

RESERVE STUDY

Component Analysis and Reserve Fund Study
For
Barron Square HOA
3yr. Update 2012

Prepared By

**RESERVE ANALYSIS
CONSULTING, LLC**

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TABLE OF CONTENTS

<u>SECTION NO:</u>	<u>DESCRIPTION</u>
1.00	Terms & Conditions Legal Requirements, Reserve Study methodology & Reserve Study limitations
2.00	Information Sheet Association information & financial & funding information summary
3.00	Narrative Conclusion Property description, description of conditions & financial condition summary
4.00	Reserve Fund Cash Projections Assessment levels & projected expenditure amounts and reserve fund balances
5.00	Graphic Illustrations Bar graphs depicting assessment levels, inflated expenditures & bank balance
6.00	Next 3 Years Projected Expenditures Depicts component repair/replacement schedule for first 3 years
7.00-A	Projected Expenditure Schedule - First Ten Years Spreadsheet depicting components by year for the first 10 years of the study
7.00-B	Projected Expenditure Schedule - Second Ten Years Spreadsheet depicting components by year for the second 10 years of the study
7.00-C	Projected Expenditure Schedule - Third Ten Years Spreadsheet depicting components by year for the third 10 years of the study
8.00	Component Data Requirements Legal requirements for component selection & inspection methodology
9.00	Component Data Reference data for component age, life cycle, condition, count & measurement & unit cost
10.00	Component Notes Narrative descriptions, photos and/or detail inventories for components
11.00	Component Category Cost Summary Consolidates components into like categories to total the value of each category group and sums the total value of components covered by the Reserve Study
12.00	Resource References Lists unit price reference sources and identifies source of information used for financial information and component history information.

Barron Square HOA - 3yr. Update 2012
Thain Way
Palo Alto, CA

ATTN: Board of Directors

RE: Barron Square HOA - 3yr. Update 2012

Please find enclosed, the Reserve Fund Analysis prepared for your association. The purpose of this analysis is to identify the major components for which the association is responsible to maintain and to project funding requirements adequate to repair/replace or maintain these components in conformance with California Civil Codes § 1365, 1365.5 & 1365.2.5. The underlying principle to these Code requirements is that current owners should pay their appropriate share for components as they are being used and not transfer these costs to future owners.

TERMS & CONDITIONS OF STUDY

This Reserve Fund Analysis, undertaken by Reserve Analysis Consulting, L.L.C., has been conducted in compliance with California Civil Codes § 11365, 1365.5 & 1365.2.5 and in compliance with standards established by the Association of Professional Reserve Analysts (APRA).

Components that meet the following criteria will be included in this report:

- 1.) The component maintenance is the responsibility of the association.
- 2.) The component is not covered by the association's annual operating budget.
- 3.) The components estimated remaining life is less than thirty (30) years from the date of this study.
- 4.) Components with a remaining useful life in excess of thirty (30) years may be included for the benefit of knowledge of these components, but will not be factored into the funding plan.

All components listed in this report are those that have been selected and approved by the association board as prescribed by the association's CC&Rs. Component useful life and remaining life projections are based on industry standards, manufacturer information, date and maintenance information provided by the Contractee and/or its management or staff. However, as a result of construction methodology, maintenance by the facility staff or other specific local conditions, component useful life and/or remaining life may vary from standard. Repair or replacement schedules and the resulting assessment schedules are derived by combining the resources described above and reliance on these schedules is at the Contractee's discretion. Reserve Analysis Consulting, L.L.C. makes no guarantee as to the actual performance of any components. Each component's condition, life expectancy and replacement cost evaluations are based on visual inspections only. Inspection will be limited to areas accessible to the inspectors. When components are not accessible, assumptions will be made based on available component statistical information. There will be no disassembly of components or demolition involved. This report will not address any factory defects or any damage due to improper maintenance, system design or installation. The analysis of these components, for which the association has responsibility, does not employ methods used for forensic or defect investigation or actual construction. It is also assumed that all components covered by this report receive reasonable maintenance by the contractee. Reserve Analysis Consulting, L.L.C. makes no statement of warranty, either specific or implied, as to the actual future performance of any component.

The costs for components included in this report are based on current published construction industry repair or replacement costs and local costs conditions. Due to component cost changes in the future over which Reserve Analysis Consulting, L.L.C. has no control, we advise the Contractee to have this study reviewed on an annual basis and make any necessary adjustments regarding component performance and/or costs. The reliance on any costs included in this Component Analysis is at the discretion and acceptance of the Contractee and/or its management. Reserve Analysis Consulting, L.L.C. makes no guarantee that projected costs will represent actual job costs at the time of component repair or replacement. An inflation factor based on current construction industry index information will be used and provided to the Contractee for approval prior to inclusion in the Final Report.

The cash flow projections made within this report could vary significantly due to future conditions. Without regular, periodic updates, the Contractee should not rely on these cash flow projections beyond the first funding year of this report.

ASSOCIATION INFORMATION

BOARD OF DIRECTORS CONTACT:

Board of Directors

ASSOCIATION NAME:

Barron Square HOA - 3yr. Update 2012

ADDRESS:

Thain Way

CITY, STATE, ZIP:

Palo Alto, CA

PHONE NUMBER:

EMAIL:

PROPERTY INFORMATION

BEGINNING YEAR OF STUDY:

2012

NUMBER OF UNITS IN PROJECT:

65

YEAR CONSTRUCTED:

1979

NUMBER OF BUILDINGS ANALYZED:

13

NUMBER OF CONSTRUCTION PHASES:

1

YEAR ENDING DATE:

12/31

YEAR OF LAST PHYSICAL INSPECTION:

2011

PERFORMED BY:

Reserve Analysis Consulting, L.L.C.

YEAR OF NEXT PHYSICAL INSPECTION:

2014 (as required by the Davis-Stirling Act - 1997)

RESERVE STUDY PREPARER:

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 Sausalito, California 94965
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CURRENT PROPERTY MANAGER:

Ms. Deborah McGraw
 PML Management Corporation
 655 Mariners Island Blvd., Suite 301
 San Mateo, CA 94404
 (650) 349-9113

CURRENT ACCOUNTANT:

PML Management Corporation
 655 Mariners Island Blvd., Suite 301
 San Mateo, CA 94404
 (650) 349-9113

RESERVE ACCOUNT INFORMATION

2011 ANNUAL RESERVE CONTRIBUTION:

\$236,677

2012 ANNUAL RESERVE CONTRIBUTION:

\$246,757

2011 MONTHLY RESERVE CONTRIBUTION:

\$19,723

2012 MONTHLY RESERVE CONTRIBUTION:

\$20,563

2011 UNIT PER MONTH CONTRIBUTION:

\$303.43

2012 UNIT PER MONTH CONTRIBUTION:

\$316.36

2011 ACTUAL SPECIAL ASSESSMENT:

N/A

2012 PROPOSED SPECIAL ASSESSMENT:

\$0

2011 TOTAL DOLLARS TO BE 100% FUNDED:

\$2,021,017

REQUESTED MINIMUM BALANCE:

N/A

2011 ACTUAL DOLLARS IN RESERVE FUND:

\$1,176,035

2012 PROJECTED BEGINNING YEAR BALANCE:

\$1,176,035

2011 PER UNIT UNDERFUNDED

\$13,000

2012 PROJECTED REPLACEMENT EXPENSES:

\$196,550

2011 CALCULATED PERCENT FUNDED:

58.19%

ASSUMED LONG-TERM INFLATION RATE:

3.00%

CURRENT AVG. ACCOUNT INTEREST RATE:

0.50%

ASSUMED LONG-TERM INTEREST RATE:

1.50%

PROPERTY DESCRIPTION:

Barron Square is a 65-member Common Interest Development located in Palo Alto, California.

The components listed here are those the Board of Directors has determined to be the major components which the Association is obligated to reserve for after reviewing its governing documents and/or consulting with legal counsel and other knowledgeable persons. The Board of Directors has determined that the maintenance and repair of major components not included in the reserve fund, if any, shall be funded through the operations fund budget.

PROPERTY CONDITION:

The Association is generally in good/fair condition.

In 2009 the Association completed a major investigation and repair of its wood components.

For specific details on component costs, quantities and condition please refer to the accompanying Component Data and Component Notes pages.

FUNDING ANALYSIS:

For specific details please refer to section Reserve Fund Cash Projections.

The Reserve Study is a SERIES OF PROJECTIONS, and consequently the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as future inflation rates, the level of preventative maintenance actioned by future boards, unknown material defects, changes in technology, efficiency, and/or government regulations.

The Reserve Study is an evolving document that represents a moment in time covering a 30 year period. As required by The Davis-Stirling Act, we recommend that the association review and update this Reserve Analysis on an annual basis to make adjustments for component expenditures, fluctuations in annual revenue, interest and inflation.

4.00

RESERVE FUND CASH PROJECTIONS

2011 Average unit per month reserve contribution = \$303.43

2011 Total annual reserve contribution *1 = \$236,677

DESCRIPTION - 1ST 10 YEARS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Projected Beginning Fund Balance	\$1,176,035	\$1,237,499	\$1,400,736	\$1,520,864	\$1,085,307	\$1,015,560	\$1,032,759	\$1,013,268	\$563,404	\$467,490
Proposed percentage increase	4.26%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Proposed unit per month dollar increase	\$12.92	\$15.82	\$16.61	\$17.44	\$18.31	\$19.23	\$20.19	\$21.20	\$22.26	\$23.37
Proposed average unit/month contribution	\$316.36	\$332.17	\$348.78	\$366.22	\$384.53	\$403.76	\$423.95	\$445.14	\$467.40	\$490.77
Proposed Total Annual Contribution *1	\$246,757	\$259,095	\$272,050	\$285,652	\$299,935	\$314,931	\$330,678	\$347,212	\$364,572	\$382,801
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$1,422,792	\$1,496,594	\$1,672,785	\$1,806,516	\$1,385,241	\$1,330,491	\$1,363,437	\$1,360,480	\$927,977	\$850,291
Proposed inflated yearly expenditures	\$196,550	\$108,600	\$165,756	\$731,082	\$378,920	\$307,126	\$359,386	\$802,201	\$464,739	\$605,112
Balance after expenditures	\$1,226,242	\$1,387,994	\$1,507,029	\$1,075,434	\$1,006,322	\$1,023,365	\$1,004,051	\$558,279	\$463,237	\$245,179
Interest on balance after tax	\$11,257	\$12,742	\$13,835	\$9,872	\$9,238	\$9,394	\$9,217	\$5,125	\$4,253	\$2,251
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	58.68%	59.43%	59.03%	48.19%	44.76%	43.65%	41.79%	27.29%	23.00%	13.20%
Projected Year Ending Balance *3	\$1,237,499	\$1,400,736	\$1,520,864	\$1,085,307	\$1,015,560	\$1,032,759	\$1,013,268	\$563,404	\$467,490	\$247,430

DESCRIPTION - 2ND 10 YEARS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Projected Beginning Fund Balance	\$247,430	\$507,472	\$581,201	\$825,225	\$1,113,567	\$1,402,694	\$884,719	\$1,257,403	\$1,715,837	\$2,124,873
Proposed percentage increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Proposed unit per month dollar increase	\$24.54	\$25.77	\$27.05	\$28.41	\$29.83	\$31.32	\$32.88	\$34.53	\$36.25	\$38.07
Proposed average unit/month contribution	\$515.31	\$541.07	\$568.13	\$596.53	\$626.36	\$657.68	\$690.56	\$725.09	\$761.35	\$799.41
Proposed Total Annual Contribution *1	\$401,941	\$422,038	\$443,140	\$465,297	\$488,562	\$512,990	\$538,640	\$565,572	\$593,850	\$623,543
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$649,371	\$929,510	\$1,024,341	\$1,290,522	\$1,602,129	\$1,915,684	\$1,423,358	\$1,822,974	\$2,309,687	\$2,748,416
Proposed inflated yearly expenditures	\$146,516	\$353,596	\$206,623	\$187,085	\$212,195	\$1,039,013	\$177,394	\$122,745	\$204,143	\$265,849
Balance after expenditures	\$502,855	\$575,914	\$817,718	\$1,103,438	\$1,389,934	\$876,671	\$1,245,965	\$1,700,229	\$2,105,544	\$2,482,567
Interest on balance after tax	\$4,616	\$5,287	\$7,507	\$10,130	\$12,760	\$8,048	\$11,438	\$15,608	\$19,329	\$22,790
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	23.42%	25.62%	32.52%	39.12%	44.50%	32.90%	41.23%	49.20%	54.85%	59.28%
Projected Year Ending Balance *3	\$507,472	\$581,201	\$825,225	\$1,113,567	\$1,402,694	\$884,719	\$1,257,403	\$1,715,837	\$2,124,873	\$2,505,357

4.00

RESERVE FUND CASH PROJECTIONS

DESCRIPTION - 3RD 10 YEARS	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Projected Beginning Fund Balance	\$2,505,357	\$1,291,099	\$1,031,385	\$1,077,078	\$1,605,710	\$1,539,243	\$2,185,058	\$2,301,569	\$1,892,237	\$2,042,019
Proposed percentage increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Proposed unit per month dollar increase	\$23.98	\$24.70	\$25.44	\$26.21	\$26.99	\$27.80	\$28.64	\$29.50	\$30.38	\$31.29
Proposed average unit/month contribution	\$823.40	\$848.10	\$873.54	\$899.75	\$926.74	\$954.54	\$983.18	\$1,012.67	\$1,043.05	\$1,074.35
Proposed Total Annual Contribution *1	\$642,249	\$661,516	\$681,362	\$701,803	\$722,857	\$744,543	\$766,879	\$789,885	\$813,582	\$837,989
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$3,147,606	\$1,952,616	\$1,712,747	\$1,778,880	\$2,328,566	\$2,283,786	\$2,951,937	\$3,091,455	\$2,705,819	\$2,880,008
Proposed inflated yearly expenditures	\$1,868,251	\$930,613	\$645,467	\$187,777	\$803,325	\$118,604	\$671,304	\$1,216,430	\$682,375	\$153,282
Balance after expenditures	\$1,279,355	\$1,022,003	\$1,067,280	\$1,591,103	\$1,525,241	\$2,165,182	\$2,280,633	\$1,875,024	\$2,023,444	\$2,726,726
Interest on balance after tax	\$11,744	\$9,382	\$9,798	\$14,606	\$14,002	\$19,876	\$20,936	\$17,213	\$18,575	\$25,031
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	42.34%	37.35%	39.06%	49.96%	49.60%	59.50%	61.83%	61.05%	64.32%	72.69%
Projected Year Ending Balance *3	\$1,291,099	\$1,031,385	\$1,077,078	\$1,605,710	\$1,539,243	\$2,185,058	\$2,301,569	\$1,892,237	\$2,042,019	\$2,751,758

***1. Total Annual Reserve Contribution**

The association has provided current operating expenses and reserve contribution information. Reserve Analysis Consulting, L.L.C. assumes no responsibility for the accuracy of current or projected budget figures provided by others.

