Foothills Mountain Ranch HOA

Reserve Study Report
Reserve Study With Site Inspection

For 30-Year Projection Period Beginning 01/01/10

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Report Reviewed by: Gary Porter
Report # 1241 V. 2009 - 1

Foothills Mountain Ranch HOA

Reserve Study

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Presenting the report in the natural sections as listed above facilitates understanding of the data. The narrative provides the essential overall framework and structure. Category level reports allow the reader to grasp the high level picture without being distracted by too much detail. Category level reports are easy to understand because they are always presented on a single page. Component level reports, depending upon the number of components, may consist of many pages. The purpose of component level reports is not to allow the reader to immediately grasp an overall understanding, but to understand the detail that supports the summary, category level reports. It is generally easy to relate to an individual component, and that is generally the level upon which individual expenditures are made.

Preparer's Report

Board of Directors
Foothills Mountain Ranch HOA
Phoenix, Arizona

Reserve Study With Site Inspection

I have prepared the accompanying projected Replacement Program Funding Analysis of Foothills Mountain Ranch HOA as of and for the thirty-year period beginning January 1, 2010.

This report presents, in the form of a projection, information that is the representation of management, and does not include evaluation of the support for the assumptions underlying the forecast. I do not express an opinion or any other form of assurance on the accompanying report or assumptions. Furthermore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

Pierre del Rosario

Pierre del Rosario

March 12, 2010

Report Snapshot

Association Name:	Foothills Mountain Ranch HOA
Location:	Phoenix, Arizona
# of Lots:	105
Initial Year Report Period:	January 1, 2010 through December 31, 2010
30-Year Projection Period:	Years 2010 to 2039

Projected Reserve Balance at 12/31/09	$	26,456
Ideal Reserve Balance at 12/31/09	$	34,640
Percent Funded at 12/31/09		76.4%
Recommended Annual Contribution to Reserves 2010	$	4,620
Recommended Special Assessment 2010	$	-
Estimated Interest Rate:		1.75%
Estimated Inflation Rate:		2.50%
Estimated Contingency Rate:		0.00%
Estimated Tax Rate:		15.00%

The Association consists of 105 Single Family Homes. The Association is located in Phoenix, Arizona.

The Association's percent funded is 076.4%, which is considered adequate. While this funding level is considered adequate, our recommendation is still to strive for a 100% funding level. This will usually mean that a moderate increase in the reserve assessments will be necessary to build the fund up to an appropriate level.

The status of the Association's Reserve Fund is evaluated primarily by attempting to measure its strength. While there are subjective considerations that can be applied, the percent funded calculation represents the most universally accepted objective measure of the strength of the reserve fund. The discussion in the paragraph above evaluates the strength of the Association's reserve fund.

Report Introduction

The property described in this report is a common interest development. As such, it contains common areas and facilities that are owned "in common" by the members. As the elected governing body of the Association, the Board of Directors is responsible for maintenance of the common areas and the sound financial management and operation of the Association.

One of the primary duties of the Board of Directors is the preparation and/or review of the annual budget. The annual budget process must, at a minimum, address two areas; Operating Funds and Reserve Funds. The net result is a determination of the annual assessment to be charged to members, which will consist of an operating assessment and a reserve assessment.

The operating budget is intended to provide for all annually recurring expenses of the Association, including routine maintenance of common areas. Such routine maintenance is the basis of the facilities maintenance plan, and to a large degree, will dictate the timing and amount of future expenditures of the reserve fund. The normal budget process is to estimate the required expenditures for the Association's governance, business, member services, and maintenance activities, then determine the assessment required to provide for those costs. By its nature, this is geared to an annual cycle.

That portion of the annual budget related to reserves generally consists simply of the assessment. Because of the multi-year approach of the reserve budget, the reserve study itself is the budget tool used to determine the assessment amount. The current year reserve assessment amount is simply extracted from the 30-year reserve funding plan and inserted into the annual budget. The reserve study funding plan is an integral part of the annual budget process and overall financial plan for the

Reserve funds are a part of the monthly or annual assessments paid by owners of an individual unit or lot. These funds are intended to be set aside specifically for major repairs and replacements and not be used for any other purpose. These funds are accumulated by the Association, earn interest, and should be expended as approved by management only for major repairs and replacements of the common area components.

This Reserve Study assists the Board of Directors by providing the information to determine the appropriate amount of money to assess owners. Specifically, the reserve study report provides a 30-year funding plan to assure an equitable assessment structure to provide for the non annual major repairs and replacements of common area components. The report is a financial projection that is based upon an evaluation and inspection of the common area components.

Because the reserve study is a projection of future events, it necessarily is based upon a number of assumptions. The reserve study process is an exercise in refining those assumptions to those most likely to occur. Future events occurring near term are inherently more predictable than those occurring long term. That is why it is necessary to perform periodic updates to the reserve study; to update and refine the assumptions based on the passage of time and actual maintenance activities that have

The reserve study consists of two parts; the physical analysis, and the financial analysis. The findings of the physical evaluation, including identification of components, condition, useful and remaining life, and replacement cost, are summarized in this report. The financial analysis consists of the evaluation of the current reserve funding status, and a 30-year projection of cash inflows and outflows.

Physical Analysis

The physical analysis itself consists of two parts; a site inspection wherein:
- All common area components are identified
- Measurements or counts are made or verified
- Condition of components is assessed.

and an analysis, usually performed after we complete the site inspection, consisting of determining what components are to be included in the reserve funding study, and the useful (normal) life and remaining life, and repair or replacement cost of each component to be included in the funding study.

The identification of all common area components is not necessarily a completely transparent process. We rely upon components identified in prior reserve studies, inquiries of management, depreciation schedules, asset listings, plot maps, building plans, vendor or contractor representations, and insurance records, in addition to our own observations to attempt to correctly identify all common area components. We rely upon management representations and governing documents to determine maintenance responsibility, as it is not always clearly identified. An example is "exclusive use common property," such as a balcony deck. In some associations, it is the association's maintenance responsibility. In others, it is the unit owner's responsibility. We also provide a list of observed, major, common area components that are excluded from the reserve study.

Measurements or counts of common area components are included, except for certain items where an "allowance" factor is included. We attempt to quantify counts and measurements in accordance industry standards and the Association's maintenance plan. As an example, we may not measure roofing or painting if we have firm bids or contracts that specify a cost, as the measurement then becomes irrelevant, except for cost verification purposes. Components are included in the study at the level where costs are anticipated to be incurred, not grouped so that detail data becomes meaningless.

Condition is assessed on a subjective basis considering a number of factors: original useful life, age, quality, rate of wear and tear, management representations, and maintenance plan. The maintenance plan is the most important factor, as often components will be replaced long before their useful life has ended, strictly for aesthetic purposes. For many associations, the appearance is of paramount

The components to be included in the reserve study is based upon a number of factors. CAI National Reserve Study Standards established a four part test:
1) The component must be a common area maintenance responsibility
2) The component must have a limited life
3) The limited life must be predictable
4) The component must be above a minimum threshold cost.

Based on the above standards, most small equipment and tool items are excluded from the study. Most building infrastructure components are also excluded from the study. Again, however, the Association's maintenance plan may override these considerations. For instance, if smaller, low cost items such as pool equipment, which may otherwise be excluded based on individual cost to replace, are considered to be part of the swimming pool "system," then it would be appropriate to include such items in the reserve study. Likewise, small tools may be grouped for this purpose to provide a funding vehicle for non annual expenses that simply do not fit into the operating budget.

Physical Analysis (Continued)

We normally will also prepare a list of all known components that are excluded from the reserve study, along with an explanation of why certain common area components, or items that might normally be considered common area components, are excluded from the study. This list is normally presented in general terms rather than as a detail list of individual components. Most associations find this useful in understanding why certain items are excluded.

Useful life is usually based on our experience with similar components. However, other factors that may factor into this decision are the Association's maintenance plan, warranty periods, assumptions regarding quality, wear and tear, maintenance procedures, and climate conditions. The useful life is also used as the normal replacement cycle for calculation of future major repairs and replacements.

Remaining life will normally be the difference between a component's age and its useful life. However, we will often modify remaining life based on observed condition, maintenance history, and the Association's maintenance plan. Also, because maintenace records are often sketchy, and staff and board members have changed, it is often very difficult to determine when a component was actually placed into service. The date placed in service may end up being an estimated date, calculated from the estimated remaining useful life. The following categories help us establish guidelines for determining useful life and remaining life.

Cyclic Regular - Items like road slurry or wood painting fall into this category. Such components have a very predictable life cycle. That life cycle may vary based upon local climate, usage, exposure to weather, or similar issues, but will generally stabilize for the components of a given property and have a reasonably high degree of predictability concerning both useful and remaining life.

Cyclic Irregular - Items like deck surfaces and roofing fall into this category. These items have a normal life span great enough that climate, level of preventive maintenance, owner care, and other issues can materially affect the actual life.

Predictable but Irregular Non-Catastrophic Failure - This category includes pool pumps, spa heaters, and other items which can be expected to wear out with some predictability (regular or irregular), but do not need to be replaced until failure. With these items the Association may well have accumulated the money for repair or replacement and then actually wait for failure to spend this money. This does not affect the reserve contribution prior to the expected replacement date, but once that date is reached assessments can be reduced until failure because adequate reserves are on hand.

Catastrophic Failure - With these items waiting until failure is not appropriate. A hydraulic elevator falls into this category. In these cases, a fund is built for a general replacement time frame, then a decision is made to repair or replace before failure.

Outdated Design/Aesthetics - This category refers to items where aesthetics are a major concern. Examples include light fixtures, window coverings, and other items that may be quite functional past the time they are desirable. They should be recognized and reserved for in order to keep the common area from appearing dated and unappealing.

Physical Analysis (Continued)

Cost estimates can be derived from a number of different sources. Since the preparation of a reserve study is an attempt to refine estimates as much as possible, the use of "real costs" is our goal. That means we try to use the most reliable costs available, and if they're not available, go to the next most reliable source. In order of reliability, costs were obtained from:

- Actual cost of most recent repair
- Bid for repair not yet undertaken
- Contractor or vendor estimate
- Facilities Advisors inc. cost database (continually updated)
- Construction cost estimating guides

Site Inspection Observations

The Association has few amenities, and they are generally in good condition. We were informed that there was a pending bid for work to perform some rehab work in the detention basin located on Liberty Lane. We also noted some damage to the "dam" forming the detention basin. The proposed scope of work from Torrent Resources does not include repairs to this structure.

