

SHARON PARK HOMEOWNERS ASSOCIATION

SHARON PARK DRIVE • MENLO PARK • CALIFORNIA

November 23, 2006

Dear Sharon Park Homeowner,

The Board of Directors has approved the **2007 Budget**, which comprises of two parts, the Operating Budget and the Reserve Fund Budget. A copy of a summary of the Operating Budget is attached to this letter. The annual review of our reserve funds by a professional Reserve Analysis Consulting, LLC, the Finance Committee, and the Board of Directors of your Association has established the amount of funds to be transferred to Reserves on a monthly basis to meet replacement costs of items such as exterior painting, roofing, paving, tree replacement, fences, pool and spa equipment and plastering, clubhouse furniture and appliances, etc.

This year, assessments for the Townhouse owners will be increased from \$483 per month to \$557.00 per month. Condominium monthly assessments will be increased from \$522 per month to \$616.00. These increases are necessary to cover the cost of maintaining our aging buildings.

Here is a summary of the per-unit calculation of the 2007 monthly assessments:

Year 2007	Townhouses 23 Units	Condominiums 64 Units	Common Area 87 Units
Operating Expenses	57.29	192.90	285.35
Replacement Reserves	<u>161.71</u>	<u>85.10</u>	<u>52.65</u>
	219.00	278.00	338.00
Common Area	<u>338.00</u>	<u>338.00</u>	
Total Monthly Dues	\$ 557.00	\$ 616.00	

Last Year (Reference)	Townhouses	Condominiums	Common Area
Operating Expenses	55.00	177.00	232.00
Replacement Reserves	<u>157.00</u>	<u>74.00</u>	<u>39.00</u>
	212.00	251.00	271.00
Common Area	<u>271.00</u>	<u>271.00</u>	
Total Monthly Dues	\$ 483.00	\$ 522.00	

Enclosed with this letter are the following documents which are required by California Civil Code:

- 2007 Operating and Reserve Budget
- Assessment and Reserve Funding Disclosure Summary
- Association Late Charge Policy
- Assessment & Foreclosure Notice
- Summary of California Civil Code §1369.520 (ADR)
- Association Dispute Resolution Procedures
- Summary of Association Insurance Coverage (Civil Code § 1365)

November 23, 2006
2006 Budget Transmittal Letter
Page two of two

Changes in California Civil Code have required the additional disclosure to be included with this budget packet.

Please keep this copy of the Budget with your other Association documents for easy reference and for transfer to a new owner in the event that you should sell your unit.

If you have any questions regarding this budget, please submit them, *in writing*, to the Board of Directors and mail them to Sharon Park Homeowners Association at the address below.