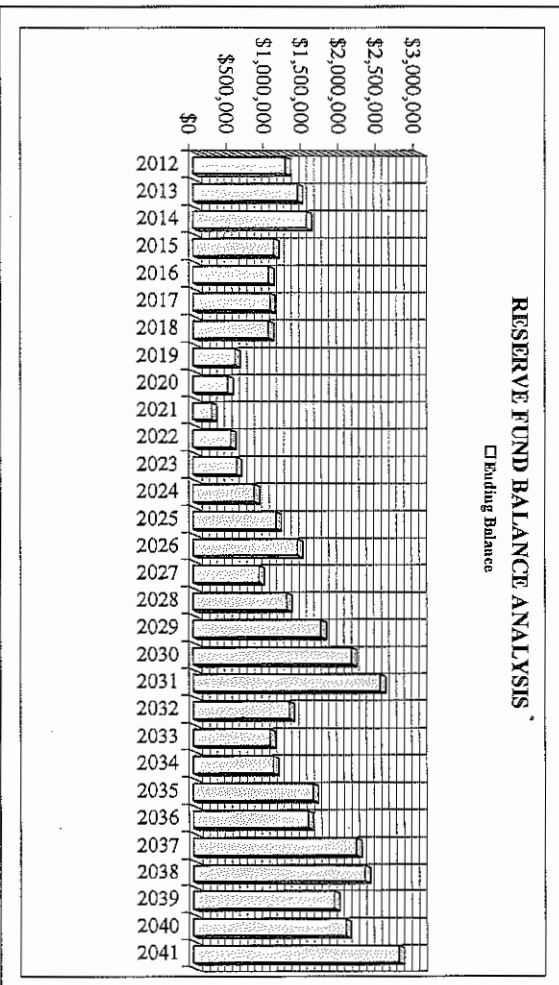
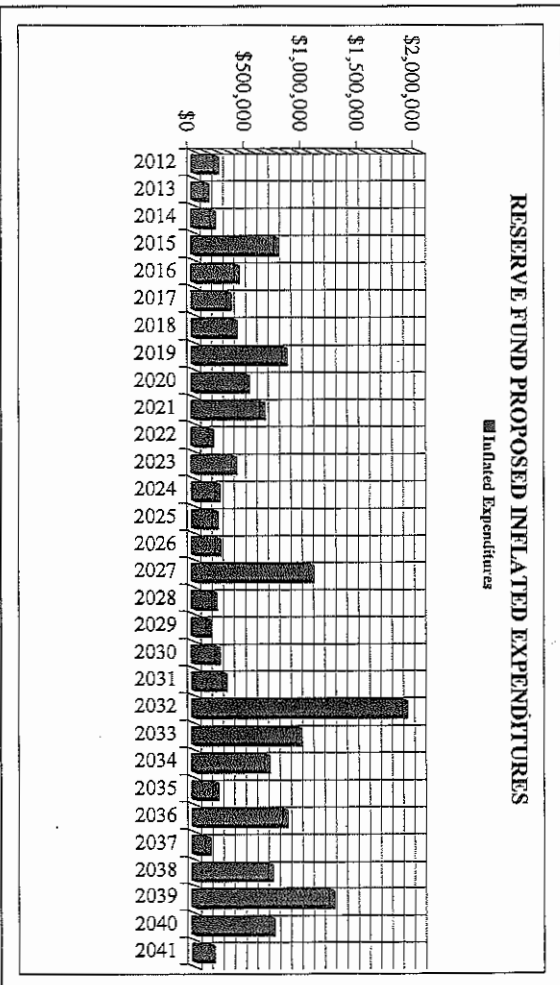
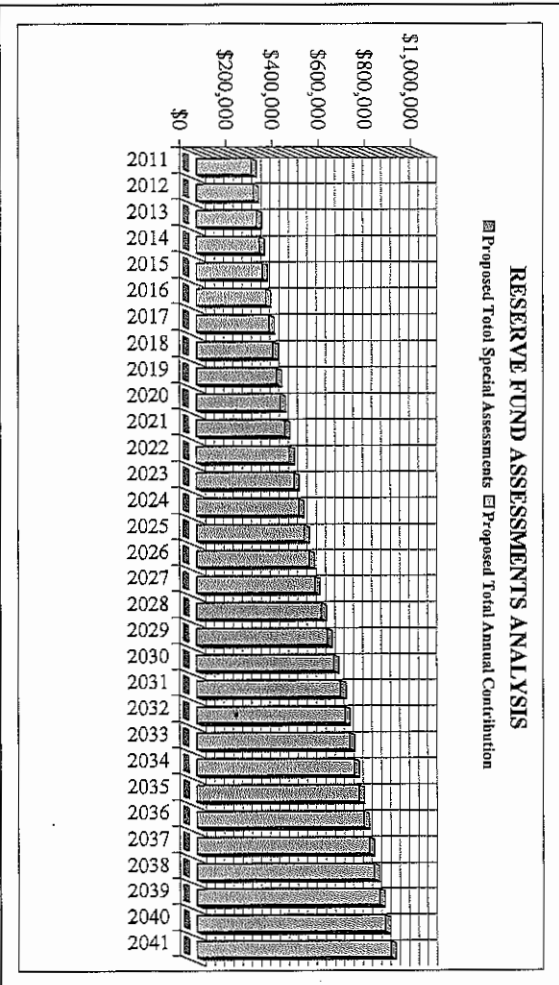
***2. Percent Funded**

The percent funded figure is calculated as defined by the Davis-Sterling Act, which states in 1365 and 1365.2.5 that the amount "required" at a given time be divided by the amount projected to be in reserves at that time. The amount required is defined in 1365.2.5 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." The data required to calculate this amount for the current year is located in Section 3.00 of the Financial Summary and Conclusion. The percent funding method of calculation for future years includes estimated interest earned in the projected reserve account balances, as well as an estimated inflation of costs in the amount "required." The final sentence in 1365.2.5 states "This shall not be construed to require the board to fund reserves in accordance with this calculation."

*** 3. Projected Year Ending Balance.** The objective throughout the funding study is to maintain a minimum year ending balance of not less than 10% of that year's total projected annual inflated expenditures.

General Notes:

- 1.) The cash flow projections shown are based on current economic conditions. These projections are based upon future variables that cannot be controlled. Therefore, reliance on these projections beyond the first year of this study is not recommended. We recommend the association review their Reserve Fund accounts quarterly and update their reserve study annually.
- 2.) Additionally, California Civil Code § 1365.5 states in part, "At least once every three years the board of directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements."



6.00**NEXT 3 YEARS PROJECTED EXPENDITURES****Year 1 - 2012**

2.00 GROUNDS - PAVING & CONCRETE	
2.06 Concrete Repairs - Repair/Replace - Minor	\$1,500
4.00 GROUNDS - IRRIGATION & LANDSCAPING	
4.01 Well Components Repair and Replacement - Ongoing	\$2,500
4.03 Irrigation Replace Allowance (Valves, Pipes, Heads etc.)	\$2,500
4.07 Large Tree Care	\$10,000
4.08 Large Landscape Enhancements	\$5,000
5.00 LIGHTING- ALL SITE	
5.01 Lighting Wiring and Controllers Repair Allowance	\$1,000
5.02 Light Fixtures - @ Landscaping & Wiring	\$9,900
5.03 Light Poles @ Pool Area - Poles, Fixtures & Wiring	\$3,000
5.04 Lights- Clubhouse Building Exterior	\$375
5.05 Lights - Wall Mount @ Garages	\$5,625
5.06 Lights - Residential Building Exterior - Entry/Balc./Stairs	\$24,375
7.00 GROUNDS - MISCELLANEOUS	
7.03 Television System - MATV	\$7,500
9.00 SWIMMING POOL	
9.15 Pool Signs - Replace	\$250
13.00 GARAGE & TRASH ENCLOSURE BUILDING EXTERIORS	
13.01 Doors - Garage Door & Trim Repair Allowance	\$25,000
14.00 RESIDENTIAL BUILDING EXTERIORS - STAIRS	
14.08 Stairs & Landing - Repair Allowance	\$2,500
15.00 RESIDENTIAL BUILDING EXTERIORS - BALCONIES	
15.13 Townhouse Balconies - Replace (3)	\$37,500
15.14 Repair Small, Large & Townhouse Balconies Allowance	\$2,500
16.00 BUILDING EXTERIOR - ROOFS	
16.01 Inspection & Repair Allowance - All Roofing Components	\$10,000
16.02 Flat Roof Replacement @ 550 Thain	\$14,000
17.00 RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES	
17.01 Doors - Entry Door & Hardware Allowance	\$5,000
17.02 Doors - Sliding Glass Door & Hardware Allowance	\$5,000
17.03 Windows - Inspect/Repair/Replace Allowance	\$5,000
17.04 Wood Siding/Shingle/Trim Ongoing Repairs	\$5,000
19.00 MISCELLANEOUS & CONTINGENCIES	
19.02 Reserve Study - Annual	\$800
19.05 Underground Utility Inspections & Repairs	\$5,000
Unscheduled Expenses	\$5,725

Year 1 - 2012 Total Proposed Expenditures: \$196,550

Year 2 - 2013

2.00 GROUNDS - PAVING & CONCRETE	
2.06 Concrete Repairs - Repair/Replace - Minor	\$1,545
3.00 GROUNDS - FENCES, RETAINING WALLS, & GATES	
3.01 Fence - Wood @ Patio - Repair/Replace Allowance	\$10,300

6.00**NEXT 3 YEARS PROJECTED EXPENDITURES**

4.00 GROUNDS - IRRIGATION & LANDSCAPING	
4.01 Well Components Repair and Replacement - Ongoing	\$2,575
4.03 Irrigation Replace Allowance (Valves, Pipes, Heads etc.)	\$2,575
4.07 Large Tree Care	\$10,300
4.08 Large Landscape Enhancements	\$5,150
5.00 LIGHTING- ALL SITE	
5.01 Lighting Wiring and Controllers Repair Allowance	\$1,030
9.00 SWIMMING POOL	
9.05 Seal Coping/Deck Joint - Replace Mastic	\$742
9.08 Heater - Replace	\$2,936
9.09 Filter - Replace	\$2,318
9.1 Filter Pump - Replace	\$876
9.12 Solar Pump - Replace	\$876
10.00 SPA	
10.04 Filter - Replace	\$2,318
10.05 Filter Pump - Replace	\$876
11.00 CLUBHOUSE INTERIOR	
11.06 HVAC Unit - Replace	\$3,090
12.00 CLUBHOUSE BUILDING EXTERIOR	
12.03 Clubhouse Deck & Stairs- Sealing/Leak Maintenance	\$1,489
14.00 RESIDENTIAL BUILDING EXTERIORS - STAIRS	
14.08 Stairs & Landing - Repair Allowance	\$2,575
15.00 RESIDENTIAL BUILDING EXTERIORS - BALCONIES	
15.03 Small Balconies - Replace (3)	\$24,720
15.14 Repair Small, Large & Townhouse Balconies Allowance	\$2,575
17.00 RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES	
17.01 Doors - Entry Door & Hardware Allowance	\$5,150
17.02 Doors - Sliding Glass Door & Hardware Allowance	\$5,150
17.03 Windows - Inspect/Repair/Replace Allowance	\$5,150
17.04 Wood Siding/Shingle/Trim Ongoing Repairs	\$5,150
19.00 MISCELLANEOUS & CONTINGENCIES	
19.03 Reserve Study - Annual	\$824
19.05 Underground Utility Inspections & Repairs	\$5,150
Unscheduled Expenses	\$3,163
Year 2 - 2013 Total Proposed Expenditures:	\$108,600