Financial Analysis

The financial analysis of a reserve study consists of two steps. The first step is to calculate future expenditures based upon the information obtained from the physical analysis; the estimated replacement cost and estimated remaining life for each component. This is a transparent, straight-line calculation. However, to be realistic, inflation must be added into the claculation or your funding goal will fall short of the future amount needed. In addition, we generally recommend adding a minor contingency factor into the projected future cost of each component, simply as a precaution against estimating mistakes in replacement costs or replacement dates.

The second step is to build a stream of estimated future cash infows to adequately provide for the projected future expenditures. Agin, this is a relatively straightforward calculation, until you begin to factor in adjustments. The projection of cash inflows starts with the first year reserve assessments. While many associations reques that we calculate the "ideal" assessment amount, for most associations that is impractical. The fact is that the Association generally already knows the maximum "politically acceptable" assessment for the first year. We honor that, because with a 30-year budget, we can make up any deficiency in future (the remaining 29) years. The projection of cash inflows should also consider interest income, related income tax expense, annual assessment adjustments, and the possibility of loans or special assessments.

The decision to consider interest income as part of reserve fund cash inflows is not necessarily a given. Some associations establish a policy to transfer any interest income earned to the operating fund, and have a higher fixed reserve assessment to compensate. The advantage of this is that you will not have to "estimate" interest income. This also eliminates the need to estimate income tax expense related to the interest income.

We generally recommend that annual reserve assessments be increased yearly as an offset to the effects of inflation. Failure to do so will likely leave the Association in an underfunded situation, unless the entire reserve assessment structure is rechallenged and revised yearly.

We will frequently recommend using commercial bank loans as part of a funding plan when an association finds itself in an underfunded situation and needs cash sooner than will be provided based on annual assessments. This has two benefits; (1) it avoids special assessments, (2) it smooths out cash flow. There is, obviously, a cost to this; the interest expense that will be incurred over the life of the loan. While we don't actively advocate loans, we recognize that loans are being used far more frequently in reserve study funding plans.

We always try to construct a funding plan to avoid a special assessment. However, occasionally it is unavoidable, and results from prior years underfunding of reserves.

Financial Analysis (Continued)

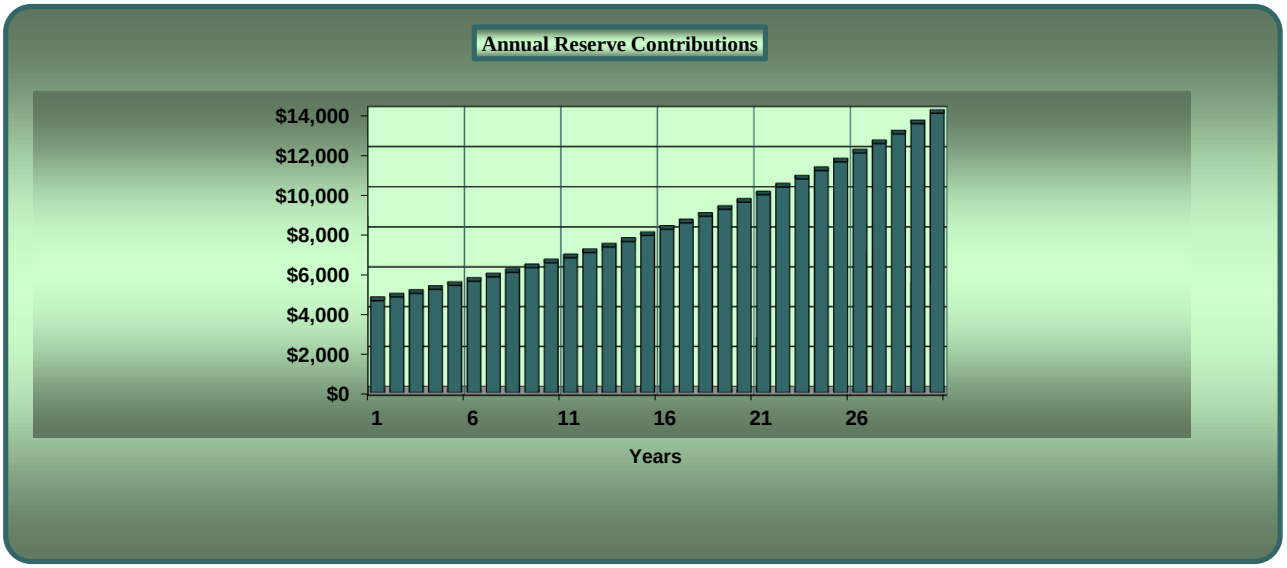
The Association's funding plan can be built using one of three recognized goals; Baseline funding, Threshold funding, or Full funding. The goal of Baseline funding is simply to make sure your cash balance does not drop below zero. Threshold funding establishes a funding goal greater than Baseline funding, but less than 100% funded. Full funding establishes a goal of 100% funding. This is interpreted as having 100% of the funds needed at a given point in time (the ideal balance), not as having 100% of the replacement cost of all components.

We generally recommend a goal of 100% funded by the end of the 30-year funding projections, and earlier if possible.

This gets directly to the heart of the funding issue; "fairness." The general consensus is that if an association starts out with a 100% funding plan, that means that the individuals who enjoyed the benefit of the "wearing out" of the common area components paid for that benefit. Unfortunately, very few associations are 100% funded. That means that assumptions must be made as to how to "catch up" the funding to reach the goal of 100% funded. A special assessment for that purpose is generally considered impractical, so the deficit is made up over some period of time.

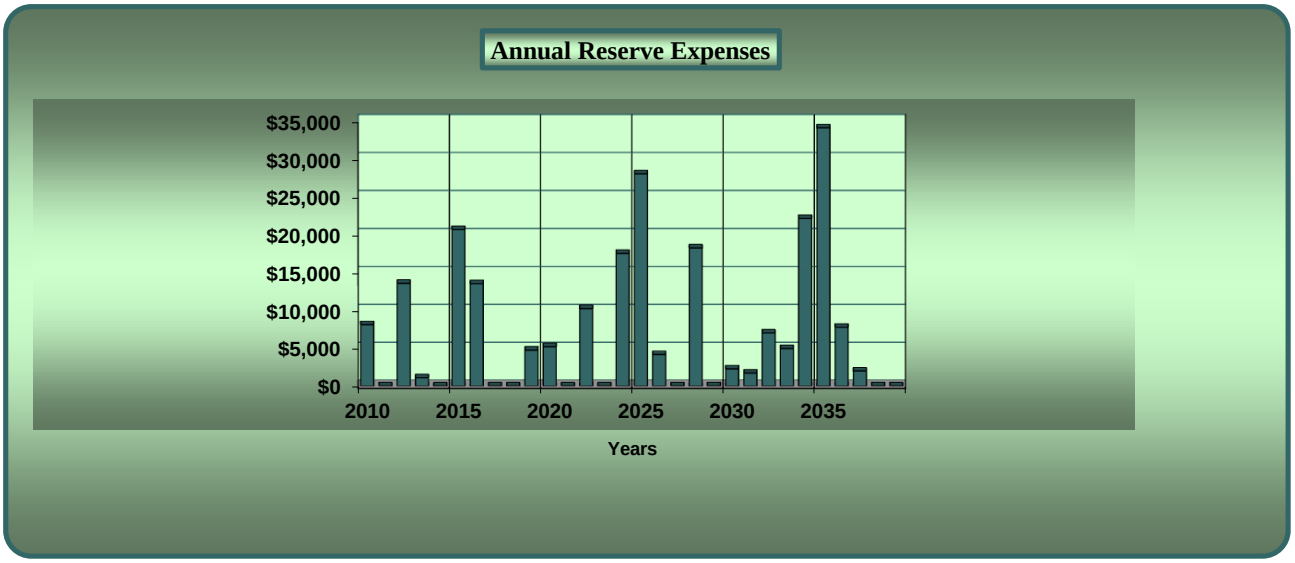
The percent funded calculation is generally regarded as the best objective measure of the strength, or status, of an association's reserve fund. Percent funded measures the ideal balance against the funds actually set aside for reserves. There is general consensus amongst industry professionals that a percent funded ratio of less than 30% represents a poorly funded reserve fund. 30% to 70% is considered weak, but acceptable, 70% is considered adequate. Our position is that 90% is considered "strong." Again, our goal is generally to achive 100% at the end of the 30-year projection period.

The Association's projected reserve assessments for the 30-year funding period are shown in the chart below. The detail of this is shown in Exhibits 2 - 1 and 3 - 1.

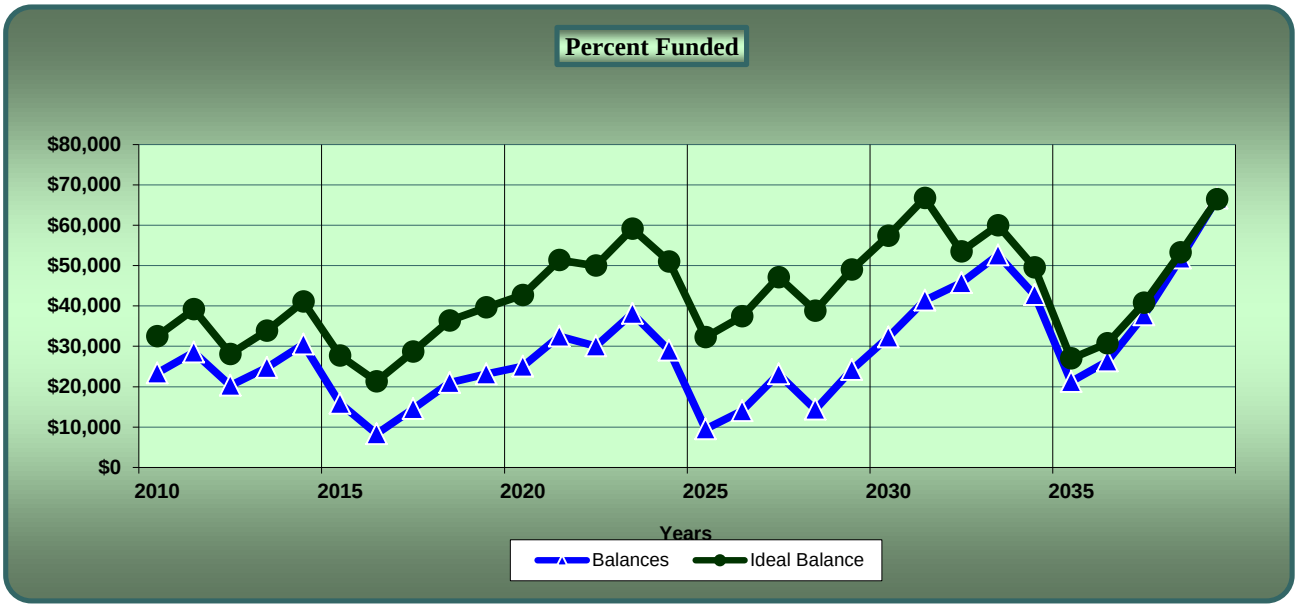


Financial Analysis (Continued)

The Association's estimated reserve expenditures for the 30-year financial projection period are shown in the chart below. The detail of this is shown in Exhibits 2 - 2 and 3 - 2.