Sincerely,

For the Board of Directors



Stephen A. Fox
Association Manager

Enclosures

SHARON PARK HOMEOWNERS ASSOCIATION

Operating Budget Summary

Fiscal Year: 01/01/2007 - 12/31/2007

	Actual at 12/31/05	Est. at 12/31/06	2007 Budget	Per Month
REVENUES:				
Total Assessments - Condominiums	399,358	399,559	473,091	39,424
Total Assessments - Townhomes	125,858	139,342	153,733	12,811
Total Special Assessment (Earthquake)	0	29,589	0	0
Transfer to Reserves	(140,708)	(140,880)	(164,956)	(13,746)
Interest Income - Operating Fund	284	50	140	12
Total Other Income	6,084	5,745	5,400	450
TOTAL REVENUES	390,876	433,405	467,408	38,951
EXPENSES				
Condominium				
Condo - Repairs & Maint	1,795	4,810	3,000	250
Condo - Maintenance Supplies	546	250	300	25
Gutter Cleaning	3,119	3,590	3,800	317
Unit Interior Related Repairs	1,700	4,470	1,500	125
Janitorial Services (85%)	46,616	53,170	55,100	4,592
Janitorial Supplies (85%)	1,478	570	600	50
Elevator - Contract	9,728	4,470	4,700	392
Elevator - Repairs	2,470	6,900	7,200	600
Fire Alarm System Contract	960	3,950	4,100	342
Fire Extinguisher Service	551	590	700	58
Antenna Systems Repairs	448	930	1,000	83
Lighting & Supplies	2,536	1,720	1,800	150
Pest Control	1,147	1,320	1,400	117
Plumbing & Sewer	2,585	8,920	5,000	417
Roofing Maintenance & Repairs	990	1,930	2,000	167
Gas	18,691	15,810	21,400	1,783
Electricity	16,331	19,010	16,600	1,383
Refuse	13,653	14,130	14,900	1,242
Telephone - Elevator	1,587	1,410	1,600	133
Water	6,903	11,230	9,400	783
Elevator - Permits	0	700	800	67
Total Condominium Expenses	133,834	159,880	156,900	13,075
Townhomes				
Townhouse - Fence Repairs	0	1,680	0	0
Repairs & Maintenance	798	2,490	2,000	167
Gutter Cleaning & Repairs	5,663	3,800	4,000	333
Termite Control	2,538	3,480	3,700	308
Roof Maint. & Repairs	1,975	3,480	1,000	83
Total Townhouse Expenses	10,973	13,250	10,700	892
Common Area - Entry Gate (Unit #9)				
Common Area Repairs & Maintenance	5,458	4,180	4,340	362
Clubhouse Maintenance & Rep.	243	400	500	42
Janitorial -Payroll (15%)	7,704	9,380	9,800	817
Janitorial -Supplies (15%)	250	100	200	17
Landscape - Contract	44,352	53,230	53,300	4,442
Landscape - Irrigation Repairs	9,486	8,500	8,500	708
Landscape - Renovations	22,321	22,000	22,000	1,833
Landscape - Large Tree Care	10,850	6,600	6,600	550
Lighting & Electrical	1,428	990	1,100	92
Pool / Spa - Contract	3,610	4,230	4,400	367
Pool / Spa - Supplies & Repairs	2,912	1,840	2,000	167
Unit #9 Roads & Gate Repairs & Maint.	2,325	1,360	1,500	125
Gas	4,879	9,510	6,500	542
Electricity	6,074	6,070	10,000	833
Telephone & Pager	263	0	0	0
Water	4,714	6,850	6,800	567
Audit & Tax Prep	3,000	3,700	3,900	325
Mailings, Postage & Copies	4,557	3,830	4,000	333
Insurance (Including Quake)	88,686	104,340	119,500	9,958
Legal & Professional	6,537	2,900	3,100	258
Management Services	20,980	21,480	21,500	1,792
Misc. Administrative	467	1,600	1,000	83
Permits, Licenses & Other	636	300	400	33
Income Taxes	4,960	3,250	5,150	429
Total Common Area Expenses	256,691	276,640	296,090	24,674
TOTAL EXPENSES	401,498	449,770	463,690	38,641
REVENUE LESS EXPENSES	(10,622)	(16,365)	3,718	310

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.	Total Req'd in Bank
1.00	ELECTRICAL						
1.01	Emergency Lighting	1992	25	10	\$4,875	\$195	\$2,925
1.02	Emergency Lighting	1997	25	15	\$1,625	\$65	\$650
1.03	Exterior Lighting	2005	25	23	\$1,750	\$70	\$140
1.04	Garage Lighting	1978	35	6	\$22,575	\$645	\$18,705
1.05	Exit Lights	1978	35	6	\$13,500	\$386	\$11,186
1.06	Emergency Power System	1978	35	6	\$7,000	\$200	\$5,800
2.00	TRELLIS REPLACEMENT ALLOWANCES						
2.01	Replace Trellis Posts	2006	5	4	\$20,000	\$4,000	\$4,000
2.02	Trellis Replacement	2006	5	4	\$10,000	\$2,000	\$2,000
3.00	PAINTING						
3.01	Paint Garage Interior	1996	12	1	\$12,500	\$1,042	\$11,458
3.02	Paint Stairwells	2006	12	11	\$11,000	\$917	\$917
3.03	PML Management	2006	4	3	\$45,000	\$11,250	\$11,250
3.04	Paint Stucco	2006	12	11	\$60,000	\$5,000	\$5,000
3.05	Paint Entry Doors	2006	6	5	\$3,520	\$587	\$587
3.06	Paint Interior Doors	2006	6	5	\$8,280	\$1,380	\$1,380
3.07	Scaffolding Allowance	2006	6	5	\$25,000	\$4,167	\$4,167
4.00	SIDING & TRIM REPLACEMENT ALLOWANCES						
4.01	Stucco Siding Repair Allowance	2006	12	11	\$5,500	\$458	\$458
4.02	Trim Replacement Allowance	2006	6	5	\$5,500	\$917	\$917
4.03	Shingle Siding Replacement Allowance	2006	4	3	\$15,000	\$3,750	\$3,750
4.04	Fascia Replacement	2006	35	34	\$88,493	\$2,528	
5.00	ROOF, GUTTER, SIDING DRY ROT REPAIRS						
5.01	Dry Rot Repair, Gutter Replacement & Roof Patching	2006	100	99	\$1,100,000	\$11,000	
5.02	Unscheduled Expense -	2006	100	99	\$1,807	\$18	
5.03	Unscheduled Expense - Roof Contract Facia Project	2006	100	99	\$22,200	\$222	
5.04	Unscheduled Expense - Architect - Facia Project	2006	100	99	\$4,128	\$41	
5.05	Unscheduled Expense - Project Mgmt - PML	2006	100	99	\$3,375	\$34	
5.06	Unscheduled Expense - Misc. Admin - Facia Project	2006	100	99	\$2,376	\$24	
6.00	BUILDING A - 1280 Sharon Park Drive						
6.01	Composition Shingle Roofing	1996	40	29	\$39,488	\$987	\$10,859
6.02	Build Up Roofing	1996	20	9	\$39,080	\$1,954	\$21,494
6.03	Flashing & Gutters	2006	30	29	\$5,920	\$197	\$197
6.04	Downspout	2006	30	29	\$4,800	\$160	\$160
6.05	Wood Railings	1978	35	6	\$43,450	\$1,241	\$36,001
6.06	Mail Boxes & Lobby	1999	25	17	\$3,500	\$140	\$1,120
6.07	Exterior Tile	1989	40	22	\$55,860	\$1,397	\$25,137
6.08	Leak Waterproofing Membrane	1989	40	22	\$37,240	\$931	\$16,758
6.09	Carpeting	2001	10	4	\$19,745	\$1,975	\$11,847
6.10	Reuse Chair	1978	60	31	\$8,500	\$142	
6.11	Boiler	1988	30	11	\$7,500	\$250	\$4,750