Year 3 - 2014

2.00 GROUNDS - PAVING & CONCRETE	
2.06 Concrete Repairs - Repair/Replace - Minor	\$1,591
2.08 Concrete - Pool Deck Repair/Replace	\$56,270
4.00 GROUNDS - IRRIGATION & LANDSCAPING	
4.01 Well Components Repair and Replacement - Ongoing	\$2,652
4.03 Irrigation Replace Allowance (Valves, Pipes, Heads etc.)	\$2,652
4.07 Large Tree Care	\$10,609
4.08 Large Landscape Enhancements	\$5,305
5.00 LIGHTING- ALL SITE	

5.01 Lighting Wiring and Controllers Repair Allowance	\$1,061
9.00 SWIMMING POOL	
9.16 Pool Furniture Replacement Allowance	\$2,652
11.00 CLUBHOUSE INTERIOR	
11.07 Clubhouse & Sauna Fans - Replace	\$743
11.08 Sauna Room Rehabilitation & Door	\$5,305
11.1 Water Heater - 50 Gal	\$1,061
12.00 CLUBHOUSE BUILDING EXTERIOR	
12.06 Doors - Metal/Glass Sliding Doors	\$3,024
12.07 Windows	\$5,305
13.00 GARAGE & TRASH ENCLOSURE BUILDING EXTERIORS	
13.03 Doors - Wood/Glass Pedestrian Door	\$7,957
14.00 RESIDENTIAL BUILDING EXTERIORS - STAIRS	
14.08 Stairs & Landing - Repair Allowance	\$2,652
15.00 RESIDENTIAL BUILDING EXTERIORS - BALCONIES	
15.14 Repair Small, Large & Townhouse Balconies Allowance	\$2,652
16.00 BUILDING EXTERIOR - ROOFS	
16.01 Inspection & Repair Allowance - All Roofing Components	\$10,609
17.00 RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES	
17.01 Doors - Entry Door & Hardware Allowance	\$5,305
17.02 Doors - Sliding Glass Door & Hardware Allowance	\$5,305
17.03 Windows - Inspect/Repair/Replace Allowance	\$5,305
17.04 Wood Siding/Shingle/Trim Ongoing Repairs	\$5,305
19.00 MISCELLANEOUS & CONTINGENCIES	
19.01 Arborist Tree Report	\$5,305
19.04 Reserve Study - Third Year Site Inspection	\$1,697
19.05 Underground Utility Inspections & Repairs	\$5,305
19.06 CC&R Revisions	\$5,305
Unscheduled Expenses	\$4,828
Year 3 - 2014 Total Proposed Expenditures:	\$165,756

7.00 A PROJECTED EXPENDITURE SCHEDULE - FIRST TEN YEARS																
CODE	COMPONENT DESCRIPTION	REPLACE/REPAIR CST	YEAR NEW	USEFUL LIFE	RMNG LIFE	YR 1 2012	YR 2 2013	YR 3 2014	YR 4 2015	YR 5 2016	YR 6 2017	YR 7 2018	YR 8 2019	YR 9 2020	YR 10 2021	TOTAL 10 YRS.
16.02	Flat Roof Replacement @ 550 Thain	\$14,000	2012	20	20	\$14,000										\$14,000
16.03	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	\$197,114	1998	18	4					\$221,853						\$221,853
16.04	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	\$197,114	1998	19	5						\$228,509					\$228,509
16.05	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	\$197,114	1998	20	6							\$235,364				\$235,364
16.06	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	\$197,114	1998	21	7								\$242,425			\$242,425
17.00	RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES															
17.01	Doors - Entry Door & Hardware Allowance	\$5,000	2011	1	0	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524	\$57,319
17.02	Doors - Sliding Glass Door & Hardware Allowance	\$5,000	2011	1	0	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524	\$57,319
17.03	Windows - Inspect/Repair/Replace Allowance	\$5,000	2011	1	0	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524	\$57,319
17.04	Wood Siding/Shingle/Trim Ongoing Repairs	\$5,000	2011	1	0	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524	\$57,319
17.05	Termite Fumigation & Repairs (2006)	\$65,000	2006	10	4					\$73,158						\$73,158
17.06	Building Exterior Wood Repair/Replacement - every paint	\$174,310	2009	6	3				\$190,473						\$227,435	\$417,908
17.07	Building Exterior Wood Repair/Replacement - every other	\$192,110	2008	12	8									\$243,359		\$243,359
18.00	PAINTING & STAINING															
18.01	Paint - All Wood/Metal Components	\$135,000	2009	6	3				\$147,518						\$176,144	\$323,663
18.02	Stain - Wood Shingle	\$85,000	2009	6	3				\$92,882						\$110,906	\$203,788
19.00	MISCELLANEOUS & CONTINGENCIES															
19.01	Arborist Tree Report	\$5,000	2009	5	2			\$5,305					\$6,149			\$11,454
19.02	Reserve Study - Annual	\$800	2009	3	0	\$800			\$874			\$955			\$1,044	\$3,673
19.03	Reserve Study - Annual	\$800	2010	3	1		\$824			\$900			\$984			\$2,708
19.04	Reserve Study - Third Year Site Inspection	\$1,600	2011	3	2			\$1,697			\$1,855			\$2,027		\$5,579
19.05	Underground Utility Inspections & Repairs	\$5,000	2011	1	0	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524	\$57,319
19.06	CC&R Revisions	\$5,000	2009	5	2			\$5,305					\$6,149			\$11,454
UNCHEDULED EXPENSE			3.00%			\$5,725	\$3,163	\$4,828	\$21,294	\$11,036	\$8,945	\$10,468	\$23,365	\$13,536	\$17,625	\$0
INFLATION FACTOR			3.00%			1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	
TOTAL INFLATED REPAIR/REPLACEMENT EXPENSE						\$196,550	\$108,600	\$165,756	\$731,082	\$378,920	\$307,126	\$359,386	\$802,201	\$464,739	\$605,112	\$3,999,487

7.00 B		PROJECTED EXPENDITURE SCHEDULE - SECOND TEN YEARS															
CODE	DESCRIPTION	COMPONENT	REPLACE/ REPAIR CST	YEAR NEW	USEFL LIFE	RMNG LIFE	YR. 11 2022	YR. 12 2023	YR. 13 2024	YR. 14 2025	YR. 15 2026	YR. 16 2027	YR. 17 2028	YR. 18 2029	YR. 19 2030	YR. 20 2031	TOTAL 2nd 10 Yrs
16.02	Flat Roof Replacement @ 550 Thain		\$14,000	2012	20	20											
16.03	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%		\$197,114	1998	18	4											
16.04	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%		\$197,114	1998	19	5											
16.05	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%		\$197,114	1998	20	6											
16.06	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%		\$197,114	1998	21	7											
17.00	RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES																
17.01	Doors - Entry Door & Hardware Allowance		\$5,000	2011	1	0	\$6,720	\$6,921	\$7,129	\$7,343	\$7,563	\$7,790	\$8,024	\$8,264	\$8,512	\$8,768	\$77,032
17.02	Doors - Sliding Glass Door & Hardware Allowance		\$5,000	2011	1	0	\$6,720	\$6,921	\$7,129	\$7,343	\$7,563	\$7,790	\$8,024	\$8,264	\$8,512	\$8,768	\$77,032
17.03	Windows - Inspect/Repair/Replace Allowance		\$5,000	2011	1	0	\$6,720	\$6,921	\$7,129	\$7,343	\$7,563	\$7,790	\$8,024	\$8,264	\$8,512	\$8,768	\$77,032
17.04	Wood Siding/Shingle/Trim Ongoing Repairs		\$5,000	2011	1	0	\$6,720	\$6,921	\$7,129	\$7,343	\$7,563	\$7,790	\$8,024	\$8,264	\$8,512	\$8,768	\$77,032
17.05	Termite Fumigation & Repairs (2006)		\$65,000	2006	10	4					\$98,318						\$98,318
17.06	Building Exterior Wood Repair/Replacement - every paint		\$174,310	2009	6	3						\$271,569					\$271,569
17.07	Building Exterior Wood Repair/Replacement - every other		\$192,110	2008	12	8											
18.00	PAINTING & STAINING																
18.01	Paint - All Wood/Metal Components		\$135,000	2009	6	3						\$210,326					\$210,326
18.02	Stain - Wood Shingle		\$85,000	2009	6	3						\$132,427					\$132,427
19.00	MISCELLANEOUS & CONTINGENCIES																
19.01	Arborist Tree Report		\$5,000	2009	5	2			\$7,129					\$8,264			\$15,393
19.02	Reserve Study - Annual		\$800	2009	3	0			\$1,141			\$1,246			\$1,362		\$3,749
19.03	Reserve Study - Annual		\$800	2010	3	1	\$1,075			\$1,175			\$1,284			\$1,403	\$4,937
19.04	Reserve Study - Third Year Site Inspection		\$1,600	2011	3	2		\$2,215			\$2,420			\$2,645			\$7,279
19.05	Underground Utility Inspections & Repairs		\$5,000	2011	1	0	\$6,720	\$6,921	\$7,129	\$7,343	\$7,563	\$7,790	\$8,024	\$8,264	\$8,512	\$8,768	\$77,032
19.06	CC&R Revisions		\$5,000	2009	5	2			\$7,129					\$8,264			\$15,393
UNSCHEDULED EXPENSE				3.00%			\$4,267	\$10,299	\$6,018	\$5,449	\$6,180	\$30,263	\$5,167	\$3,575	\$5,946	\$7,743	\$0
INFLATION FACTOR				3.00%			1.34	1.38	1.43	1.47	1.51	1.56	1.60	1.65	1.70	1.75	
TOTAL INFLATED REPAIR/REPLACEMENT EXPENSE							\$146,516	\$353,596	\$206,623	\$187,085	\$212,195	\$1,039,013	\$177,394	\$122,745	\$204,143	\$265,849	\$2,830,250

7.00 C PROJECTED EXPENDITURE SCHEDULE - THIRD TEN YEARS																
COMPONENT		REPLACE/	YEAR	USEFL	RMNG	YR. 21	YR. 22	YR. 23	YR. 24	YR. 25	YR. 26	YR. 27	YR. 28	YR. 29	YR. 30	TOTAL
CODE	DESCRIPTION	REPAIR CST	NEW	LIFE	LIFE	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	3rd 10 Yrs
16.02	Flat Roof Replacement @ 550 Thain	\$14,000	2012	20	20	\$25,286										\$25,286
16.03	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	\$197,114	1998	18	4			\$377,690								\$377,690
16.04	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	\$197,114	1998	19	5					\$400,691						\$400,691
16.05	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	\$197,114	1998	20	6							\$425,093				\$425,093
16.06	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	\$197,114	1998	21	7									\$450,982		\$450,982
17.00	RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES															
17.01	Doors - Entry Door & Hardware Allowance	\$5,000	2011	1	0	\$9,031	\$9,301	\$9,581	\$9,868	\$10,164	\$10,469	\$10,783	\$11,106	\$11,440	\$11,783	\$103,525
17.02	Doors - Sliding Glass Door & Hardware Allowance	\$5,000	2011	1	0	\$9,031	\$9,301	\$9,581	\$9,868	\$10,164	\$10,469	\$10,783	\$11,106	\$11,440	\$11,783	\$103,525
17.03	Windows - Inspect/Repair/Replace Allowance	\$5,000	2011	1	0	\$9,031	\$9,301	\$9,581	\$9,868	\$10,164	\$10,469	\$10,783	\$11,106	\$11,440	\$11,783	\$103,525
17.04	Wood Siding/Shingle/Trim Ongoing Repairs	\$5,000	2011	1	0	\$9,031	\$9,301	\$9,581	\$9,868	\$10,164	\$10,469	\$10,783	\$11,106	\$11,440	\$11,783	\$103,525
17.05	Termite Fumigation & Repairs (2006)	\$65,000	2006	10	4					\$132,132						\$132,132
17.06	Building Exterior Wood Repair/Replacement - every paint	\$174,310	2009	6	3		\$324,268						\$387,193			\$711,461
17.07	Building Exterior Wood Repair/Replacement - every other	\$192,110	2008	12	8	\$346,972										\$346,972
18.00	PAINTING & STAINING															
18.01	Paint - All Wood/Metal Components	\$135,000	2009	6	3		\$251,140						\$259,874			\$551,014
18.02	Stain - Wood Shingle	\$85,000	2009	6	3		\$158,125						\$188,810			\$346,935
19.00	MISCELLANEOUS & CONTINGENCIES															
19.01	Arborist Tree Report	\$5,000	2009	5	2			\$9,581					\$11,106			\$20,687
19.02	Reserve Study - Annual	\$800	2009	3	0		\$1,488			\$1,626			\$1,777			\$4,892
19.03	Reserve Study - Annual	\$800	2010	3	1			\$1,533			\$1,675			\$1,830		\$5,038
19.04	Reserve Study - Third Year Site Inspection	\$1,600	2011	3	2	\$2,890			\$3,158			\$3,451			\$3,771	\$13,269
19.05	Underground Utility Inspections & Repairs	\$5,000	2011	1	0	\$9,031	\$9,301	\$9,581	\$9,868	\$10,164	\$10,469	\$10,783	\$11,106	\$11,440	\$11,783	\$103,525
19.06	ICC&R Revisions	\$5,000	2009	5	2			\$9,581					\$11,106			\$20,687
UNSCHEDULED EXPENSE			3.00%			\$54,415	\$27,105	\$18,300	\$5,469	\$23,398	\$3,454	\$19,553	\$35,430	\$19,875	\$4,465	\$0
INFLATION FACTOR			3.00%			1.81	1.86	1.92	1.97	2.03	2.09	2.16	2.22	2.29	2.36	
TOTAL INFLATED REPAIR/REPLACEMENT EXPENSE						\$1,868,251	\$930,613	\$645,467	\$187,777	\$805,325	\$118,604	\$671,304	\$1,216,430	\$682,375	\$153,282	\$7,065,464

LEGAL REQUIREMENTS

Identify the major components to be included.
Establish reasonable life of all components.
Establish remaining life of all components.
Project estimated cost of all repairs.
Project year in which repairs are to occur.
Prepare Statement of Methodology.