The Association's projected per cent funded for the 30-year financial projection period are shown in the chart below. The detail of this is shown in Exhibits 2 - 3 and 3 - 3.



Summary of Significant Assumptions

The following significant assumptions were used in the preparation of this reserve study report. If the actual replacement costs or remaining lives vary from the assumptions used in this analysis, the impact could be significant on future assessments. Accordingly, an annual review of the analysis is necessary to see if the Board, within its authority, should increase the regular assessments, pass special assessments or reschedule future replacement dates.

Generally, only long-term major repair and replacement activities for components with a life of 2 years or longer and a cost of $1,000 or more have been considered in this analysis.

The Association will not have to replace the components that have a remaining life of more than 30 years. Those components are assumed to be permanent, lifetime components. A projection of events 30 years in the future can only be made in general terms. However, as the Association matures, certain components may deteriorate and the remaining physical life will be reduced such that those components may need to be reevaluated to determine if they should be included in future studies.

The Board of Directors will implement and/or continue preventive maintenance and repair programs to prevent abnormal deterioration of the common areas.

The analysis assumes that no unusual conditions will occur, such as weather, vandalism, unusual use, or unforeseen obsolescence.

Measurements and quantities were obtained by count, measurement, or estimation from plans provided by the Board of Directors unless otherwise noted, and are assumed to be a close approximation to actual.

Proper construction and installation of all improvements is assumed, unless otherwise noted.

This analysis assumes that the Association membership wishes to continue the use and maintenance of all amenities currently in place.

The Association carries comprehensive property insurance to cover most insurable risks, such as all-risk property liability, and theft.

Current financial information was supplied by the Board of Directors and is assumed to be reasonably accurate as of the date of this analysis. Funded cash balances were not audited nor confirmed directly with financial institutions as a part of this analysis.

The Association will collect and set aside reserve assessments on an annual basis, in order that sufficient funds will be available when expenditures are scheduled or necessary.

The Board of Directors does not anticipate any special assessments other than those that may be scheduled as part of the attached 30-year funding projection.

Summary of Significant Assumptions (continued)

The following assumptions were used in preparing this report:

Current Replacement Cost	$	57,800
Future Replacement Cost	$	69,993
Investment Accounts Average Interest Rate		1.75%
Estimated Reserve Cash Balance at December 31, 2009	$	26,456
Annual Contribution for 2010	$	4,620
Estimated Rate of Inflation per the Board of Directors		2.50%
Contingency Rate		0.00%

Components Excluded from this report

Major Component	Reason Not Included
Utilities - Underground	Lifetime Component

Disclosures

Mr. Porter, part owner of Facilities Advisors, inc., is also the owner of Porter & Company, CPA, which performs the Association's annual audit. Since both engagements require that the preparer be independent, there is no conflict of interest.

Neither Facilities Advisors, inc. nor its owners individually have other relationships with the Association that would represent a conflict of interest.

Your Facilities Advisors, inc. Reserve Specialist is Gary Porter. Mr. Porter has been preparing reserve studies since 1982, and has performed hundreds of reserve studies. He was also the author of the 1988 book, The Reserve Study Manual, which was one of the first comprehensive publications regarding what was a relatively new process at that time.

Mr. Porter has long been involved in the reserve study industry, having been involved in the creation of national standards for both CAI's Reserve Specialist (RS) credential and APRA's Professional Reserve Analyst (PRA) credential. He has conducted a number of seminars on reserve topics for both CAI National Conferences as well as various local CAI chapters, and has presented seminars for the California Association of Community Managers. Mr. Porter has testified as an expert witness regarding reserves on a number of occasions. Mr. Porter has many years of construction experience, having built several projects acting as an owner-builder.

Mr. Porter is listed on APRA's website as a Professional Reserve Analyst (PRA).

Mr. Porter has a Reserve Specialist (RS) application pending with CAI.

In addition he is presently enrolled in a facilities management certificate program that will result in receiving a designation as a Facilities Management Professional.

Mr. Porter was, for several years, an active partner in a public adjusting company that performed public adjusting services for many associations damaged in various earthquakes. This required complete evaluation and appraisal of the costs to reconstruct association properties valued at tens of millions of dollars. He is presently completing courses required for licensing as a public adjuster.

Mr. Porter is also a CPA and possesses the skills directly applicable to preparation of a financial projection for future major repairs and replacements.

Mr. Porter is registered as a Reserve Specialist with the Nevada Division of Real Estate, Certificate #

The skill-set involved in the above described experience and designations represent the skills most directly applicable to evaluation of existing facilities for purposes of a reserve study.

The site inspection included observations of all visible common area components, unless otherwise indicated on the detail component listing. No destructive testing was performed.

We are not aware of any material issues which, if not disclosed, would cause a significant distortion of the Association's reserve status or funding plan.

Limitations

Facilities Advisors, inc. has relied upon certain information provided by Association representatives in the performance of this reserve study. Such information includes, but is not necessarily limited to, financial data, identification or quantification of common area components, and historical maintenance information. Such information is deemed reliable by Facilities Advisors, inc.

The reserve study is a reflection of information provided to Facilities Advisors, inc. and this report has been assembled for use by the Association. This report has not been audited, nor subjected to a forensic or quality analysis, or background checks of historical records.

The reserve balance projected in this report is based upon information provided by the Association to Facilities Advisors, inc. and was not audited.

Information provided to Facilities Advisors, inc. by the Association about reserve projects is considered reliable. The onsite inspection cannot be considered a project audit or a quality inspection.

Terminology

Report Effective Date – Effective date of report based on the Association fiscal year end.
Current Replacement Cost - Calculation based upon unit cost, measurement basis, and quantity.
Common Area - The areas of a project whose ownership is under an undivided interest basis. These areas are shared equally between all owners, in use and maintenance.
Component - A specific item of the common areas that requires major repair or replacement (pool pump, tennis court net, couch, roof, etc.).
Compound Interest - A financial calculation that takes into account that interest, added to the principal at specified compounding periods, also earns interest.
Funds - Actual monies that are on deposit or to be collected.
Future Cost - Estimated cost to replace at a specific future date based upon estimated current replacement cost and the rate of inflation applied on a compounded basis for a specified period.
Measurement Basis - The basis in which costs are measured for reserve items (sq. yd., linear feet, etc.).
Project Date - Date that the first unit was delivered for occupancy.
Estimated Life - Estimated total life of a reserve component, for recurring replacement cycles.
Remaining Life - An estimate of the service life of a particular component made after the first year in which a reserve item has been in place.
Adjusted Life - Changed life for the first replacement cycle only of a component.
Date Placed in Service - The initial date that a component is placed in service.
Special Assessment - Supplemental contributions by owners (in addition to the normal contributions) usually assessed when long-term maintenance or replacements of reserve items are of immediate nature and sufficient funds are not available to pay for these items.
Unit - This is an actual residence or condominium.

Executive Summary

This two page summary identifies the major characteristics of the project and may normally be copied and provided to members to meet your disclosure requirements. If you prefer to receive a copy of these pages in Excel format so that you may format it to meet your needs, please contact us and we will provide a copy for your use.

Contact Name:	Regis Salazar, CMCA
Address:	2426 E Windsong Dr
	Phoenix, Arizona 85048
Business Phone:	480-759-4945
Project Completion Date:	7/1/1994
Inspection Date:	2/18/2010
Report Effective Date:	1/1/2010
Type of Project:	Planned Development
Number of Lots	105
Projected Reserve Balance at	12/31/2009

		2009		2010
			$	26,456
Annual Contribution to Reserves	$	4,640	$	4,620
Monthly Contribution to Reserves	$	386.67	$	385.00
Monthly Contribution to Reserves Per Homeowner	$	3.68	$	3.67
Percentage Increase to Contribution to Reserves for 2010				0%
Minimum Funding Level			$	1,000
Estimated Interest Rate				1.75%
Estimated Inflation Rate				2.50%
Estimated Contingency Rate				0.00%
Estimated Tax Rate				15.00%

This financial projection was prepared for the Association by Facilities Advisors, Inc., and is based upon certain assumptions regarding condition, replacement costs, and estimated useful lives of the components contained in this study. Estimated replacement costs are based upon bids received, prior costs paid, construction costs manuals and other sources. This study is limited to those components contained herein. Certain components have been omitted as they have useful lives in excess of the scope of this study (30 years), or major repair and replacement costs are included in the operating budget. Funding has been calculated using a pooled, cash flow calculation. Assumptions for interest earnings on invested funds, the inflation rates estimated for future replacement costs, and the applicable net income tax rate are shown above.

The Board of Directors has determined that, based upon the reserve study, **no special assessments are presently anticipated** for any year covered by this study. However, actual expenditures may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet future needs. The Board regularly updates assumptions and estimates used in the reserve study in order to have accurate financial projections of future cash needs.

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Executive Summary

Summary of Major Components

Major Components	Estimated Useful Life	Estimated Remaining Life	As of December 31, 2009 Current Replacement Cost	Allocation of Cash Actually Set Aside	Ideal Funding	% Funded
Equipment	30 to 30	14.5 to 14.5	$ 5,700	$ 1,309	$ 2,945	44.5%
Grounds	10 to 30	5.5 to 14.5	20,500	4,176	9,392	44.5%
Fences & Walls	3 to 40	0.3 to 24.5	21,000	12,953	13,922	93.0%
Walkways	40 to 40	20.6 to 20.6	1,350	291	655	44.5%
Infrastructure Repairs	6 to 7	0.5 to 2.5	9,250	7,726	7,726	100.0%
Totals			$ 57,800	$ 26,456	$ 34,640	76.4%

Section 2 - Summary Financial Exhibits - Category Level

Financial exhibits following this page provide details of the Association's reserves. The report is divided into two sections.
Section 2 includes summary level reports only - generated at the **Category** level.
Section 3 includes detail reports only - generated at the **Component** level.
Presenting the report in this manner facilitates understanding of the data. Category level reports allow the reader to grasp the high level picture because category level reports are always presented on a single page. Component level reports, depending upon the number of components, may consist of many pages. The purpose of component level reports is not to allow the reader to immediately grasp an overall understanding, but to confirm the accuracy of the summary, category level reports.