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)

6.12	Hot Water Tank	1988	30	11	\$2,500	\$83	\$1,583
6.13	Wood & Plaster Fence	1978	35	6	\$7,875	\$225	\$6,525
6.14	Wood Bollards	1978	35	6	\$1,250	\$36	\$1,036
7.00	BUILDING B - 1202 Sharon Park Drive						
7.01	Composition Shingle Roofing	1997	40	30	\$27,671	\$692	\$6,918
7.02	Built Up Roofing	1997	20	10	\$18,030	\$902	\$9,015
7.03	Flashing & Gutters	2006	30	29	\$4,472	\$149	\$149
7.04	Downspouts	2006	30	29	\$3,520	\$117	\$117
7.05	Wood Railings	1978	35	6	\$22,440	\$641	\$18,593
7.06	Mail Boxes & Lobby	1999	25	17	\$3,500	\$140	\$1,120
7.07	Exterior Tile	1989	40	22	\$27,285	\$682	\$12,278
7.08	Tile Waterproofing Membrane	1989	40	22	\$18,190	\$455	\$8,186
7.09	Carpeting	2001	10	4	\$7,810	\$781	\$4,686
7.10	Refuse Chute	1978	60	31	\$8,500	\$142	
7.11	Boiler	2003	30	26	\$7,500	\$250	\$1,000
7.12	Hot Water Tank	1988	30	11	\$2,500	\$83	\$1,583
7.13	Wood & Plaster Fence	1978	35	6	\$7,200	\$206	\$5,966
7.14	Wood Bollards	1978	35	6	\$1,250	\$36	\$1,036
8.00	BUILDING C - 1204 Sharon Park Drive						
8.01	Composition Shingle Roofing	1997	40	30	\$27,671	\$692	\$6,918
8.02	Built Up Roofing	1997	20	10	\$18,030	\$902	\$9,015
8.03	Flashing & Gutters	2006	30	29	\$4,472	\$149	\$149
8.04	Downspouts	2006	30	29	\$3,520	\$117	\$117
8.05	Wood Railings	1978	35	6	\$22,440	\$641	\$18,593
8.06	Mail Boxes & Lobby	1999	25	17	\$3,500	\$140	\$1,120
8.07	Exterior Tile	1989	40	22	\$27,285	\$682	\$12,278
8.08	Tile Waterproofing Membrane	1989	40	22	\$18,190	\$455	\$8,186
8.09	Carpeting	2001	10	4	\$7,810	\$781	\$4,686
8.10	Refuse Chute	1978	60	31	\$8,500	\$142	
8.11	Boiler	1988	30	11	\$7,500	\$250	\$4,750
8.12	Hot Water Tank	1988	30	11	\$2,500	\$83	\$1,583
8.13	Wood & Plaster Fence	1978	35	6	\$7,200	\$206	\$5,966
8.14	Wood Bollards	1978	35	6	\$1,250	\$36	\$1,036
9.00	BUILDING D - 1230 Sharon Park Drive						
9.01	Composition Shingle Roofing	1996	40	29	\$30,105	\$753	\$8,279
9.02	Built Up Roofing	1996	20	9	\$19,670	\$984	\$10,819
9.03	Flashing & Gutters	2006	30	29	\$4,880	\$163	\$163
9.04	Downspouts	2006	30	29	\$3,840	\$128	\$128
9.05	Wood Railings	1978	35	6	\$24,475	\$699	\$20,279
9.06	Mail Boxes & Lobby	1999	25	17	\$3,500	\$140	\$1,120
9.07	Exterior Tile	1989	40	22	\$29,760	\$744	\$13,392
9.08	Tile Waterproofing Membrane	1989	40	22	\$19,840	\$496	\$8,928
9.09	Carpeting	2001	10	4	\$8,360	\$836	\$5,016
9.10	Refuse Chute	1978	60	31	\$8,500	\$142	
9.11	Boiler	1988	30	11	\$7,500	\$250	\$4,750
9.12	Hot Water Tank	1988	30	11	\$2,500	\$83	\$1,583
9.13	Wood & Plaster Fence	1978	35	6	\$7,875	\$225	\$6,525
9.14	Wood Bollards	1978	35	6	\$1,250	\$36	\$1,036
10.00	BUILDING E - 1290 Sharon Park Drive						
10.01	Composition Shingle Roofing	1996	40	29	\$30,105	\$753	\$8,279
10.02	Built Up Roofing	1996	20	9	\$19,670	\$984	\$10,819
10.03	Flashing & Gutters	2006	30	29	\$4,880	\$163	\$163
10.04	Downspouts	2006	30	29	\$3,840	\$128	\$128
10.05	Wood Railings	1978	35	6	\$24,475	\$699	\$20,279
10.06	Mail Boxes & Lobby	1999	25	17	\$3,500	\$140	\$1,120
10.07	Exterior Tile	1989	40	22	\$29,760	\$744	\$13,392
10.08	Tile Waterproofing Membrane	1989	40	22	\$19,840	\$496	\$8,928
10.09	Carpeting	2001	10	4	\$8,360	\$836	\$5,016