SCOPE OF STUDY

The time frame covered by this analysis is from 2012 through 2041. These are the beginning and ending points for all repairs and funding calculations included in this study.

STATEMENT OF RESERVE STUDY METHODOLOGY

The components included in this analysis were identified by age, quantity and type. Upon completion of the component list and the Reserve Fund Requirement Analysis, the report was presented to the Homeowner Association's Board for approval. The following sources were used, when possible, to make our determinations:

- Original plans and specifications.
- Original contractors, maintenance contractors and vendors.
- Current contractors, maintenance contractors and vendors.
- Association maintenance staff.
- Association management.
- Independent subcontractors.
- In-house quantity surveyor.

While gathering this information there were some assumptions made regarding existing conditions, future conditions and additional circumstances that may occur that would effect the cost of repairs. Some of these assumptions may come true and others may not, therefore, the cost of repairs and life of certain components could vary substantially. Life expectancies of all components were based on industry standard experiences, and on the components being in reasonable and ordinary condition. Items that were not in such condition are identified in the Reserve Study.

All component conditions were based on visual inspection. There was no disassembly of components or demolition involved. This report does not address any factory or product defects or any damage due to improper maintenance, system design, or installation. It also assumed all components will receive reasonable maintenance for their remaining life.

Only components which met the following criteria were included in this report.

- The component maintenance is the responsibility of the Association.
- The component is not covered by the Associations Annual Operating Budget.
- The components estimated useful life is greater than one year.
- The components remaining estimated useful life is less than 30 years. (Provided its performing to standards)
- The replacement cost of all components included in this report is based on current repair or replacement costs.

In order to determine the annual Reserve contributions which will be required, a Fund Balance Methodology was performed. The premise of this replacement cost projection is to ensure a positive cash balance in the Reserve Fund Account which will enable the Association to fulfill its responsibility for maintaining the common area components. It is equally important that a positive cash fund be maintained without relying on Special Assessments or overfunding of Reserves. The initial inflation rate used is based upon a specific construction industry index. The Association's current rate of return on it's reserve account(s) is used for this study.

Based on the fact we have no knowledge or control over costs in the future, we would advise the Association to have the Reserve Study reviewed on an annual basis and make any necessary adjustments regarding component performance and their respective replacement costs.

9.00

COMPONENT DATA

CODE #	COMPONENT NAME	YEAR NEW	EXPECT. LIFE	OBSERVED CONDITION	INCLUDE NOTES	ITEM QUAN.	UM	UNIT COST	TOTAL COST
1.00	GROUNDS - SIGNAGE								
1.01	Entry Sign (Monument) Replace	1997	21	FAIR		1	EA.	\$2,500.00	\$2,500
1.02	Map Board - Repair/Replace	2005	12	GOOD/FAIR		1	EA.	\$2,500.00	\$2,500
1.03	Building/Unit Number Signs Repair/Replace	2005	12	GOOD/FAIR		13	EA.	\$250.00	\$3,250
2.00	GROUNDS - PAVING & CONCRETE								
2.01	Asphalt Paving - Seal Coat	2010	5	GOOD/FAIR		42982	S.F.	\$0.20	\$8,596
2.02	Asphalt Paving - Parking Striping	2010	5	GOOD/FAIR		774	S.F.	\$0.75	\$581
2.03	Asphalt Paving - Curb Painting	2010	5	GOOD/FAIR		721	S.F.	\$1.50	\$1,082
2.04	Asphalt Paving - Minor Repair - 5%	2010	5	AS NEEDED		2149	S.F.	\$5.00	\$10,746
2.05	Asphalt Paving - Major Repair - 25%	1979	40	FAIR		10746	S.F.	\$5.00	\$53,728
2.06	Concrete Repairs - Repair/Replace - Minor	2011	1	AS NEEDED		1	L.S.	\$1,500.00	\$1,500
2.07	Concrete Repairs - Repair/Replace - Major	2008	10	AS NEEDED		1	L.S.	\$9,000.00	\$9,000
2.08	Concrete - Pool Deck Repair/Replace	1979	35	FAIR		2652	S.F.	\$20.00	\$53,040
3.00	GROUNDS - FENCES, RETAINING WALLS, & GATES								
3.01	Fence - Wood @ Patio - Repair/Replace Allowance	2008	5	AS NEEDED		1	L.S.	\$10,000.00	\$10,000
3.02	Fence - Wood - G.N. @ Clubhouse Driveway	2003	25	FAIR		108	L.F.	\$20.00	\$2,160
3.03	Fence - Wood - G.N. @ Clubhouse to Bldg. 10 Driveway	2003	25	FAIR		246	L.F.	\$20.00	\$4,920
3.04	Fence - Wood - @ Bldg. 9 Drive and Open Space	2000	25	FAIR		218	L.F.	\$35.00	\$7,630
3.05	Fence - Wood - @ Bldg. 10 Drive and Open Space	2008	25	GOOD		150	L.F.	\$35.00	\$5,250
3.06	Fence - Wood - G.N. behind Bldgs. 4, 5, 6, 7, 8, 9	2000	25	FAIR		723	L.F.	\$20.00	\$14,460
3.07	Fence - Wood - G.N. behind Bldgs. 1, 2, 3, 4	2000	25	FAIR		557	L.F.	\$20.00	\$11,140
3.08	Fence - Wood - Pool Area Fences	2005	25	FAIR		47	L.F.	\$20.00	\$940
3.09	Fence - Cyclone @ Tennis Court - Replace	1979	45	FAIR		360	L.F.	\$30.00	\$10,800
3.10	Retaining - Wood @ Units 4122 and 4124	1995	30	FAIR		53	L.F.	\$35.00	\$1,855
3.11	Retaining - Masonry Retaining Wall @ Tennis	1979	55	GOOD/FAIR		360	L.F.	\$75.00	\$27,000
3.12	Retaining - Wood @ Pool Area	2003	25	GOOD/FAIR		83	L.F.	\$78.31	\$6,500
3.13	Gates -El Camino Car Gates - Replace	1995	25	FAIR		2	EA.	\$750.00	\$1,500
3.14	Gates -El Camino Pedestrian Gate - Replace	2007	25	FAIR		1	EA.	\$1,500.00	\$1,500
3.15	Gates - Pool Gates - Replace	2005	25	FAIR		2	EA.	\$1,500.00	\$3,000
3.16	Gates - Cyclone @ Tennis Court - Replace	1995	25	FAIR		1	EA.	\$500.00	\$500
3.17	Gates - Wood @ Maintenance Area	2000	15	FAIR		2	EA.	\$500.00	\$1,000
4.00	GROUNDS - IRRIGATION & LANDSCAPING								
4.01	Well Components Repair and Replacement - Ongoing	2011	1	AS NEEDED		1	L.S.	\$2,500.00	\$2,500
4.02	Well Components - Major System Replacement	2011	25	AS NEEDED		1	L.S.	\$55,609.00	\$55,609
4.03	Irrigation Replace Allowance (Valves, Pipes, Heads etc.)	2011	1	AS NEEDED		1	L.S.	\$2,500.00	\$2,500
4.04	Irrigation Controllers	2009	15	AS NEEDED		4	EA.	\$2,000.00	\$8,000

9.00

COMPONENT DATA

CODE #	COMPONENT NAME	YEAR NEW	EXPECT. LIFE	OBSERVED CONDITION	INCLUDE NOTES	ITEM QUAN.	UM	UNIT COST	TOTAL COST
4.05	Irrigation Controllers	2000	15	AS NEEDED		2	EA.	\$2,000.00	\$4,000
4.06	Backflow Preventor	1995	25	AS NEEDED		4	EA.	\$2,500.00	\$10,000
4.07	Large Tree Care	2011	1	AS NEEDED		1	L.S.	\$10,000.00	\$10,000
4.08	Large Landscape Enhancements	2011	1	AS NEEDED		1	L.S.	\$5,000.00	\$5,000
5.00	LIGHTING- ALL SITE								
5.01	Lighting Wiring and Controllers Repair Allowance	2011	1	AS NEEDED		1	L.S.	\$1,000.00	\$1,000
5.02	Light Fixtures - @ Landscaping & Wiring	1979	30	PROPOSED		99	EA.	\$100.00	\$9,900
5.03	Light Poles @ Pool Area - Poles, Fixtures & Wiring	1979	30	PROPOSED		3	EA.	\$1,000.00	\$3,000
5.04	Lights- Clubhouse Building Exterior	1979	30	PROPOSED		3	EA.	\$125.00	\$375
5.05	Lights - Wall Mount @ Garages	1979	30	PROPOSED		45	EA.	\$125.00	\$5,625
5.06	Lights - Residential Building Exterior - Entry/Balc./Stairs	1979	30	PROPOSED		195	EA.	\$125.00	\$24,375
6.00	GROUNDS - MAILBOX KIOSKS								
6.01	Kiosks Rebuild (Structure, Siding, Roof)	1995	25	FAIR		6	EA.	\$1,500.00	\$9,000
6.02	Mailboxes	1995	25	FAIR		78	EA.	\$150.00	\$11,700
7.00	GROUNDS - MISCELLANEOUS								
7.01	Storage Shed (Modular) - Replace	2007	20	GOOD/FAIR		1	EA.	\$1,200.00	\$1,200
7.02	Iron Stair Railings @ site Concrete Stairs	1985	30	FAIR		53	L.F.	\$100.00	\$5,300
7.03	Television System - MATV	1993	15	To Determine		1	L.S.	\$7,500.00	\$7,500
8.00	TENNIS COURT AREA								
8.01	Tennis Court - Resurface/Lines	2010	5	GOOD		7200	S.F.	\$0.76	\$5,500
8.02	Tennis Court - Replace	1979	45	GOOD/FAIR		7200	S.F.	\$5.00	\$36,000
8.03	Tennis Court Net - Replace	2010	5	AS NEEDED		1	EA.	\$350.00	\$350
9.00	SWIMMING POOL								
9.01	Drainage Upgrade Allowance	2009	15	GOOD		1	L.S.	\$2,500.00	\$2,500
9.02	Plaster- Resurface	2003	12	FAIR		129	S.Y.	\$60.00	\$7,733
9.03	Coping - Replace	2003	30	FAIR		120	L.F.	\$20.00	\$2,400
9.04	Tile - Replace	2003	30	FAIR		120	L.F.	\$20.00	\$2,400
9.05	Seal Coping/Deck Joint - Replace Mastic	2003	10	FAIR/POOR		120	L.F.	\$6.00	\$720
9.06	Rails - Replace	2003	30	FAIR		2	EA.	\$1,000.00	\$2,000
9.07	Lights - Replace	2003	15	FAIR		1	EA.	\$300.00	\$300
9.08	Heater - Replace	2000	13	AS NEEDED		1	EA.	\$2,850.00	\$2,850
9.09	Filter - Replace	2000	13	AS NEEDED		1	EA.	\$2,250.00	\$2,250
9.10	Filter Pump - Replace	2000	13	AS NEEDED		1	EA.	\$850.00	\$850
9.11	Solar Controller - Replace	2000	15	AS NEEDED		1	EA.	\$750.00	\$750
9.12	Solar Pump - Replace	2000	13	AS NEEDED		1	EA.	\$850.00	\$850
9.13	Solar Panels - Replace	2000	15	AS NEEDED		15	EA.	\$600.00	\$9,000