Section 2 Exhibits - Category Level

Exhibit 2 - 1 - Cash Flow Projection Summary

Introduction

The following Cash Flow Projection summarizes the cash inflows and outflows of the reserve fund for the thirty-year projection period. This analysis incorporates the assumptions set forth in the Summary of Significant Assumptions disclosed in the narrative section of this report, section 1 - 5. The projected assessments should reflect the amounts set forth in the Association's annual budget.

Starting Reserve Cash Balance

The starting point for the Cash Flow Projection is the estimated combined cash and investment balance at the first day of the fiscal year of the 30-year projection period. Since this report is prepared prior to that actual date, the amount must be estimated. Several factors must be considered; the current cash balance, the estimated reserve fund transfers from the interim report date until year end, estimated expenditures from the interim report date until year end, and estimated interest earnings from the interim report date until year end. For purposes of this analysis, estimated interest income is ignored as being an immaterial amount. The balance is thus calculated as:

Balance per financial statements as of	$	26,456
Deposits from financial statement date to end of year	$	-
Expenditures from financial statement date to end of year	$	-
Starting Cash Balance for Financial Projection	$	26,456

Funding Methods and Goals

The following Cash Flow Projection is calculated using what is generally referred to as the "Cash Flow" method. In this method, the cash inflows are calculated to provide funding for the estimated cash outflows, aggregated for all components, of the reserve fund for the thirty-year projection period. An alternate method, generally referred to as the "Straight Line" or "Component" funding method exists, but is not used in this reserve study report.

The funding goals recognized in CAI's National Reserve Study Standards are:
Baseline Funding is a funding plan wherein cash inflows are generated just to have sufficient cash for future year; in other words, just making sure your cash balance does not go below zero. This is generally considered a risky goal as it leaves no margin for error, thereby exposing members to the risk of special assessments.

Threshold Funding is a funding plan that sets an arbitrary objective at a level above baseling funding, but below 100% funding.

Full Funding essentially sets the objective of being 100% funded.

The funding goal established in this reserve study report is to reach **Full Funding** by the end of the 30-year projection period.

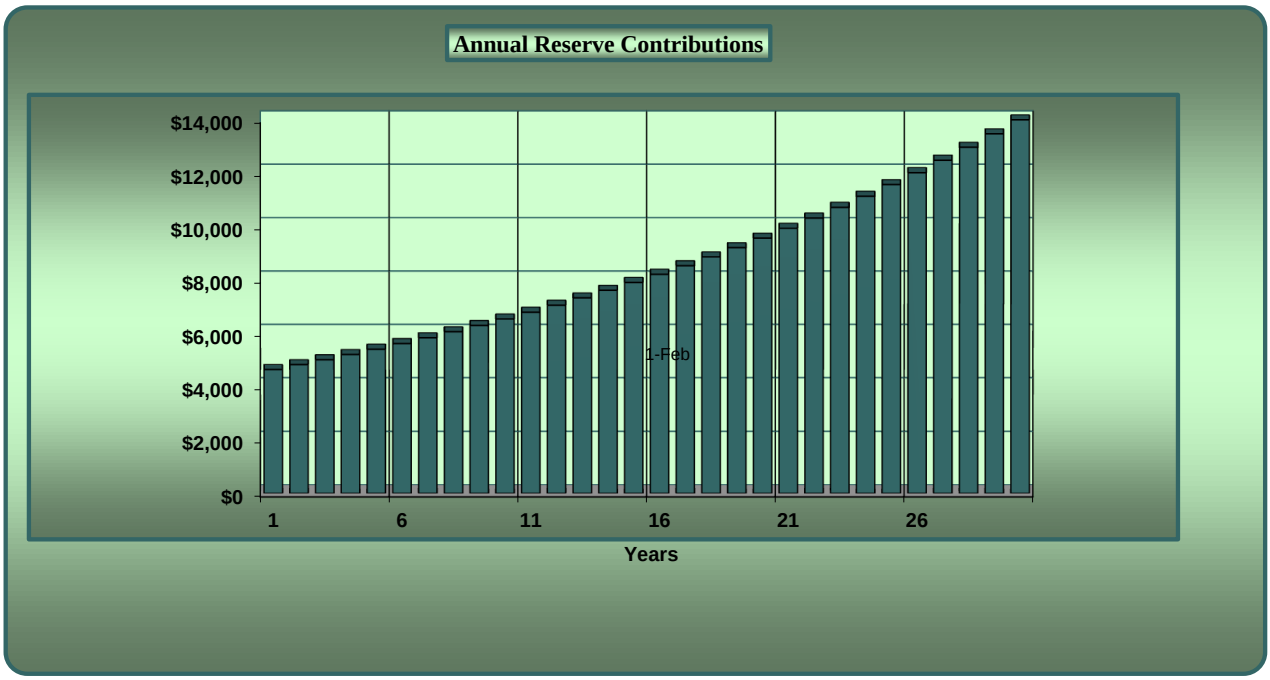

Exhibit 2 - 1 - Thirty-Year Cash Flow Projection

Year	Fiscal Year End	Beginning Balance	Income	Investment Earnings Net of Taxes	Expenses	Ending Balance	Percent Funded	Ideal Balance
1	12/31/10	$ 26,456	$ 4,620	$ 368	$ (8,093)	$ 23,350	71.9%	$ 32,464
2	12/31/11	23,350	4,800	383	-	28,533	72.9%	39,150
3	12/31/12	28,533	4,986	361	(13,569)	20,311	72.3%	28,100
4	12/31/13	20,311	5,180	333	(1,087)	24,737	73.0%	33,871
5	12/31/14	24,737	5,382	408	-	30,527	74.4%	41,048
6	12/31/15	30,527	5,591	342	(20,645)	15,816	57.2%	27,657
7	12/31/16	15,816	5,809	178	(13,519)	8,284	38.9%	21,305
8	12/31/17	8,284	6,035	168	-	14,487	50.6%	28,657
9	12/31/18	14,487	6,269	262	-	21,018	57.8%	36,367
10	12/31/19	21,018	6,513	326	(4,747)	23,111	58.3%	39,634
11	12/31/20	23,111	6,767	355	(5,197)	25,035	58.6%	42,715
12	12/31/21	25,035	7,030	425	-	32,490	63.3%	51,324
13	12/31/22	32,490	7,303	461	(10,238)	30,017	60.1%	49,964
14	12/31/23	30,017	7,588	503	-	38,108	64.4%	59,142
15	12/31/24	38,108	7,883	495	(17,516)	28,970	56.8%	51,008
16	12/31/25	28,970	8,189	284	(27,961)	9,482	29.4%	32,284
17	12/31/26	9,482	8,508	173	(4,150)	14,013	37.4%	37,426
18	12/31/27	14,013	8,839	274	-	23,126	49.1%	47,118
19	12/31/28	23,126	9,183	277	(18,237)	14,349	37.0%	38,794
20	12/31/29	14,349	9,540	284	-	24,173	49.4%	48,968
21	12/31/30	24,173	9,911	417	(2,256)	32,245	56.2%	57,352
22	12/31/31	32,245	10,297	544	(1,702)	41,383	62.0%	66,734
23	12/31/32	41,383	10,697	643	(7,011)	45,711	85.5%	53,466
24	12/31/33	45,711	11,113	726	(4,942)	52,608	87.7%	59,970
25	12/31/34	52,608	11,545	704	(22,102)	42,756	86.4%	49,498
26	12/31/35	42,756	11,995	472	(34,001)	21,222	78.7%	26,973
27	12/31/36	21,222	12,461	351	(7,747)	26,286	85.5%	30,755
28	12/31/37	26,286	12,946	473	(1,977)	37,727	92.6%	40,747
29	12/31/38	37,727	13,450	661	-	51,838	97.3%	53,288
30	12/31/39	51,838	13,973	875	-	66,686	100.4%	66,437
Totals		$ 26,456	$ 254,402	$ 12,525	$ (226,697)	$ 66,686		

Exhibit 2 - 2 - Expenditure Summary

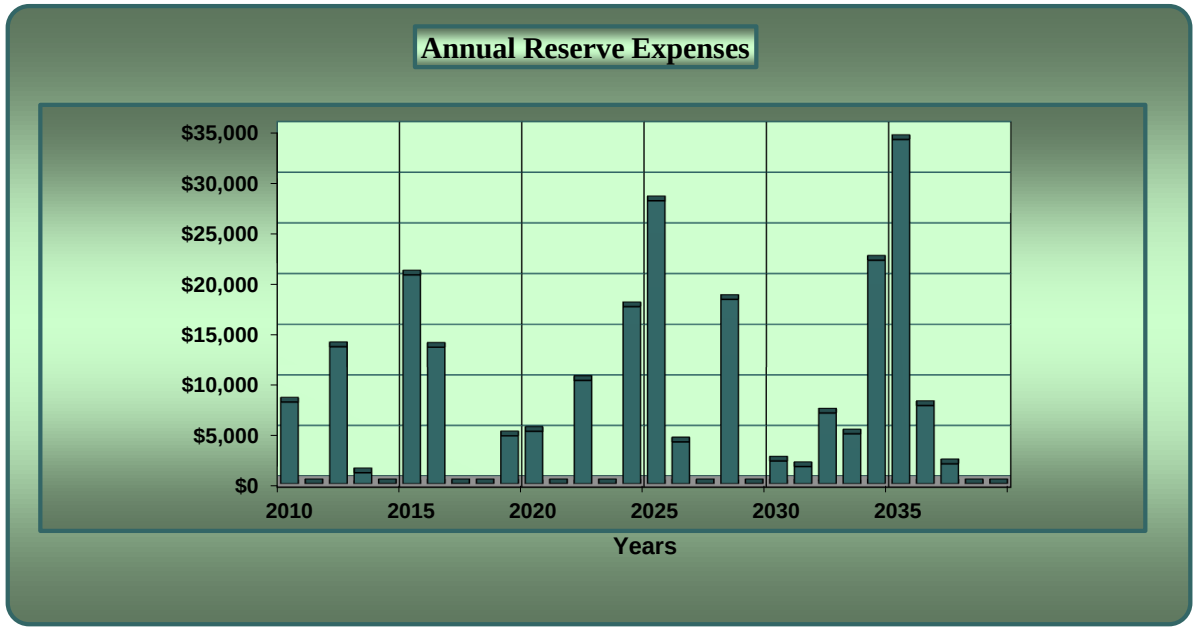

Exhibit 2 - 2 - Expenditure Summary

	1	2	3	4	5	6	7	8	9	10
Category	**12/31/10**	**12/31/11**	**12/31/12**	**12/31/13**	**12/31/14**	**12/31/15**	**12/31/16**	**12/31/17**	**12/31/18**	**12/31/19**
Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grounds	$ -	$ -	$ -	$ -	$ -	$ 20,645	$ -	$ -	$ -	$ -
Fences & Walls	$ 1,512	$ -	$ 10,643	$ 1,087	$ -	$ -	$ 5,875	$ -	$ -	$ 1,262
Walkways	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Infrastructure Repairs	$ 6,581	$ -	$ 2,927	$ -	$ -	$ -	$ 7,644	$ -	$ -	$ 3,485
Totals	$ 8,093	$ -	$ 13,569	$ 1,087	$ -	$ 20,645	$ 13,519	$ -	$ -	$ 4,747

