1,329,596, resulting in reserves being 54 percent 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 average amount required in the reserve fund at the end of each of the next five budget years is \$2,479,224, and the projected average reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$1,333,572, leaving the reserve at 54 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 on reserve funds was 1.5 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

(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.
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