9.00

COMPONENT DATA

CODE #	COMPONENT NAME	YEAR NEW	EXPECT. LIFE	OBSERVED CONDITION	INCLUDE NOTES	ITEM QUAN.	UM	UNIT COST	TOTAL COST
9.14	Solar Panels - Structure Replace	2000	15	AS NEEDED		360	S.F.	\$15.00	\$5,400
9.15	Pool Signs - Replace	2004	5	AS NEEDED		1	EA.	\$250.00	\$250
9.16	Pool Furniture Replacement Allowance	2004	10	AS WANTED		1	L.S.	\$2,500.00	\$2,500
10.00	SPA								
10.01	Pre-Fab Tub Replace	2002	20	GOOD/FAIR		1	EA.	\$10,000.00	\$10,000
10.02	Rails - Replace	2002	30	GOOD/FAIR		1	EA.	\$1,000.00	\$1,000
10.03	Heater - Replace	2006	15	AS NEEDED		1	EA.	\$2,650.00	\$2,650
10.04	Filter - Replace	1997	16	AS NEEDED		1	EA.	\$2,250.00	\$2,250
10.05	Filter Pump - Replace	2004	9	AS NEEDED		1	EA.	\$850.00	\$850
11.00	CLUBHOUSE INTERIOR								
11.01	Paint - Interior (Clubhouse)	2004	15	GOOD/FAIR		3493	S.F.	\$1.00	\$3,493
11.02	Carpet Floor- Replace	2005	15	GOOD/FAIR		442	S.F.	\$10.00	\$4,420
11.03	Tile Floor - Replace	1979	40	GOOD/FAIR		550	S.F.	\$20.00	\$11,000
11.04	Refrigerator - Replace	2004	15	GOOD/FAIR		1	EA.	\$500.00	\$500
11.05	Disposal - Replace	2011	15	GOOD		1	EA.	\$300.00	\$300
11.06	HVAC Unit - Replace	1979	34	AS NEEDED		1	EA.	\$3,000.00	\$3,000
11.07	Clubhouse & Sauna Fans - Replace	1994	20	AS NEEDED		2	EA.	\$350.00	\$700
11.08	Sauna Room Rehabilitation & Door	1979	35	FAIR		1	L.S.	\$5,000.00	\$5,000
11.09	Sauna Mechanical - Replace	2011	30	GOOD		1	EA.	\$3,000.00	\$3,000
11.10	Water Heater - 50 Gal	1996	18	AS NEEDED		1	EA.	\$1,000.00	\$1,000
11.11	Doors - Wood w/Glass	1979	45	AS NEEDED		2	EA.	\$600.00	\$1,200
11.12	Doors - Solid Wood	1979	45	AS NEEDED		4	EA.	\$600.00	\$2,400
11.13	Lights	2004	35	AS NEEDED		19	EA.	\$150.00	\$2,850
11.14	Restroom Upgrade	2004	15	AS NEEDED		2	L.S.	\$5,000.00	\$10,000
11.15	Kitchen Area Upgrade	2004	15	AS NEEDED		1	L.S.	\$5,000.00	\$5,000
11.16	Furniture Replace	2005	10	AS NEEDED		1	L.S.	\$7,000.00	\$7,000
12.00	CLUBHOUSE BUILDING EXTERIOR								
12.01	Gutters & Downspouts - Replace	2005	25	GOOD/FAIR		272	L.F.	\$8.00	\$2,176
12.02	Clubhouse Deck & Stairs - Replace- Redwood	2008	25	GOOD		482	S.F.	\$31.12	\$15,000
12.03	Clubhouse Deck & Stairs- Sealing/Leak Maintenance	2010	3	AS NEEDED		482	S.F.	\$3.00	\$1,446
12.04	Doors - Wood/Glass Entry Doors	1979	45	AS NEEDED		4	EA.	\$850.00	\$3,400
12.05	Doors - Solid Wood Entry Door- Pool Equipment Room	1979	45	AS NEEDED		1	EA.	\$600.00	\$600
12.06	Doors - Metal/Glass Sliding Doors	1979	35	AS NEEDED		3	S.F.	\$950.00	\$2,850
12.07	Windows	1979	35	AS NEEDED		5	EA.	\$1,000.00	\$5,000
13.00	GARAGE & TRASH ENCLOSURE BUILDING EXTERIORS								
13.01	Doors - Garage Door & Trim Repair Allowance	2012	20	PROPOSED		70	EA.	\$357.14	\$25,000

CODE #	COMPONENT NAME	YEAR NEW	EXPECT. LIFE	OBSERVED CONDITION	INCLUDE NOTES	ITEM QUAN.	UM	UNIT COST	TOTAL COST
13.02	Doors - Single Car Garage Doors	1979	40	FAIR		70	EA.	\$900.00	\$63,000
13.03	Doors - Wood/Glass Pedestrian Door	1979	35	FAIR		10	EA.	\$750.00	\$7,500
13.04	Doors - Solid Wood Doors @ Walk In Garbages	2004	30	FAIR		10	EA.	\$600.00	\$6,000
13.05	Trash Enclosure Rebuild Allowance	2008	10	AS NEEDED		1	L.S.	\$10,000.00	\$10,000
14.00	RESIDENTIAL BUILDING EXTERIORS - STAIRS								
14.01	Straight Stairs & Landing - Replace (6) (Saarman)	2002	30	GOOD/FAIR		6	EA.	\$8,500.00	\$51,000
14.02	Straight Stairs & Landing - Replace (3)	1989	30	FAIR		3	EA.	\$8,500.00	\$25,500
14.03	U-Shaped Stairs & Landing - Replace (7) (Saarman)	2002	30	GOOD/FAIR		7	EA.	\$15,000.00	\$105,000
14.04	U-Shaped Stairs & Landing - Replace (2)	1992	30	FAIR		2	EA.	\$15,000.00	\$30,000
14.05	L-Shaped Stairs & Landing - Replace (8) (Saarman)	2002	30	GOOD/FAIR		8	EA.	\$12,000.00	\$96,000
14.06	L-Shaped Stairs & Landing - Replace (1) - 504	2008	30	GOOD		1	EA.	\$12,000.00	\$12,000
14.07	L-Shaped Stairs & Landing - Replace (3)	1990	30	FAIR		3	EA.	\$12,000.00	\$36,000
14.08	Stairs & Landing - Repair Allowance	2011	1	AS NEEDED		1	L.S.	\$2,500.00	\$2,500
15.00	RESIDENTIAL BUILDING EXTERIORS - BALCONIES								
15.01	Small Balconies - Replace (4) (Saarman)	2002	30	GOOD/FAIR		4	EA.	\$8,000.00	\$32,000
15.02	Small Balconies - Replace (2)	1989	30	FAIR		2	EA.	\$8,000.00	\$16,000
15.03	Small Balconies - Replace (3)	1983	30	FAIR		3	EA.	\$8,000.00	\$24,000
15.04	Small Balconies - Replace (1) - 4141	2009	30	GOOD		1	EA.	\$8,000.00	\$8,000
15.05	Large Balconies Replace (23) (Saarman)	2002	30	GOOD/FAIR		23	EA.	\$18,318.13	\$421,317
15.06	Large Balconies Replace (5)	2001	30	GOOD/FAIR		5	EA.	\$18,319.60	\$91,598
15.07	Large Balconies Replace (10)	1997	30	FAIR		10	EA.	\$18,318.50	\$183,185
15.08	Large Balconies Replace (10)	1993	30	FAIR		10	EA.	\$18,318.50	\$183,185
15.09	Large Balconies Replace (10)	1989	30	FAIR		10	EA.	\$18,318.50	\$183,185
15.10	Large Balconies Replace (6)	1985	30	FAIR		6	EA.	\$18,318.25	\$109,910
15.11	Large Balconies Replace (2)- 3108 & 4141	2009	30	GOOD		2	EA.	\$17,840.00	\$35,680
15.12	Townhouse Balconies - Replace (2)	1985	30	FAIR		2	EA.	\$12,500.00	\$25,000
15.13	Townhouse Balconies - Replace (3)	1979	30	FAIR/POOR		3	EA.	\$12,500.00	\$37,500
15.14	Repair Small, Large & Townhouse Balconies Allowance	2011	1	AS NEEDED		1	L.S.	\$2,500.00	\$2,500
16.00	BUILDING EXTERIOR - ROOFS								
16.01	Inspection & Repair Allowance - All Roofing Components	2010	2	AS NEEDED		1	L.S.	\$10,000.00	\$10,000
16.02	Flat Roof Replacement @ 550 Thain	2012	20	PROPOSED		1	L.S.	\$14,000.00	\$14,000
16.03	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	1998	18	To Determine	Yes	1	L.S.	\$197,113.55	\$197,114
16.04	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	1998	19	To Determine	Yes	1	L.S.	\$197,113.55	\$197,114
16.05	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	1998	20	To Determine	Yes	1	L.S.	\$197,113.55	\$197,114
16.06	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	1998	21	To Determine	Yes	1	L.S.	\$197,113.55	\$197,114
17.00	RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES								

9.00

COMPONENT DATA

CODE #	COMPONENT NAME	YEAR NEW	EXPECT. LIFE	OBSERVED CONDITION	INCLUDE NOTES	ITEM QUAN.	UM	UNIT COST	TOTAL COST
17.01	Doors - Entry Door & Hardware Allowance	2011	1	AS NEEDED		1	L.S.	\$5,000.00	\$5,000
17.02	Doors - Sliding Glass Door & Hardware Allowance	2011	1	AS NEEDED		1	L.S.	\$5,000.00	\$5,000
17.03	Windows - Inspect/Repair/Replace Allowance	2011	1	AS NEEDED		1	L.S.	\$5,000.00	\$5,000
17.04	Wood Siding/Shingle/Trim Ongoing Repairs	2011	1	AS NEEDED		1	L.S.	\$5,000.00	\$5,000
17.05	Termite Fumigation & Repairs (2006)	2006	10	AS NEEDED		1	L.S.	\$65,000.00	\$65,000
17.06	Building Exterior Wood Repair/Replacement - every paint	2009	6	AS NEEDED	Yes	1	L.S.	\$174,310.00	\$174,310
17.07	Building Exterior Wood Repair/Replacement - every other	2008	12	AS NEEDED	Yes	1	L.S.	\$192,110.00	\$192,110
18.00	PAINTING & STAINING								
18.01	Paint - All Wood/Metal Components	2009	6	GOOD/FAIR		1	L.S.	\$135,000.00	\$135,000
18.02	Stain - Wood Shingle	2009	6	GOOD/FAIR		1	L.S.	\$85,000.00	\$85,000
19.00	MISCELLANEOUS & CONTINGENCIES								
19.01	Arborist Tree Report	2009	5	AS NEEDED		1	L.S.	\$5,000.00	\$5,000
19.02	Reserve Study - Annual	2009	3	ONGOING		1	L.S.	\$800.00	\$800
19.03	Reserve Study - Annual	2010	3	ONGOING		1	L.S.	\$800.00	\$800
19.04	Reserve Study - Third Year Site Inspection	2011	3	ONGOING		1	L.S.	\$1,600.00	\$1,600
19.05	Underground Utility Inspections & Repairs	2011	1	AS NEEDED		1	L.S.	\$5,000.00	\$5,000
19.06	CC&R Revisions	2009	5	AS NEEDED		1	L.S.	\$5,000.00	\$5,000

GENERAL NOTES:

1. Where component replacement dates were unavailable, assumptions were made based on the visual condition of the component and its statistical life expectancy.
2. The use of a 100 year life expectancy in this report indicates a one - time expenditure in the year shown as year new.
3. Per California Civil Code 1365.5, inspections and subsequent condition reports contained within this report were based on visual identification and inspection. No destructive testing was performed during this inspection.
4. We recommend that the Board seek appropriate expert inspection, testing, and opinions for the following areas of concern. These may include, but are not restricted to:
 - A.) Defective construction and component installation.
 - B.) Dry rot damage.
 - C.) Pest infestation.
 - D.) Mold infestation.
 - E.) Moisture penetration.
 - F.) Roof inspection and repair.
 - G.) Balcony, deck and stair condition.
5. Units of Measurement abbreviations.
 - L.F. = Lineal Feet
 - S.F. = Square Feet
 - S.Y. = Square Yard
 - EA. = Each
 - L.S. = Lump Sum

SPECIFIC NOTES:

MAIN HEADING: 16.00 BUILDING EXTERIOR - ROOFS

SUB HEADING: 16.02 SLOPED & FLAT ROOF/GUTTERS/DOWNS/SKYLIGHTS - 25%

The association is responsible for maintaining various roofing components throughout the property. Rather than a one time total replacement of all roofing systems, these components have been organized to be replaced in four phases, with 25% of the total being completed each phase. The following inventory quantifies the amount and potential total replacement cost estimates for which these phases are based on.