Exhibit 2 - 2 - Expenditure Summary

Category	11 12/31/20	12 12/31/21	13 12/31/22	14 12/31/23	15 12/31/24	16 12/31/25	17 12/31/26	18 12/31/27	19 12/31/28	20 12/31/29
Equipment	$ -	$ -	$ -	$ -	$ 8,184	$ -	$ -	$ -	$ -	$ -
Grounds	$ -	$ -	$ -	$ -	$ 3,589	$ 26,495	$ -	$ -	$ -	$ -
Fences & Walls	$ 5,197	$ -	$ 1,360	$ -	$ 5,743	$ 1,466	$ -	$ -	$ 7,925	$ -
Walkways	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Infrastructure Repairs	$ -	$ -	$ 8,878	$ -	$ -	$ -	$ 4,150	$ -	$ 10,311	$ -
Totals	$ 5,197	$ -	$ 10,238	$ -	$ 17,516	$ 27,961	$ 4,150	$ -	$ 18,237	$ -

Exhibit 2 - 2 - Expenditure Summary

Category	21 12/31/30	22 12/31/31	23 12/31/32	24 12/31/33	25 12/31/34	26 12/31/35	27 12/31/36	28 12/31/37	29 12/31/38	30 12/31/39
Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grounds	$ -	$ -	$ -	$ -	$ -	$ 34,001	$ -	$ -	$ -	$ -
Fences & Walls	$ -	$ 1,702	$ 7,011	$ -	$ 10,126	$ -	$ 7,747	$ 1,977	$ -	$ -
Walkways	$ 2,256	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Infrastructure Repairs	$ -	$ -	$ -	$ 4,942	$ 11,976	$ -	$ -	$ -	$ -	$ -
Totals	$ 2,256	$ 1,702	$ 7,011	$ 4,942	$ 22,102	$ 34,001	$ 7,747	$ 1,977	$ -	$ -

Table 4 - Percent Funded Schedule

Certain State Civil Codes require that associations disclose to homeowners (and homeowners in turn to potential buyers) the "current estimate of the amount of cash reserves necessary..." to perform these tasks, and the amount of accumulated cash actually set aside. Additionally, they must indicate what percent the amount of money set aside (the "Reserve Fund Balance") is of the current estimate of the amount of cash reserves necessary. This percentage is commonly referred to as an association's "Percent Funded" figure.

Just as there are two different approaches to calculating assessments, there are two different approaches to calculating the "Percent Funded" figure. The most easily understood method is the "Straight Line" approach. Using this approach, the amount of money to be set aside for a component for each year is multiplied by the number of years that component has aged. In the case of our example, if our $100,000 component with a 5 year life ($20,000 per year) was two years old, then $40,000 would be expected to be on hand. This is done individually for each component, and then the results are added together.

Again, this can be done using either the current or future costs. Proponents of the Future Cost method argue that the "current estimate" is not the current cost, but rather the current estimate of what the cost of repair will be when it is needed (i.e., the Future Cost). The problem with this approach is that the calculations do not take into account that Reserve Fund monies earn interest, and the amount of this interest can be significant. If a straight-line approach were used, the 100% funding level would indicate excess funds on hand and would be misleading. Additionally, an association which has less than "100% Funded – Straight-Line" may well have enough money. In this case the disclosure would also be misleading.

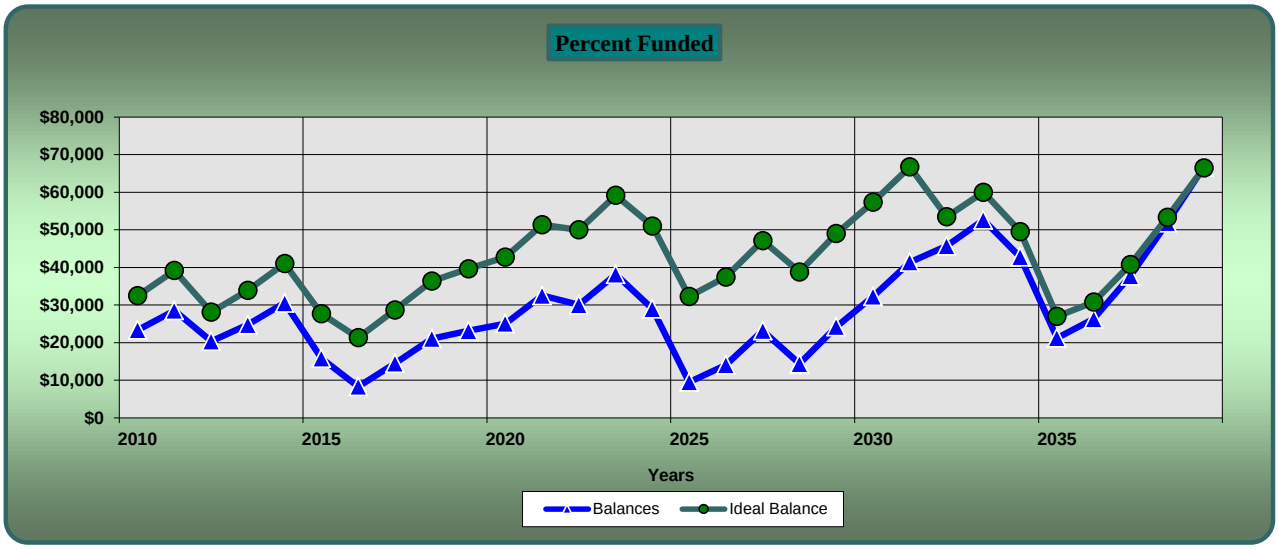

Exhibit 2 - 3 - Percent Funded Summary

Category	Remaining Life	Current Replacement Cost	Balance Allocation	Ideal Funding	% Funded
Equipment	30 to 30	$ 5,700	$ 1,309	$ 2,945	44.5%
Grounds	10 to 30	$ 20,500	$ 4,176	$ 9,392	44.5%
Fences & Walls	3 to 40	$ 21,000	$ 12,953	$ 13,922	93.0%
Walkways	40 to 40	$ 1,350	$ 291	$ 655	44.5%
Infrastructure Repairs	6 to 7	$ 9,250	$ 7,726	$ 7,726	100.0%
Totals		$ 57,800	$ 26,456	$ 34,640	76.4%

Exhibit 2 - 4 - Component List Summary by Category

The following table represents a list of the components considered in this study. Each component is identified based on a category. The estimated lives are designated in years. While the Board of Directors has final discretion as to what items are included the the reserve study, it is common that many assets (components) exist that may not be included in the reserve funding plan. Examples of such items are those components deemed to have a remaining useful life in excess of 30 years, those items of such low dollar value that they are considered immaterial, and those items that are routinely paid for from the operating budget.

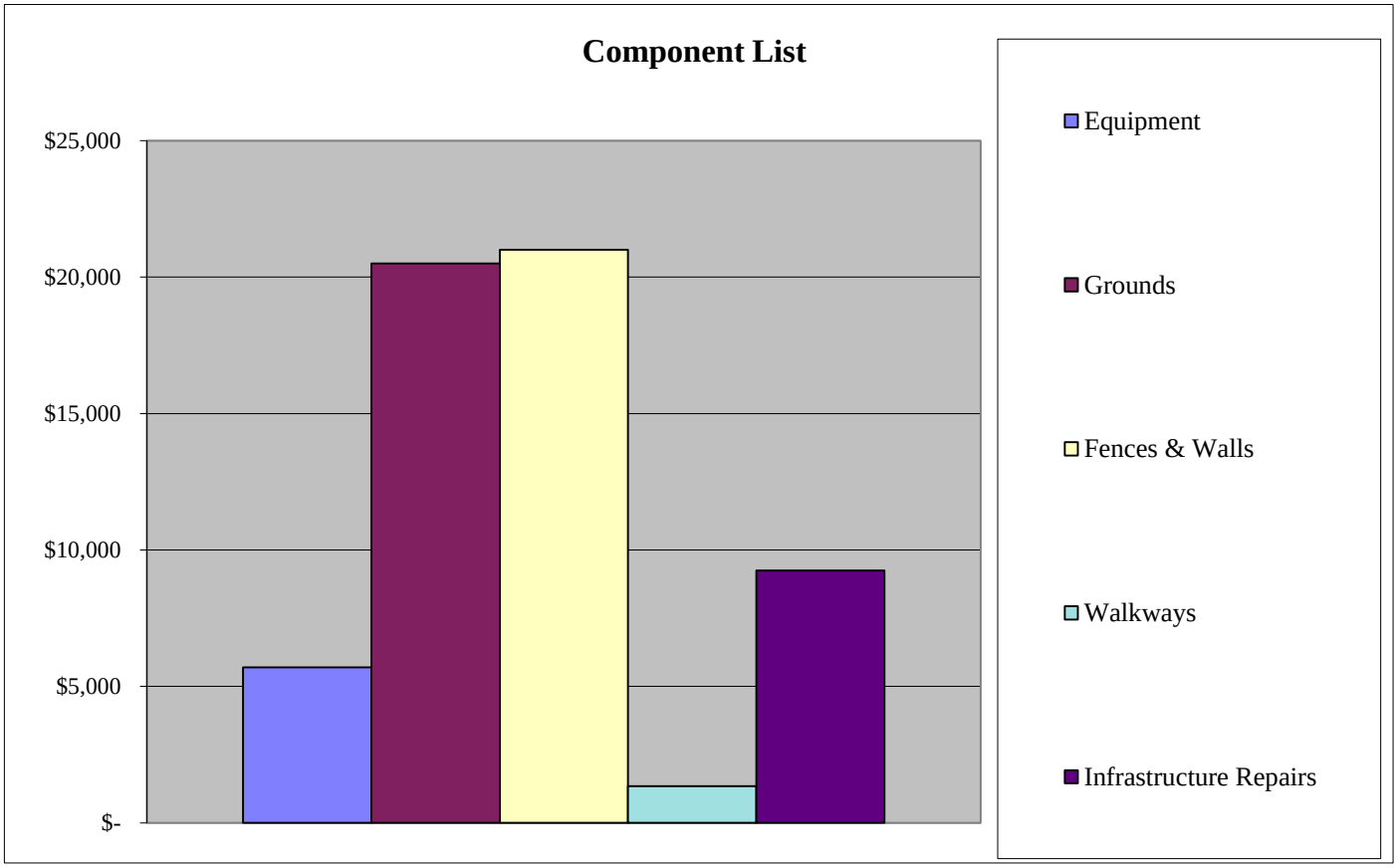

Exhibit 2 - 4 - Component List Summary by Category

Category	# of Items	Useful Life	Remaining Life	Current Cost	Future Cost	Balance Allocation	Ideal Funding	% Funded	2010 Funding
Equipment	1	30 to 30	14.5 to 14.5	$ 5,700	$ 8,187	$ 1,309	$ 2,945	44.5%	$ 456
Grounds	2	10 to 30	5.5 to 14.5	20,500	24,241	4,176	9,392	44.5%	1,639
Fences & Walls	5	3 to 40	0.3 to 24.5	21,000	25,799	12,953	13,922	93.0%	1,679
Walkways	1	40 to 40	20.6 to 20.6	1,350	2,257	291	655	44.5%	108
Infrastructure Repairs	2	6 to 7	0.5 to 2.5	9,250	9,509	7,726	7,726	100.0%	739
Totals	11			$ 57,800	$ 69,993	$ 26,456	$ 34,640	76.4%	$ 4,620

Exhibit 2 - 5 - AICPA Supplemental Disclosures

This supplemental information about reserves is a required presentation for associations that present financial information such as compiled, reviewed, or audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Major Component	Estimated Remaining Life in Years	Estimated Current Cost	12/31/09 Allocation	2010 Funding
Equipment	14.5 to 14.5	$ 5,700	$ 1,309	$ 456
Grounds	5.5 to 14.5	20,500	4,176	1,639
Fences & Walls	0.3 to 24.5	21,000	12,953	1,679
Walkways	20.6 to 20.6	1,350	291	108
Infrastructure Repairs	0.5 to 2.5	9,250	7,726	739
Totals		$ 57,800	$ 26,456	$ 4,620

Exhibit 2 - 6 - Comparison to Prior Reserve Study Summary

Category	Current Cost	Prior Cost	Difference
Equipment	$ 5,700	$ -	$ 5,700
Grounds	20,500	-	20,500
Fences & Walls	21,000	-	21,000
Walkways	1,350	-	1,350
Infrastructure Repairs	9,250	-	9,250
Totals	$ 57,800	$ -	$ 57,800

Section 3 - Financial Exhibits - Component Level

Section 3 - Component level reports immediately following this page consist of:

Exhibit 3 - 1 - Annual Cash Flow Detail
Exhibit 3 - 2 - 1 - Expenditure Detail by Year by Component
Exhibit 3 - 2 - 2 - Expenditure Detail by Component by Year
Exhibit 3 - 3 - Percent Funded Detail
Exhibit 3 - 4 - 1 - Component List Detail by Major Component
Exhibit 3 - 4 - 2 - Component List Detail by Location
Exhibit 3 - 4 - 3 - Component List Detail Inventory with Photos
Exhibit 3 - 5 - Comparison to Prior Reserve Study Detail

Table 3 - 1 - Cash Inflows By Year

Year Ended	Description		Annual Amount	Total by Year
12/31/10	Annual Assessments	$	4,620	
12/31/10	Interest Income, Net of Taxes	$	368	
	Total for Fiscal Year 2010			$ 4,988
12/31/11	Annual Assessments	$	4,800	
12/31/11	Interest Income, Net of Taxes	$	383	
	Total for Fiscal Year 2011			$ 5,183
12/31/12	Annual Assessments	$	4,986	
12/31/12	Interest Income, Net of Taxes	$	361	
	Total for Fiscal Year 2012			$ 5,347
12/31/13	Annual Assessments	$	5,180	
12/31/13	Interest Income, Net of Taxes	$	333	
	Total for Fiscal Year 2013			$ 5,513
12/31/14	Annual Assessments	$	5,382	
12/31/14	Interest Income, Net of Taxes	$	408	
	Total for Fiscal Year 2014			$ 5,790
12/31/15	Annual Assessments	$	5,591	
12/31/15	Interest Income, Net of Taxes	$	342	
	Total for Fiscal Year 2015			$ 5,933
12/31/16	Annual Assessments	$	5,809	
12/31/16	Interest Income, Net of Taxes	$	178	
	Total for Fiscal Year 2016			$ 5,987
12/31/17	Annual Assessments	$	6,035	
12/31/17	Interest Income, Net of Taxes	$	168	
	Total for Fiscal Year 2017			$ 6,203
12/31/18	Annual Assessments	$	6,269	
12/31/18	Interest Income, Net of Taxes	$	262	
	Total for Fiscal Year 2018			$ 6,532
12/31/19	Annual Assessments	$	6,513	
12/31/19	Interest Income, Net of Taxes	$	326	
	Total for Fiscal Year 2019			$ 6,839
12/31/20	Annual Assessments	$	6,767	
12/31/20	Interest Income, Net of Taxes	$	355	
	Total for Fiscal Year 2020			$ 7,122

See Summary of Significant Assumptions

Table 3 - 1 - Cash Inflows By Year

Year Ended	Description		Annual Amount	Total by Year
12/31/21	Annual Assessments	$	7,030	
12/31/21	Interest Income, Net of Taxes	$	425	
	Total for Fiscal Year 2021			$ 7,455
12/31/22	Annual Assessments	$	7,303	
12/31/22	Interest Income, Net of Taxes	$	461	
	Total for Fiscal Year 2022			$ 7,765
12/31/23	Annual Assessments	$	7,588	
12/31/23	Interest Income, Net of Taxes	$	503	
	Total for Fiscal Year 2023			$ 8,090
12/31/24	Annual Assessments	$	7,883	
12/31/24	Interest Income, Net of Taxes	$	495	
	Total for Fiscal Year 2024			$ 8,378
12/31/25	Annual Assessments	$	8,189	
12/31/25	Interest Income, Net of Taxes	$	284	
	Total for Fiscal Year 2025			$ 8,473
12/31/26	Annual Assessments	$	8,508	
12/31/26	Interest Income, Net of Taxes	$	173	
	Total for Fiscal Year 2026			$ 8,681
12/31/27	Annual Assessments	$	8,839	
12/31/27	Interest Income, Net of Taxes	$	274	
	Total for Fiscal Year 2027			$ 9,113
12/31/28	Annual Assessments	$	9,183	
12/31/28	Interest Income, Net of Taxes	$	277	
	Total for Fiscal Year 2028			$ 9,459
12/31/29	Annual Assessments	$	9,540	
12/31/29	Interest Income, Net of Taxes	$	284	
	Total for Fiscal Year 2029			$ 9,824
12/31/30	Annual Assessments	$	9,911	
12/31/30	Interest Income, Net of Taxes	$	417	
	Total for Fiscal Year 2030			$ 10,327
12/31/31	Annual Assessments	$	10,297	
12/31/31	Interest Income, Net of Taxes	$	544	

Table 3 - 1 - Cash Inflows By Year

Year Ended	Description		Annual Amount	Total by Year
	Total for Fiscal Year 2031			$ 10,840
12/31/32	Annual Assessments	$	10,697	
12/31/32	Interest Income, Net of Taxes	$	643	
	Total for Fiscal Year 2032			$ 11,340
12/31/33	Annual Assessments	$	11,113	
12/31/33	Interest Income, Net of Taxes	$	726	
	Total for Fiscal Year 2033			$ 11,839
12/31/34	Annual Assessments	$	11,545	
12/31/34	Interest Income, Net of Taxes	$	704	
	Total for Fiscal Year 2034			$ 12,250
12/31/35	Annual Assessments	$	11,995	
12/31/35	Interest Income, Net of Taxes	$	472	
	Total for Fiscal Year 2035			$ 12,467
12/31/36	Annual Assessments	$	12,461	
12/31/36	Interest Income, Net of Taxes	$	351	
	Total for Fiscal Year 2036			$ 12,812
12/31/37	Annual Assessments	$	12,946	
12/31/37	Interest Income, Net of Taxes	$	473	
	Total for Fiscal Year 2037			$ 13,419
12/31/38	Annual Assessments	$	13,450	
12/31/38	Interest Income, Net of Taxes	$	661	
	Total for Fiscal Year 2038			$ 14,111
12/31/39	Annual Assessments	$	13,973	
12/31/39	Interest Income, Net of Taxes	$	875	
	Total for Fiscal Year 2039			$ 14,848