The benefit of this approach is that all of the various roof components on each individual building will be replaced at once leading to higher overall integration of components and quality, as well as lower cost and lower nuisance to owners of each building. After completion of the project it is likely that life expectancies of the next cycle will be able to be lengthened. The overall life expectancies are currently shorter than hoped due to low confidence in the current roofing system.

continue on next page

24740	S.F. of Flat Roofs - Residences	\$6.00	\$148,440.00
8041	S.F. of Flat Roofs - Clubhouse & Garages	\$6.00	\$48,246.00
44028	S.F. of Sloped Shake Roofs - Residences	\$7.50	\$330,213.00
17997	S.F. of Sloped Shake Roofs-Clubhouse/Garages	\$7.50	\$134,980.20
1	L.S. of Gutters & Downspouts - Replace	\$94,175.00	\$94,175.00
14	Chimney Caps & Spark Arrestors	\$600.00	\$8,400.00
16	Skylights - Assoc. Responsible @ Peaks	\$1,500.00	\$24,000.00
			<u>\$788,454.20</u>

MAIN HEADING: 17.00 BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES

SUB HEADING: 17.05 EXTERIOR WOOD REPAIR/REPLACEMENT - EVERY PAINT

SUB HEADING: 17.05 EXTERIOR WOOD REPAIR/REPLACEMENT - EVERY OTHER

In 2008 and 2009 the association performed a major repair and replacement project to the exterior wood components of the buildings including: wood shingles, siding, trim, fascia, decks, balconies, stairs, landings, and railings. Due to the size, age and exposure of these buildings the association should be prepared to continue to perform large amounts of repair and replacement in the future in order to protect the building structure. The allowances included herein are organized based on the actual expenditures in 2008 and 2009, but are staggered at 6 year and 12 year life expectancies to balance the building needs and the funding realities. These components should be reviewed with the association's contractor's often and any great changes in outlook incorporated into the next study.

11.00	COMPONENT CATEGORY COST SUMMARY
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<u>CODE #</u>	<u>CATEGORY NAME</u>	<u>TOTALS</u>
1.00	GROUNDS - SIGNAGE	\$8,250.00
2.00	GROUNDS - PAVING & CONCRETE	\$138,271.40
3.00	GROUNDS - FENCES, RETAINING WALLS, & GATES	\$110,155.00
4.00	GROUNDS - IRRIGATION & LANDSCAPING	\$97,609.00
5.00	LIGHTING- ALL SITE	\$44,275.00
6.00	GROUNDS - MAILBOX KIOSKS	\$20,700.00
7.00	GROUNDS - MISCELLANEOUS	\$14,000.00
8.00	TENNIS COURT AREA	\$41,850.00
9.00	SWIMMING POOL	\$42,753.33
10.00	SPA	\$16,750.00
11.00	CLUBHOUSE INTERIOR	\$60,863.04
12.00	CLUBHOUSE BUILDING EXTERIOR	\$30,472.00
13.00	GARAGE & TRASH ENCLOSURE BUILDING EXTERIOR	\$111,500.00
14.00	RESIDENTIAL BUILDING EXTERIORS - STAIRS	\$358,000.00
15.00	RESIDENTIAL BUILDING EXTERIORS - BALCONIES	\$1,353,059.50
16.00	BUILDING EXTERIOR - ROOFS	\$812,454.20
17.00	RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE	\$451,420.00
18.00	PAINTING & STAINING	\$220,000.00
19.00	MISCELLANEOUS & CONTINGENCIES	\$18,200.00
	Grand Total:	<u><u>\$3,950,582.47</u></u>

TRADE: General Construction Pricing
NAME: Means Cost Work
CONTACT: R.S. Means Company, Inc.
ADDRESS: 63 Smiths Lane
CITY, STATE: Kingston, MA 02364-0800
PHONE: N/A

TRADE: Electrical Pricing
NAME: Means Cost Work
CONTACT: R.S. Means Company, Inc.
ADDRESS: 63 Smiths Lane
CITY, STATE: Kingston, MA 02364-0800
PHONE: N/A

TRADE: Plumbing & HVAC Pricing
NAME: Means Cost Work
CONTACT: R.S. Means Company, Inc.
ADDRESS: 63 Smiths Lane
CITY, STATE: Kingston, MA 02364-0800
PHONE: N/A

TRADE: Financial Information
NAME:
COMPANY: PML Management Corporation
ADDRESS: 655 Mariners Island Blvd., Suite 301
CITY, STATE: San Mateo, CA 94404
PHONE: (650) 349-9113

TRADE: Component Replacement Dates
NAME: Ms. Deborah McGraw
COMPANY: PML Management Corporation
ADDRESS: 655 Mariners Island Blvd., Suite 301
CITY, STATE: San Mateo, CA 94404
PHONE: (650) 349-9113

ASSOCIATION INFORMATION

BOARD OF DIRECTORS CONTACT:	Board of Directors
ASSOCIATION NAME:	Barron Square HOA - 3yr. Update 2012
ADDRESS:	Thain Way
CITY, STATE, ZIP:	Palo Alto, CA
PHONE NUMBER:	
EMAIL:	

PROPERTY INFORMATION

BEGINNING YEAR OF STUDY:	2012	NUMBER OF UNITS IN PROJECT:	65
YEAR CONSTRUCTED:	1979	NUMBER OF BUILDINGS ANALYZED:	13
NUMBER OF CONSTRUCTION PHASES:	1	YEAR ENDING DATE:	12/31
YEAR OF LAST PHYSICAL INSPECTION:	2011		
PERFORMED BY:	Reserve Analysis Consulting, L.L.C.		
YEAR OF NEXT PHYSICAL INSPECTION:	2014 (as required by the Davis-Stirling Act - 1997)		
RESERVE STUDY PREPARER:	Reserve Analysis Consulting, L.L.C. 3030 Bridgeway, Suite 330 Sausalito, California 94965 Casey O'Neill (415) 289-7443 FAX (415) 332-7801 caseyo@reserveanalysis.com		
CURRENT PROPERTY MANAGER:	Ms. Deborah McGraw PML Management Corporation 655 Mariners Island Blvd., Suite 301 San Mateo, CA 94404 (650) 349-9113		
CURRENT ACCOUNTANT:	PML Management Corporation 655 Mariners Island Blvd., Suite 301 San Mateo, CA 94404 (650) 349-9113		

RESERVE ACCOUNT INFORMATION

2011 ANNUAL RESERVE CONTRIBUTION:	\$236,677	2012 ANNUAL RESERVE CONTRIBUTION:	\$246,757
2011 MONTHLY RESERVE CONTRIBUTION:	\$19,723	2012 MONTHLY RESERVE CONTRIBUTION:	\$20,563
2011 UNIT PER MONTH CONTRIBUTION:	\$303.43	2012 UNIT PER MONTH CONTRIBUTION:	\$316.36
2011 ACTUAL SPECIAL ASSESSMENT:	N/A	2012 PROPOSED SPECIAL ASSESSMENT:	\$0
2011 TOTAL DOLLARS TO BE 100% FUNDED:	\$2,021,017	REQUESTED MINIMUM BALANCE:	N/A
2011 ACTUAL DOLLARS IN RESERVE FUND:	\$1,176,035	2012 PROJECTED BEGINNING YEAR BALANCE:	\$1,176,035
2011 PER UNIT UNDERFUNDED	\$13,000	2012 PROJECTED REPLACEMENT EXPENSES:	\$196,550
2011 CALCULATED PERCENT FUNDED:	58.19%	ASSUMED LONG-TERM INFLATION RATE:	3.00%
CURRENT AVG. ACCOUNT INTEREST RATE:	0.50%	ASSUMED LONG-TERM INTEREST RATE:	1.50%

LEGAL REQUIREMENTS

Identify the major components to be included.
Establish reasonable life of all components.
Establish remaining life of all components.
Project estimated cost of all repairs.
Project year in which repairs are to occur.
Prepare Statement of Methodology.

SCOPE OF STUDY

The time frame covered by this analysis is from 2012 through 2041. These are the beginning and ending points for all repairs and funding calculations included in this study.

STATEMENT OF RESERVE STUDY METHODOLOGY

The components included in this analysis were identified by age, quantity and type. Upon completion of the component list and the Reserve Fund Requirement Analysis, the report was presented to the Homeowner Association's Board for approval. The following sources were used, when possible, to make our determinations:

- Original plans and specifications.
- Original contractors, maintenance contractors and vendors.
- Current contractors, maintenance contractors and vendors.
- Association maintenance staff.
- Association management.
- Independent subcontractors.
- In-house quantity surveyor.

While gathering this information there were some assumptions made regarding existing conditions, future conditions and additional circumstances that may occur that would effect the cost of repairs. Some of these assumptions may come true and others may not, therefore, the cost of repairs and life of certain components could vary substantially. Life expectancies of all components were based on industry standard experiences, and on the components being in reasonable and ordinary condition. Items that were not in such condition are identified in the Reserve Study.

All component conditions were based on visual inspection. There was no disassembly of components or demolition involved. This report does not address any factory or product defects or any damage due to improper maintenance, system design, or installation. Its also assumed all components will receive reasonable maintenance for their remaining life.

Only components which met the following criteria were included in this report.

The component maintenance is the responsibility of the Association.

The component is not covered by the Associations Annual Operating Budget.

The components estimated useful life is greater than one year.

The components remaining estimated useful life is less than 30 years. (Provided its performing to standards)

The replacement cost of all components included in this report is based on current repair or replacement costs.

In order to determine the annual Reserve contributions which will be required, a Fund Balance Methodology was performed. The premise of this replacement cost projection is to ensure a positive cash balance in the Reserve Fund Account which will enable the Association to fulfill its responsibility for maintaining the common area components. It is equally important that a positive cash fund be maintained without relying on Special Assessments or overfunding of Reserves. The initial inflation rate used is based upon a specific construction industry index. The Association's current rate of return on it's reserve account(s) is used for this study.

Based on the fact we have no knowledge or control over costs in the future, we would advise the Association to have the Reserve Study reviewed on an annual basis and make any necessary adjustments regarding component performance and their respective replacement costs.

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED REQUIREMENT

STEPS FOR DETERMINING PERCENT FUNDED:

- Step 1: Calculate for each component a required contribution on a "straight-line" funding methodology.
(total component cost divided by the life expectancy of the component)
- Step 2: Calculate the required dollars in Reserves for each component.
(required annual contribution multiplied by the components life in service)
- Step 3: Total the required dollars for each component to arrive at "required dollars in bank".
- Step 4: Divide actual dollars in bank by required dollars in bank to arrive at percent funded calculation.

This report includes, but is not limited to*, reserve calculations made using the formula described in paragraph (4) of sub-division (b) of section 1365.2.5 of the Davis-Stirling Act.

(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.**

* The future funding requirements shown on page 9:00 A & B of this Reserve study are derived by cash flow funding calculations.

Code #	Component Description	Year New	Useful Life	Remaining Life	Total Cost	Annual Contrib.	2011 Total Req'd in Bank
1.00	GROUNDS - SIGNAGE						
1.01	Entry Sign (Monument) Replace	1997	21	6	\$2,500	\$119	\$1,667
1.02	Map Board - Repair/Replace	2005	12	5	\$2,500	\$208	\$1,250
1.03	Building/Unit Number Signs Repair/Replace	2005	12	5	\$3,250	\$271	\$1,625
2.00	GROUNDS - PAVING & CONCRETE						
2.01	Asphalt Paving - Seal Coat	2010	5	3	\$8,596	\$1,719	\$1,719
2.02	Asphalt Paving - Parking Striping	2010	5	3	\$581	\$116	\$116
2.03	Asphalt Paving - Curb Painting	2010	5	3	\$1,082	\$216	\$216
2.04	Asphalt Paving - Minor Repair - 5%	2010	5	3	\$10,746	\$2,149	\$2,149
2.05	Asphalt Paving - Major Repair - 25%	1979	40	7	\$53,728	\$1,343	\$42,982
2.06	Concrete Repairs - Repair/Replace - Minor	2011	1	0	\$1,500	\$1,500	\$0
2.07	Concrete Repairs - Repair/Replace - Major	2008	10	6	\$9,000	\$900	\$2,700
2.08	Concrete - Pool Deck Repair/Replace	1979	35	2	\$53,040	\$1,515	\$48,494
3.00	GROUNDS - FENCES, RETAINING WALLS, & GATES						
3.01	Fence - Wood @ Patio - Repair/Replace Allowance	2008	5	1	\$10,000	\$2,000	\$6,000
3.02	Fence - Wood - G.N. @ Clubhouse Driveway	2003	25	16	\$2,160	\$86	\$691
3.03	Fence - Wood - G.N. @ Clubhouse to Bldg. 10 Driveway	2003	25	16	\$4,920	\$197	\$1,574
3.04	Fence - Wood - @ Bldg. 9 Drive and Open Space	2000	25	13	\$7,630	\$305	\$3,357
3.05	Fence - Wood - @ Bldg. 10 Drive and Open Space	2008	25	21	\$5,250	\$210	\$630
3.06	Fence - Wood - G.N. behind Bldgs. 4, 5, 6, 7, 8, 9	2000	25	13	\$14,460	\$578	\$6,362
3.07	Fence - Wood - G.N. behind Bldgs. 1, 2, 3, 4	2000	25	13	\$11,140	\$446	\$4,902
3.08	Fence - Wood - Pool Area Fences	2005	25	18	\$940	\$38	\$226
3.09	Fence - Cyclone @ Tennis Court - Replace	1979	45	12	\$10,800	\$240	\$7,680
3.10	Retaining - Wood @ Units 4122 and 4124	1995	30	13	\$1,855	\$62	\$989
3.11	Retaining - Masonry Retaining Wall @ Tennis	1979	55	22	\$27,000	\$491	\$15,709
3.12	Retaining - Wood @ Pool Area	2003	25	16	\$6,500	\$260	\$2,080
3.13	Gates -El Camino Car Gates - Replace	1995	25	8	\$1,500	\$60	\$960
3.14	Gates -El Camino Pedestrian Gate - Replace	2007	25	20	\$1,500	\$60	\$240
3.15	Gates - Pool Gates - Replace	2005	25	18	\$3,000	\$120	\$720
3.16	Gates - Cyclone @ Tennis Court - Replace	1995	25	8	\$500	\$20	\$320
3.17	Gates - Wood @ Maintenance Area	2000	15	3	\$1,000	\$67	\$733
4.00	GROUNDS - IRRIGATION & LANDSCAPING						
4.01	Well Components Repair and Replacement - Ongoing	2011	1	0	\$2,500	\$2,500	\$0
4.02	Well Components - Major System Replacement	2011	25	24	\$55,609	\$2,224	\$0
4.03	Irrigation Replace Allowance (Valves, Pipes, Heads etc.)	2011	1	0	\$2,500	\$2,500	\$0
4.04	Irrigation Controllers	2009	15	12	\$8,000	\$533	\$1,067
4.05	Irrigation Controllers	2000	15	3	\$4,000	\$267	\$2,933
4.06	Backflow Preventor	1995	25	8	\$10,000	\$400	\$6,400
4.07	Large Tree Care	2011	1	0	\$10,000	\$10,000	\$0