Exhibit 3 - 2 - 1 - Expenditure Detail By Year By Component

Item #	Date	Component	Location	Category	Amount
		Fiscal Year Ended	**12/31/10**		
9	7/1/10	Repairs to Basin	Detention Basin	Infrastructure Repairs	$ 6,581
11	5/1/10	Block Wall repair 2010 Budget	Perimeter Walls	Fences & Walls	$ 1,512
		Total for Fiscal Year	**12/31/10**		$ 8,093
		Fiscal Year Ended	**12/31/12**		
2	7/1/12	Dry well cleanout - repair	Detention Basin	Infrastructure Repairs	$ 2,927
10	7/1/12	Paint / Repair Block Wall & Iron Fence	Perimeter Walls	Fences & Walls	$ 10,643
		Total for Fiscal Year	**12/31/12**		$ 13,569
		Fiscal Year Ended	**12/31/13**		
5	5/1/13	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,087
		Total for Fiscal Year	**12/31/13**		$ 1,087
		Fiscal Year Ended	**12/31/15**		
7	7/1/15	Granite Replacement	Common Area	Grounds	$ 20,645
		Total for Fiscal Year	**12/31/15**		$ 20,645
		Fiscal Year Ended	**12/31/16**		
5	5/1/16	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,171
8	7/1/16	Paint Block Wall & Iron Fence	Perimeter Walls	Fences & Walls	$ 4,704
9	7/1/16	Repairs to Basin	Detention Basin	Infrastructure Repairs	$ 7,644
		Total for Fiscal Year	**12/31/16**		$ 13,519
		Fiscal Year Ended	**12/31/19**		
2	7/1/19	Dry well cleanout - repair	Detention Basin	Infrastructure Repairs	$ 3,485
5	7/1/19	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,262
		Total for Fiscal Year	**12/31/19**		$ 4,747
		Fiscal Year Ended	**12/31/20**		
8	7/1/20	Paint Block Wall & Iron Fence	Perimeter Walls	Fences & Walls	$ 5,197
		Total for Fiscal Year	**12/31/20**		$ 5,197
		Fiscal Year Ended	**12/31/22**		
5	5/1/22	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,360
9	7/1/22	Repairs to Basin	Detention Basin	Infrastructure Repairs	$ 8,878
		Total for Fiscal Year	**12/31/22**		$ 10,238
		Fiscal Year Ended	**12/31/24**		
3	7/1/24	Mail boxes	Common Area	Equipment	$ 8,184
6	7/1/24	Irrigation System Repairs	Common Area	Grounds	$ 3,589
8	7/1/24	Paint Block Wall & Iron Fence	Perimeter Walls	Fences & Walls	$ 5,743

See Summary of Significant Assumptions

Exhibit 3 - 2 - 1 - Expenditure Detail By Year By Component

Item #	Date	Component	Location	Category	Amount
		Total for Fiscal Year	**12/31/24**		$ 17,516
		Fiscal Year Ended	**12/31/25**		
5	7/1/25	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,466
7	7/1/25	Granite Replacement	Common Area	Grounds	$ 26,495
		Total for Fiscal Year	**12/31/25**		$ 27,961
		Fiscal Year Ended	**12/31/26**		
2	7/1/26	Dry well cleanout - repair	Detention Basin	Infrastructure Repairs	$ 4,150
		Total for Fiscal Year	**12/31/26**		$ 4,150
		Fiscal Year Ended	**12/31/28**		
5	5/1/28	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,580
8	7/1/28	Paint Block Wall & Iron Fence	Perimeter Walls	Fences & Walls	$ 6,345
9	7/1/28	Repairs to Basin	Detention Basin	Infrastructure Repairs	$ 10,311
		Total for Fiscal Year	**12/31/28**		$ 18,237
		Fiscal Year Ended	**12/31/30**		
1	8/1/30	Steel Posts - Replace	Common Area	Walkways	$ 2,256
		Total for Fiscal Year	**12/31/30**		$ 2,256
		Fiscal Year Ended	**12/31/31**		
5	7/1/31	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,702
		Total for Fiscal Year	**12/31/31**		$ 1,702
		Fiscal Year Ended	**12/31/32**		
8	7/1/32	Paint Block Wall & Iron Fence	Perimeter Walls	Fences & Walls	$ 7,011
		Total for Fiscal Year	**12/31/32**		$ 7,011
		Fiscal Year Ended	**12/31/33**		
2	7/1/33	Dry well cleanout - repair	Detention Basin	Infrastructure Repairs	$ 4,942
		Total for Fiscal Year	**12/31/33**		$ 4,942
		Fiscal Year Ended	**12/31/34**		
4	7/1/34	Iron Fencing - Replace	Glenhaven Drive	Fences & Walls	$ 8,291
5	5/1/34	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,835
9	7/1/34	Repairs to Basin	Detention Basin	Infrastructure Repairs	$ 11,976
		Total for Fiscal Year	**12/31/34**		$ 22,102
		Fiscal Year Ended	**12/31/35**		
7	7/1/35	Granite Replacement	Common Area	Grounds	$ 34,001
		Total for Fiscal Year	**12/31/35**		$ 34,001

Exhibit 3 - 2 - 1 - Expenditure Detail By Year By Component

Item #	Date	Component	Location	Category	Amount
		Fiscal Year Ended	**12/31/36**		
8	7/1/36	Paint Block Wall & Iron Fence	Perimeter Walls	Fences & Walls	$ 7,747
		Total for Fiscal Year	**12/31/36**		$ 7,747
		Fiscal Year Ended	**12/31/37**		
5	7/1/37	Block Wall repair allowance	Perimeter Walls	Fences & Walls	$ 1,977
		Total for Fiscal Year	**12/31/37**		$ 1,977
			Total Expenditures for 30-year Projection Period		$ 226,697

Exhibit 3 - 2 - 2 - Expenditures By Component By Year

Item #	Component	Category	Location	1 12/31/10	2 12/31/11	3 12/31/12	4 12/31/13	5 12/31/14	6 12/31/15	7 12/31/16	8 12/31/17	9 12/31/18	10 12/31/19
1	Steel Posts - Replace	Walkways	Common Area	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Dry well cleanout - repair	Infrastructure Repairs	Detention Basin	$ -	$ -	$ 2,927	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,485
3	Mail boxes	Equipment	Common Area	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	Iron Fencing - Replace	Fences & Walls	Glenhaven Drive	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Block Wall repair allowance	Fences & Walls	Perimeter Walls	$ -	$ -	$ -	$ 1,087	$ -	$ -	$ 1,171	$ -	$ -	$ 1,262
6	Irrigation System Repairs	Grounds	Common Area	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Granite Replacement	Grounds	Common Area	$ -	$ -	$ -	$ -	$ -	$ 20,645	$ -	$ -	$ -	$ -
8	Paint Block Wall & Iron Fence	Fences & Walls	Perimeter Walls	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,704	$ -	$ -	$ -
9	Repairs to Basin	Infrastructure Repairs	Detention Basin	$ 6,581	$ -	$ -	$ -	$ -	$ -	$ 7,644	$ -	$ -	$ -
10	Paint / Repair Block Wall & Iron Fenc	Fences & Walls	Perimeter Walls	$ -	$ -	$ 10,643	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Block Wall repair 2010 Budget	Fences & Walls	Perimeter Walls	$ 1,512	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Totals			$ 8,093	$ -	$ 13,569	$ 1,087	$ -	$ 20,645	$ 13,519	$ -	$ -	$ 4,747

Exhibit 3 - 2 - 2 - Expenditures By Component By Year

Item #	Component	Category	Location	11 12/31/20	12 12/31/21	13 12/31/22	14 12/31/23	15 12/31/24	16 12/31/25	17 12/31/26	18 12/31/27	19 12/31/28	20 12/31/29
1	Steel Posts - Replace	Walkways	Common Area	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Dry well cleanout - repair	Infrastructure Repairs	Detention Basin	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,150	$ -	$ -	$ -
3	Mail boxes	Equipment	Common Area	$ -	$ -	$ -	$ -	$ 8,184	$ -	$ -	$ -	$ -	$ -
4	Iron Fencing - Replace	Fences & Walls	Glenhaven Drive	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Block Wall repair allowance	Fences & Walls	Perimeter Walls	$ -	$ -	$ 1,360	$ -	$ -	$ 1,466	$ -	$ -	$ 1,580	$ -
6	Irrigation System Repairs	Grounds	Common Area	$ -	$ -	$ -	$ -	$ 3,589	$ -	$ -	$ -	$ -	$ -
7	Granite Replacement	Grounds	Common Area	$ -	$ -	$ -	$ -	$ -	$ 26,495	$ -	$ -	$ -	$ -
8	Paint Block Wall & Iron Fence	Fences & Walls	Perimeter Walls	$ 5,197	$ -	$ -	$ -	$ 5,743	$ -	$ -	$ -	$ 6,345	$ -
9	Repairs to Basin	Infrastructure Repairs	Detention Basin	$ -	$ -	$ 8,878	$ -	$ -	$ -	$ -	$ -	$ 10,311	$ -
10	Paint / Repair Block Wall & Iron Fenc	Fences & Walls	Perimeter Walls	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Block Wall repair 2010 Budget	Fences & Walls	Perimeter Walls	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Totals			$ 5,197	$ -	$ 10,238	$ -	$ 17,516	$27,961	$ 4,150	$ -	$ 18,237	$ -

Exhibit 3 - 2 - 2 - Expenditures By Component By Year

Item #	Component	Category	Location	21 12/31/30	22 12/31/31	23 12/31/32	24 12/31/33	25 12/31/34	26 12/31/35	27 12/31/36	28 12/31/37	29 12/31/38	30 12/31/39
1	Steel Posts - Replace	Walkways	Common Area	$ 2,256	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Dry well cleanout - repair	Infrastructure Repairs	Detention Basin	$ -	$ -	$ -	$ 4,942	$ -	$ -	$ -	$ -	$ -	$ -
3	Mail boxes	Equipment	Common Area	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	Iron Fencing - Replace	Fences & Walls	Glenhaven Drive	$ -	$ -	$ -	$ -	$ 8,291	$ -	$ -	$ -	$ -	$ -
5	Block Wall repair allowance	Fences & Walls	Perimeter Walls	$ -	$ 1,702	$ -	$ -	$ 1,835	$ -	$ -	$ 1,977	$ -	$ -
6	Irrigation System Repairs	Grounds	Common Area	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Granite Replacement	Grounds	Common Area	$ -	$ -	$ -	$ -	$ -	$ 34,001	$ -	$ -	$ -	$ -
8	Paint Block Wall & Iron Fence	Fences & Walls	Perimeter Walls	$ -	$ -	$ 7,011	$ -	$ -	$ -	$ 7,747	$ -	$ -	$ -
9	Repairs to Basin	Infrastructure Repairs	Detention Basin	$ -	$ -	$ -	$ -	$ 11,976	$ -	$ -	$ -	$ -	$ -
10	Paint / Repair Block Wall & Iron Fenc	Fences & Walls	Perimeter Walls	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Block Wall repair 2010 Budget	Fences & Walls	Perimeter Walls	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Totals			$ 2,256	$ 1,702	$ 7,011	$ 4,942	$ 22,102	$ 34,001	$ 7,747	$ 1,977	$ -	$ -