3.00	RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED REQUIREMENT
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STEPS FOR DETERMINING PERCENT FUNDED:

Step 1: Calculate for each component a required contribution on a "straight-line" funding methodology.
 (total component cost divided by the life expectancy of the component)

4.08	Large Landscape Enhancements	2011	1	0	\$5,000	\$5,000	\$0
5.00	LIGHTING- ALL SITE						
5.01	Lighting Wiring and Controllers Repair Allowance	2011	1	0	\$1,000	\$1,000	\$0
5.02	Light Fixtures - @ Landscaping & Wiring	1979	30	-3	\$9,900	\$330	\$9,900
5.03	Light Poles @ Pool Area - Poles, Fixtures & Wiring	1979	30	-3	\$3,000	\$100	\$3,000
5.04	Lights- Clubhouse Building Exterior	1979	30	-3	\$375	\$13	\$375
5.05	Lights - Wall Mount @ Garages	1979	30	-3	\$5,625	\$188	\$5,625
5.06	Lights - Residential Building Exterior - Entry/Balc./Stairs	1979	30	-3	\$24,375	\$813	\$24,375
6.00	GROUNDS - MAILBOX KIOSKS						
6.01	Kiosks Rebuild (Structure, Siding, Roof)	1995	25	8	\$9,000	\$360	\$5,760
6.02	Mailboxes	1995	25	8	\$11,700	\$468	\$7,488
7.00	GROUNDS - MISCELLANEOUS						
7.01	Storage Shed (Modular) - Replace	2007	20	15	\$1,200	\$60	\$240
7.02	Iron Stair Railings @ site Concrete Stairs	1985	30	3	\$5,300	\$177	\$4,593
7.03	Television System - MATV	1993	15	-4	\$7,500	\$500	\$7,500
8.00	TENNIS COURT AREA						
8.01	Tennis Court - Resurface/Lines	2010	5	3	\$5,500	\$1,100	\$1,100
8.02	Tennis Court - Replace	1979	45	12	\$36,000	\$800	\$25,600
8.03	Tennis Court Net - Replace	2010	5	3	\$350	\$70	\$70
9.00	SWIMMING POOL						
9.01	Drainage Upgrade Allowance	2009	15	12	\$2,500	\$167	\$333
9.02	Plaster- Resurface	2003	12	3	\$7,733	\$644	\$5,156
9.03	Coping - Replace	2003	30	21	\$2,400	\$80	\$640
9.04	Tile - Replace	2003	30	21	\$2,400	\$80	\$640
9.05	Seal Coping/Deck Joint - Replace Mastic	2003	10	1	\$720	\$72	\$576
9.06	Rails - Replace	2003	30	21	\$2,000	\$67	\$533
9.07	Lights - Replace	2003	15	6	\$300	\$20	\$160
9.08	Heater - Replace	2000	13	1	\$2,850	\$219	\$2,412
9.09	Filter - Replace	2000	13	1	\$2,250	\$173	\$1,904
9.10	Filter Pump - Replace	2000	13	1	\$850	\$65	\$719
9.11	Solar Controller - Replace	2000	15	3	\$750	\$50	\$550
9.12	Solar Pump - Replace	2000	13	1	\$850	\$65	\$719
9.13	Solar Panels - Replace	2000	15	3	\$9,000	\$600	\$6,600
9.14	Solar Panels - Structure Replace	2000	15	3	\$5,400	\$360	\$3,960
9.15	Pool Signs - Replace	2004	5	-3	\$250	\$50	\$250
9.16	Pool Furniture Replacement Allowance	2004	10	2	\$2,500	\$250	\$1,750
10.00	SPA						
10.01	Pre-Fab Tub Replace	2002	20	10	\$10,000	\$500	\$4,500
10.02	Rails - Replace	2002	30	20	\$1,000	\$33	\$300
10.03	Heater - Replace	2006	15	9	\$2,650	\$177	\$883
10.04	Filter - Replace	1997	16	1	\$2,250	\$141	\$1,969
10.05	Filter Pump - Replace	2004	9	1	\$850	\$94	\$661
11.00	CLUBHOUSE INTERIOR						
11.01	Paint - Interior (Clubhouse)	2004	15	7	\$3,493	\$233	\$1,630
11.02	Carpet Floor- Replace	2005	15	8	\$4,420	\$295	\$1,768
11.03	Tile Floor - Replace	1979	40	7	\$11,000	\$275	\$8,800
11.04	Refrigerator - Replace	2004	15	7	\$500	\$33	\$233
11.05	Disposal - Replace	2011	15	14	\$300	\$20	\$0
11.06	HVAC Unit - Replace	1979	34	1	\$3,000	\$88	\$2,824
11.07	Clubhouse & Sauna Fans - Replace	1994	20	2	\$700	\$35	\$595
11.08	Sauna Room Rehabilitation & Door	1979	35	2	\$5,000	\$143	\$4,571
11.09	Sauna Mechanical - Replace	2011	30	29	\$3,000	\$100	\$0
11.10	Water Heater - 50 Gal	1996	18	2	\$1,000	\$56	\$833
11.11	Doors - Wood w/Glass	1979	45	12	\$1,200	\$27	\$853
11.12	Doors - Solid Wood	1979	45	12	\$2,400	\$53	\$1,707

3.00	RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED REQUIREMENT
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STEPS FOR DETERMINING PERCENT FUNDED:

Step 1: Calculate for each component a required contribution on a "straight-line" funding methodology.

(total component cost divided by the life expectancy of the component)

11.13	Lights	2004	35	27	\$2,850	\$81	\$570
11.14	Restroom Upgrade	2004	15	7	\$10,000	\$667	\$4,667
11.15	Kitchen Area Upgrade	2004	15	7	\$5,000	\$333	\$2,333
11.16	Furniture Replace	2005	10	3	\$7,000	\$700	\$4,200
12.00	CLUBHOUSE BUILDING EXTERIOR						
12.01	Gutters & Downspouts - Replace	2005	25	18	\$2,176	\$87	\$522
12.02	Clubhouse Deck & Stairs - Replace- Redwood	2008	25	21	\$15,000	\$600	\$1,800
12.03	Clubhouse Deck & Stairs- Sealing/Leak Maintenance	2010	3	1	\$1,446	\$482	\$482
12.04	Doors - Wood/Glass Entry Doors	1979	45	12	\$3,400	\$76	\$2,418
12.05	Doors - Solid Wood Entry Door- Pool Equipment Room	1979	45	12	\$600	\$13	\$427
12.06	Doors - Metal/Glass Sliding Doors	1979	35	2	\$2,850	\$81	\$2,606
12.07	Windows	1979	35	2	\$5,000	\$143	\$4,571
13.00	GARAGE & TRASH ENCLOSURE BUILDING EXTERIORS						
13.01	Doors - Garage Door & Trim Repair Allowance	2012	20	20	\$25,000	\$1,250	\$23,750
13.02	Doors - Single Car Garage Doors	1979	40	7	\$63,000	\$1,575	\$50,400
13.03	Doors - Wood/Glass Pedestrian Door	1979	35	2	\$7,500	\$214	\$6,857
13.04	Doors - Solid Wood Doors @ Walk In Garbages	2004	30	22	\$6,000	\$200	\$1,400
13.05	Trash Enclosure Rebuild Allowance	2008	10	6	\$10,000	\$1,000	\$3,000
14.00	RESIDENTIAL BUILDING EXTERIORS - STAIRS						
14.01	Straight Stairs & Landing - Replace (6) (Saarman)	2002	30	20	\$51,000	\$1,700	\$15,300
14.02	Straight Stairs & Landing - Replace (3)	1989	30	7	\$25,500	\$850	\$18,700
14.03	U-Shaped Stairs & Landing - Replace (7) (Saarman)	2002	30	20	\$105,000	\$3,500	\$31,500
14.04	U-Shaped Stairs & Landing - Replace (2)	1992	30	10	\$30,000	\$1,000	\$19,000
14.05	L-Shaped Stairs & Landing - Replace (8) (Saarman)	2002	30	20	\$96,000	\$3,200	\$28,800
14.06	L-Shaped Stairs & Landing - Replace (1) - 504	2008	30	26	\$12,000	\$400	\$1,200
14.07	L-Shaped Stairs & Landing - Replace (3)	1990	30	8	\$36,000	\$1,200	\$25,200
14.08	Stairs & Landing - Repair Allowance	2011	1	0	\$2,500	\$2,500	\$0
15.00	RESIDENTIAL BUILDING EXTERIORS - BALCONIES						
15.01	Small Balconies - Replace (4) (Saarman)	2002	30	20	\$32,000	\$1,067	\$9,600
15.02	Small Balconies - Replace (2)	1989	30	7	\$16,000	\$533	\$11,733
15.03	Small Balconies - Replace (3)	1983	30	1	\$24,000	\$800	\$22,400
15.04	Small Balconies - Replace (1) - 4141	2009	30	27	\$8,000	\$267	\$533
15.05	Large Balconies Replace (23) (Saarman)	2002	30	20	\$421,317	\$14,044	\$126,395
15.06	Large Balconies Replace (5)	2001	30	19	\$91,598	\$3,053	\$30,533
15.07	Large Balconies Replace (10)	1997	30	15	\$183,185	\$6,106	\$85,486
15.08	Large Balconies Replace (10)	1993	30	11	\$183,185	\$6,106	\$109,911
15.09	Large Balconies Replace (10)	1989	30	7	\$183,185	\$6,106	\$134,336
15.10	Large Balconies Replace (6)	1985	30	3	\$109,910	\$3,664	\$95,255
15.11	Large Balconies Replace (2)- 3108 & 4141	2009	30	27	\$35,680	\$1,189	\$2,379
15.12	Townhouse Balconies - Replace (2)	1985	30	3	\$25,000	\$833	\$21,667
15.13	Townhouse Balconies - Replace (3)	1979	30	-3	\$37,500	\$1,250	\$37,500
15.14	Repair Small, Large & Townhouse Balconies Allowance	2011	1	0	\$2,500	\$2,500	\$0
16.00	BUILDING EXTERIOR - ROOFS						
16.01	Inspection & Repair Allowance - All Roofing Components	2010	2	0	\$10,000	\$5,000	\$5,000
16.02	Flat Roof Replacement @ 550 Thain	2012	20	20	\$14,000	\$700	\$13,300
16.03	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	1998	18	4	\$197,114	\$10,951	\$142,360
16.04	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	1998	19	5	\$197,114	\$10,374	\$134,867
16.05	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	1998	20	6	\$197,114	\$9,856	\$128,124
16.06	Sloped & Flat Roof/Gutters/Downspouts/Skylights - 25%	1998	21	7	\$197,114	\$9,386	\$122,023
17.00	RESIDENTIAL BUILDING EXTERIORS - REPAIR/REPLACE ALLOWANCES						
17.01	Doors - Entry Door & Hardware Allowance	2011	1	0	\$5,000	\$5,000	\$0
17.02	Doors - Sliding Glass Door & Hardware Allowance	2011	1	0	\$5,000	\$5,000	\$0
17.03	Windows - Inspect/Repair/Replace Allowance	2011	1	0	\$5,000	\$5,000	\$0
17.04	Wood Siding/Shingle/Trim Ongoing Repairs	2011	1	0	\$5,000	\$5,000	\$0
17.05	Termite Fumigation & Repairs (2006)	2006	10	4	\$65,000	\$6,500	\$32,500

3.00	RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED REQUIREMENT
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STEPS FOR DETERMINING PERCENT FUNDED:

Step 1: Calculate for each component a required contribution on a "straight-line" funding methodology.
 (total component cost divided by the life expectancy of the component)

17.06	Building Exterior Wood Repair/Replacement - every paint	2009	6	3	\$174,310	\$29,052	\$58,103
17.07	Building Exterior Wood Repair/Replacement - every other	2008	12	8	\$192,110	\$16,009	\$48,028
18.00	PAINING & STAINING						
18.01	Paint - All Wood/Metal Components	2009	6	3	\$135,000	\$22,500	\$45,000
18.02	Stain - Wood Shingle	2009	6	3	\$85,000	\$14,167	\$28,333
19.00	MISCELLANEOUS & CONTINGENCIES						
19.01	Arborist Tree Report	2009	5	2	\$5,000	\$1,000	\$2,000
19.02	Reserve Study - Annual	2009	3	0	\$800	\$267	\$533
19.03	Reserve Study - Annual	2010	3	1	\$800	\$267	\$267
19.04	Reserve Study - Third Year Site Inspection	2011	3	2	\$1,600	\$533	\$0
19.05	Underground Utility Inspections & Repairs	2011	1	0	\$5,000	\$5,000	\$0
19.06	CC&R Revisions	2009	5	2	\$5,000	\$1,000	\$2,000

Total Value of Components:	<u>\$3,950,582</u>
Annual Component Contribution:	<u>\$281,897</u>
Total Dollars Required:	<u>\$2,021,017</u>
Actual Dollars In Reserve Fund:	<u>\$1,176,035</u>
Current Fund Deficiency:	\$844,982
Current Per Unit Deficiency:	\$13,000
Percent Funded:	<u>58.19%</u>
(Actual dollars/Total dollars Required)	

While gathering information for this Reserve Analysis, there were some assumptions made regarding existing conditions, future conditions and additional circumstances, that may occur that affect the cost of repairs. Some of these assumptions may come true and others may not, therefore, the cost of repairs and life of certain components could vary substantially. Life expectancies of all components are based on industry standard experiences, and on the component being in reasonable and properly maintained condition.