Exhibit 3 - 3 - Percent Funded Detail

Item #	Component	Category	Project/ Area/ Location/ Unit	Life	Current Replacement Cost	Balance Allocation	Ideal Funding	% Funded
1	Steel Posts - Replace	Walkways	Common Area	40	$ 1,350	$ 291	$ 655	44.5%
2	Dry well cleanout - repair	Infrastructure Repairs	Detention Basin	7	2,750	1,768	1,768	100.0%
3	Mail boxes	Equipment	Common Area	30	5,700	1,309	2,945	44.5%
4	Iron Fencing - Replace	Fences & Walls	Glenhaven Drive	40	4,500	775	1,744	44.5%
5	Block Wall repair allowance	Fences & Walls	Perimeter Walls	3	1,000	444	444	100.0%
6	Irrigation System Repairs	Grounds	Common Area	30	2,500	574	1,292	44.5%
7	Granite Replacement	Grounds	Common Area	10	18,000	3,602	8,100	44.5%
8	Paint Block Wall & Iron Fence	Fences & Walls	Perimeter Walls	4	4,000	1,500	1,500	100.0%
9	Repairs to Basin	Infrastructure Repairs	Detention Basin	6	6,500	5,958	5,958	100.0%
10	Paint / Repair Block Wall & Iron Fence	Fences & Walls	Perimeter Walls	20	10,000	8,750	8,750	100.0%
11	Block Wall repair 2010 Budget	Fences & Walls	Perimeter Walls	30	1,500	1,483	1,483	100.0%
		Totals			$ 57,800	$ 26,456	$ 34,640	76.4%

Ehibit 3 - 4 - 1 - Component List Detail by Major Component

Item #	Component	Category	Location	Quantity	Meas Basis	Unit Cost	Date Placed in Service	Life Useful	Life Rem	Est. 1st Replace Date	Replacement Cost Current	Replacement Cost Future
1	Steel Posts - Replace	Walkways	Common Area	3	Each	$ 450	8/1/90	40	20.60	8/1/30	$ 1,350	$ 2,257
2	Dry well cleanout - repair	Infrastructure Repairs	Detention Basin	1	Each	2,750	7/1/05	7	2.50	7/1/12	2,750	2,927
3	Mail boxes	Equipment	Common Area	6	Each	950	7/1/94	30	14.50	7/1/24	5,700	8,187
4	Iron Fencing - Replace	Fences & Walls	Glenhaven Drive	75	lf	60	7/1/94	40	24.50	7/1/34	4,500	8,297
5	Block Wall repair allowance	Fences & Walls	Perimeter Walls	1	Each	1,000	5/1/07	3	3.30	5/1/13	1,000	1,087
6	Irrigation System Repairs	Grounds	Common Area	1	Each	2,500	7/1/94	30	14.50	7/1/24	2,500	3,591
7	Granite Replacement	Grounds	Common Area	1	Each	18,000	7/1/05	10	5.50	7/1/15	18,000	20,650
8	Paint Block Wall & Iron Fence	Fences & Walls	Perimeter Walls	1	Each	4,000	7/1/08	4	2.50	7/1/12	4,000	4,258
9	Repairs to Basin	Infrastructure Repairs	Detention Basin	1	Each	6,500	7/1/04	6	0.50	7/1/10	6,500	6,582
10	Paint / Repair Block Wall & Iron Fence	Fences & Walls	Perimeter Walls	1	Each	10,000	7/1/92	20	2.50	7/1/12	10,000	10,644
11	Block Wall repair 2010 Budget	Fences & Walls	Perimeter Walls	1	Each	1,500	7/1/94	30	0.30	5/1/10	1,500	1,513
	Total										$ 57,800	$ 69,993

Exhibit 3 - 4 - 2 - Component List Detail By Location

Item #	Location	Component	Category	Quantity	Meas Basis	Unit Cost	Date Placed in Service	Life Useful	Life Rem	Est. 1st Replace Date	Replacement Cost Current	Replacement Cost Future
1	Common Area	Steel Posts - Replace	Walkways	3	Each	$ 450	8/1/90	40	20.60	8/1/30	$ 1,350	$ 2,257
2	Detention Basin	Dry well cleanout - repair	Infrastructure Repairs	1	Each	2,750	7/1/05	7	2.50	7/1/12	2,750	2,927
3	Common Area	Mail boxes	Equipment	6	Each	950	7/1/94	30	14.50	7/1/24	5,700	8,187
4	Glenhaven Drive	Iron Fencing - Replace	Fences & Walls	75	lf	60	7/1/94	40	24.50	7/1/34	4,500	8,297
5	Perimeter Walls	Block Wall repair allowance	Fences & Walls	1	Each	1,000	5/1/07	3	3.30	5/1/13	1,000	1,087
6	Common Area	Irrigation System Repairs	Grounds	1	Each	2,500	7/1/94	30	14.50	7/1/24	2,500	3,591
7	Common Area	Granite Replacement	Grounds	1	Each	18,000	7/1/05	10	5.50	7/1/15	18,000	20,650
8	Perimeter Walls	Paint Block Wall & Iron Fence	Fences & Walls	1	Each	4,000	7/1/08	4	2.50	7/1/12	4,000	4,258
9	Detention Basin	Repairs to Basin	Infrastructure Repairs	1	Each	6,500	7/1/04	6	0.50	7/1/10	6,500	6,582
10	Perimeter Walls	Paint / Repair Block Wall & Iron Fence	Fences & Walls	1	Each	10,000	7/1/92	20	2.50	7/1/12	10,000	10,644
11	Perimeter Walls	Block Wall repair 2010 Budget	Fences & Walls	1	Each	1,500	5/1/80	30	0.30	5/1/10	1,500	1,513
		Total									$ 57,800	$ 69,993

Exhibit 3 - 4 - 3 - Component Detail Inventory With Photos

Component Number	1
Component	Steel Posts - Replace
Category	Walkways
Location	Common Area
Quantity	3
Measurement basis	Each
Cost per unit	$450.00
Current replacement cost	$1,350.00
Future replacement cost	$2,257.26
Date placed in service	8/1/1990
Life	40
Adjusted life	40
Cost Source	FAI Database
Condition	Good
NOTES:	No Unusual Items Noted

Component Number	2
Component	Dry well cleanout - repair
Category	Infrastructure Repairs
Location	Detention Basin
Quantity	1
Measurement basis	Each
Cost per unit	$2,750.00
Current replacement cost	$2,750.00
Future replacement cost	$2,927.17
Date placed in service	7/1/2005
Life	7
Adjusted life	7
Cost Source	Bid
Condition	Fair
NOTES:	Bid received from Torrent resouces for cleaning and repair of dry well

Component Number	3
Component	Mail boxes
Category	Equipment
Location	Common Area
Quantity	6
Measurement basis	Each
Cost per unit	$950.00
Current replacement cost	$5,700.00
Future replacement cost	$8,187.34
Date placed in service	7/1/1994
Life	30
Adjusted life	30
Cost Source	FAI Database
Condition	Good
NOTES:	No Unusual Items Noted

Exhibit 3 - 4 - 3 - Component Detail Inventory With Photos

Component Number	4
Component	Iron Fencing - Replace
Category	Fences & Walls
Location	Glenhaven Drive
Quantity	75
Measurement basis	lf
Cost per unit	$60.00
Current replacement cost	$4,500.00
Future replacement cost	$8,297.38
Date placed in service	7/1/1994
Life	40
Adjusted life	40
Cost Source	Management estimate
Condition	Good
NOTES:	No Unusual Items Noted

Component Number	5
Component	Block Wall repair allowance
Category	Fences & Walls
Location	Perimeter Walls
Quantity	1
Measurement basis	Each
Cost per unit	$1,000.00
Current replacement cost	$1,000.00
Future replacement cost	$1,086.81
Date placed in service	5/1/2007
Life	3
Adjusted life	6
Cost Source	Management estimate
Condition	Good
NOTES:	No Unusual Items Noted

Component Number	6
Component	Irrigation System Repairs
Category	Grounds
Location	Common Area
Quantity	1
Measurement basis	Each
Cost per unit	$2,500.00
Current replacement cost	$2,500.00
Future replacement cost	$3,590.94
Date placed in service	7/1/1994
Life	30
Adjusted life	30
Cost Source	Management estimate
Condition	Good
NOTES:	No Unusual Items Noted

Exhibit 3 - 4 - 3 - Component Detail Inventory With Photos

Component Number	7
Component	Granite Replacement
Category	Grounds
Location	Common Area
Quantity	1
Measurement basis	Each
Cost per unit	$18,000.00
Current replacement cost	$18,000.00
Future replacement cost	$20,650.28
Date placed in service	7/1/2005
Life	10
Adjusted life	10
Cost Source	Management estimate
Condition	Good
NOTES:	No Unusual Items Noted

Component Number	8
Component	Paint Block Wall & Iron Fence
Category	Fences & Walls
Location	Perimeter Walls
Quantity	1
Measurement basis	Each
Cost per unit	$4,000.00
Current replacement cost	$4,000.00
Future replacement cost	$4,257.70
Date placed in service	7/1/2008
Life	4
Adjusted life	4
Cost Source	Management estimate
Condition	Good
NOTES:	No Unusual Items Noted

Component Number	9
Component	Repairs to Basin
Category	Infrastructure Repairs
Location	Detention Basin
Quantity	1
Measurement basis	Each
Cost per unit	$6,500.00
Current replacement cost	$6,500.00
Future replacement cost	$6,581.67
Date placed in service	7/1/2004
Life	6
Adjusted life	6
Cost Source	Management estimate
Condition	Good
NOTES:	No Unusual Items Noted

Exhibit 3 - 4 - 3 - Component Detail Inventory With Photos

Component Number	10
Component	Paint / Repair Block Wall & Iron Fence
Category	Fences & Walls
Location	Perimeter Walls
Quantity	1
Measurement basis	Each
Cost per unit	$10,000.00
Current replacement cost	$10,000.00
Future replacement cost	$10,644.25
Date placed in service	7/1/1992
Life	20
Adjusted life	20
Cost Source	Management estimate
Condition	Good
NOTES:	No Unusual Items Noted

Component Number	11
Component	Block Wall repair 2010 Budget
Category	Fences & Walls
Location	Perimeter Walls
Quantity	1
Measurement basis	Each
Cost per unit	$1,500.00
Current replacement cost	$1,500.00
Future replacement cost	$1,512.54
Date placed in service	7/1/1994
Life	30
Adjusted life	30
Cost Source	Management estimate
Condition	Good
NOTES:	No Unusual Items Noted

(No photo available)