All component conditions were based on a visual inspection only as required by the Davis-Stirling Act. This component analysis is a statistical analysis of the components for which the Contractee has responsibility and does not employ methods used for forensic or defect investigation or actual construction. This report does not address any factory or product defects or any damage due to improper maintenance, system design, or installation. It also assumed that all components would receive reasonable maintenance for their remaining lives.

Component useful life and remaining life projections are based on industry standards, manufacturer information, date of installation and maintenance information provided by the Contractee and/or it's management or staff. Each component's condition, life expectancy and replacement cost evaluations were based on visual inspections only. Inspections were limited to areas accessible to inspectors. When components are not accessible, assumptions will be made based on available component statistical information.

Many associations are experiencing some siding failures that cannot be investigated without destructive testing. This report includes a siding replacement allowance coinciding with the paint cycle for incidental repairs but does not account for major siding replacement. We would recommend that this association's Board of Directors engage an appropriate, professional expert to do an in-depth inspection of the siding to determine it's condition and likely useful life. This information, specifications and projected costs for major siding replacement will then be incorporated into the next Reserve Study update.

Because of these restrictions, we would recommend that the Board seek appropriate, expert inspection (as it deems necessary), testing and opinions for the following areas of concern. These may include but are not limited to:

- A. Defective construction and component installation.
- B. Dry Rot damage.
- C. Pest infestation.
- D. Mold infestation.
- E. Moisture penetration.
- F. Roof inspections and repairs.
- G. Balcony, deck and stair condition.
- H. Siding and Trim condition.
- I. Window and sliding glass door installation.

PROPERTY DESCRIPTION:

Barron Square is a 65-member Common Interest Development located in Palo Alto, California.

The components listed here are those the Board of Directors has determined to be the major components which the Association is obligated to reserve for after reviewing its governing documents and/or consulting with legal counsel and other knowledgeable persons. The Board of Directors has determined that the maintenance and repair of major components not included in the reserve fund, if any, shall be funded through the operations fund budget.

PROPERTY CONDITION:

The Association is generally in good/fair condition.

In 2009 the Association completed a major investigation and repair of its wood components.

For specific details on component costs, quantities and condition please refer to the accompanying Component Data and Component Notes pages.

FUNDING ANALYSIS:

For specific details please refer to section Reserve Fund Cash Projections.

The Reserve Study is a SERIES OF PROJECTIONS, and consequently the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as future inflation rates, the level of preventative maintenance actioned by future boards, unknown material defects, changes in technology, efficiency, and/or government regulations.

The Reserve Study is an evolving document that represents a moment in time covering a 30 year period. As required by The Davis-Stirling Act, we recommend that the association review and update this Reserve Analysis on an annual basis to make adjustments for component expenditures, fluctuations in annual revenue, interest and inflation.

6.00

RESERVE FUNDING PLAN

2011 Average unit per month reserve contribution = \$303.43

2011 Total annual reserve contribution *1 = \$236,677

DESCRIPTION - 1ST 10 YEARS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Projected Beginning Fund Balance	\$1,176,035	\$1,237,499	\$1,400,736	\$1,520,864	\$1,085,307	\$1,015,560	\$1,032,759	\$1,013,268	\$563,404	\$467,490
Proposed percentage increase	4.26%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Proposed unit per month dollar increase	\$12.92	\$15.82	\$16.61	\$17.44	\$18.31	\$19.23	\$20.19	\$21.20	\$22.26	\$23.37
Proposed average unit/month contribution	\$316.36	\$332.17	\$348.78	\$366.22	\$384.53	\$403.76	\$423.95	\$445.14	\$467.40	\$490.77
Proposed Total Annual Contribution *1	\$246,757	\$259,095	\$272,050	\$285,652	\$299,935	\$314,931	\$330,678	\$347,212	\$364,572	\$382,801
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Does special assessment require vote?										
Income from other sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserve Fund Available	\$1,422,792	\$1,496,594	\$1,672,785	\$1,806,516	\$1,385,241	\$1,330,491	\$1,363,437	\$1,360,480	\$927,977	\$850,291
Proposed inflated yearly expenditures	\$196,550	\$108,600	\$165,756	\$731,082	\$378,920	\$307,126	\$359,386	\$802,201	\$464,739	\$605,112
Balance after expenditures	\$1,226,242	\$1,387,994	\$1,507,029	\$1,075,434	\$1,006,322	\$1,023,365	\$1,004,051	\$558,279	\$463,237	\$245,179
Interest on balance after tax	\$11,257	\$12,742	\$13,835	\$9,872	\$9,238	\$9,394	\$9,217	\$5,125	\$4,253	\$2,251
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	58.68%	59.43%	59.03%	48.19%	44.76%	43.65%	41.79%	27.29%	23.00%	13.20%
Projected Year Ending Balance *3	\$1,237,499	\$1,400,736	\$1,520,864	\$1,085,307	\$1,015,560	\$1,032,759	\$1,013,268	\$563,404	\$467,490	\$247,430

DESCRIPTION - 2ND 10 YEARS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Projected Beginning Fund Balance	\$247,430	\$507,472	\$581,201	\$825,225	\$1,113,567	\$1,402,694	\$884,719	\$1,257,403	\$1,715,837	\$2,124,873
Proposed percentage increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Proposed unit per month dollar increase	\$24.54	\$25.77	\$27.05	\$28.41	\$29.83	\$31.32	\$32.88	\$34.53	\$36.25	\$38.07
Proposed average unit/month contribution	\$515.31	\$541.07	\$568.13	\$596.53	\$626.36	\$657.68	\$690.56	\$725.09	\$761.35	\$799.41
Proposed Total Annual Contribution *1	\$401,941	\$422,038	\$443,140	\$465,297	\$488,562	\$512,990	\$538,640	\$565,572	\$593,850	\$623,543
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Does special assessment require vote?										
Income from other sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserve Fund Available	\$649,371	\$929,510	\$1,024,341	\$1,290,522	\$1,602,129	\$1,915,684	\$1,423,358	\$1,822,974	\$2,309,687	\$2,748,416
Proposed inflated yearly expenditures	\$146,516	\$353,596	\$206,623	\$187,085	\$212,195	\$1,039,013	\$177,394	\$122,745	\$204,143	\$265,849
Balance after expenditures	\$502,855	\$575,914	\$817,718	\$1,103,438	\$1,389,934	\$876,671	\$1,245,965	\$1,700,229	\$2,105,544	\$2,482,567
Interest on balance after tax	\$4,616	\$5,287	\$7,507	\$10,130	\$12,760	\$8,048	\$11,438	\$15,608	\$19,329	\$22,790
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	23.42%	25.62%	32.52%	39.12%	44.50%	32.90%	41.23%	49.20%	54.85%	59.28%
Projected Year Ending Balance *3	\$507,472	\$581,201	\$825,225	\$1,113,567	\$1,402,694	\$884,719	\$1,257,403	\$1,715,837	\$2,124,873	\$2,505,357

DESCRIPTION - 3RD 10 YEARS	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Projected Beginning Fund Balance	\$2,505,357	\$1,291,099	\$1,031,385	\$1,077,078	\$1,605,710	\$1,539,243	\$2,185,058	\$2,301,569	\$1,892,237	\$2,042,019
Proposed percentage increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Proposed unit per month dollar increase	\$23.98	\$24.70	\$25.44	\$26.21	\$26.99	\$27.80	\$28.64	\$29.50	\$30.38	\$31.29
Proposed average unit/month contribution	\$823.40	\$848.10	\$873.54	\$899.75	\$926.74	\$954.54	\$983.18	\$1,012.67	\$1,043.05	\$1,074.35
Proposed Total Annual Contribution *1	\$642,249	\$661,516	\$681,362	\$701,803	\$722,857	\$744,543	\$766,879	\$789,885	\$813,582	\$837,989
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Does increase require membership vote?	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Does special assessment require vote?										
Income from other sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserve Fund Available	\$3,147,606	\$1,952,616	\$1,712,747	\$1,778,880	\$2,328,566	\$2,283,786	\$2,951,937	\$3,091,455	\$2,705,819	\$2,880,008
Proposed inflated yearly expenditures	\$1,868,251	\$930,613	\$645,467	\$187,777	\$803,325	\$118,604	\$671,304	\$1,216,430	\$682,375	\$153,282
Balance after expenditures	\$1,279,355	\$1,022,003	\$1,067,280	\$1,591,103	\$1,525,241	\$2,165,182	\$2,280,633	\$1,875,024	\$2,023,444	\$2,726,726
Interest on balance after tax	\$11,744	\$9,382	\$9,798	\$14,606	\$14,002	\$19,876	\$20,936	\$17,213	\$18,575	\$25,031
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent Funded (if implemented) *2	42.34%	37.35%	39.06%	49.96%	49.60%	59.50%	61.83%	61.05%	64.32%	72.69%
Projected Year Ending Balance *3	\$1,291,099	\$1,031,385	\$1,077,078	\$1,605,710	\$1,539,243	\$2,185,058	\$2,301,569	\$1,892,237	\$2,042,019	\$2,751,758

Barron Square HOA - 3yr. Update 2012
For Budget Year: 2012
ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY

Sec. 2. Section 1365.2.5

(a)

(1) The current regular assessment per ownership interest is \$ **600.46** per month.
 Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page _____ of the Pro Forma Budget.

(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 will be due	Amount per ownership interest per year:	Purpose of assessment
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL	_____	_____

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to the ownership interest may be found on page _____ of the attached Pro Forma Budget. These assessments might be for purposes outside the scope of the current Reserve Study and have been included by the party preparing the association's Pro Forma Operating Budget.

(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)

(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.

Approximate date assessment will be due: _____ **Amount per ownership interest per year:** _____

(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 \$ **2,021,017** based in whole or in part on the last reserve study or update prepared by **Reserve Analysis Consulting, LLC** as of **November, 2011**. The projected reserve fund cash balance at the end of the current fiscal year is \$ **1,176,035** , resulting in reserves being **58.19%** funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$ N/A .

Barron Square HOA - 3yr. Update 2012

For Budget Year: 2012

(7.a.) 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 \$* See Below, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$** See Below, leaving the reserve at *** See Below percent funding.

Year	2012	2013	2014	2015	2016
* Estimated Amount Required in Fund	\$2,108,846	\$2,357,029	\$2,576,461	\$2,252,003	\$2,268,957
** Proj. Reserve Balance (ALREADY APPROVED)	\$1,219,884	\$1,352,085	\$1,427,361	\$935,811	\$795,996
*** Percent Funded	57.85%	57.36%	55.40%	41.55%	35.08%

(7.b.) If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$**** See Below leaving the reserve at ***** See Below percent funding.

Year	2012	2013	2014	2015	2016
* Estimated Amount Required in Fund	\$2,108,846	\$2,357,029	\$2,576,461	\$2,252,003	\$2,268,957
**** Proj. Reserve Balance (IF IMPLEMENTED)	\$1,237,499	\$1,400,736	\$1,520,864	\$1,085,307	\$1,015,560
***** Percent Funded	58.68%	59.43%	59.03%	48.19%	44.76%

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 1.5 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3 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.

Further Notes: Please read the General Reserve Study Notes on page 4.00 and the Narrative Reserve Study Notes on Page 5 of this Financial Summary for further recommended Board actions and disclosures.