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)

10.10	Refuse Chute	1978	60	31	\$8,500	\$142	
10.11	Boiler	1988	30	11	\$7,500	\$250	\$4,750
10.12	Hot Water Tank	1988	30	11	\$2,500	\$83	\$1,583
10.13	Wood & Plaster Fence	1978	35	6	\$7,875	\$225	\$6,525
10.14	Wood Bollards	1978	35	6	\$1,250	\$36	\$1,036
11.00	BEE SCREENS						
11.01	Install Screens	2000	25	18	\$23,000	\$920	\$6,440
12.00	ELEVATORS						
12.01	Refurbish Guide Rails	2005	25	23	\$3,500	\$140	\$280
12.02	Refurbish Guide Rails	2006	25	24	\$3,500	\$140	\$140
12.03	Refurbish Guide Rails	2007	25	25	\$3,500	\$140	\$3,500
12.04	Refurbish Guide Rails	2008	25	1	\$3,500	\$140	\$3,360
12.05	Plunger 1202	2007	40	40	\$45,000	\$1,125	
12.06	Plunger 1204	2002	40	35	\$45,000	\$1,125	
12.07	Plunger 1230	2012	40	5	\$45,000	\$1,125	\$39,375
12.08	Plunger 1280	2017	40	10	\$45,000	\$1,125	\$33,750
12.09	Plunger 1290	2022	40	15	\$45,000	\$1,125	\$28,125
12.10	Elevator Controllers	1978	35	6	\$125,000	\$3,571	\$103,571
12.11	Elevator Cab Upgrades	1978	35	6	\$37,500	\$1,071	\$31,071
12.12	Elevator Lobby Improvements	2006	25	24		\$0	
13.00	WOOD BRIDGES						
13.01	Repairs	2004	6	3	\$4,500	\$750	\$2,250

Total Value of Components: \$2,864,558
 Annual Component Contribution: \$95,016

Total Dollars Required: \$783,698
 Actual Dollars In Reserve Fund: \$44,802

Percent Funded: 5.72%
 (Actual dollars/Total dollars Required)

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 dollar 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.	Total Req'd in Bank
1.00	FENCING						
1.01	Wood at Units	1996	25	14	\$23,280	\$931	\$10,243
1.02	Wood at Units	1997	25	15	\$23,280	\$931	\$9,312
1.03	Wood at Units	2004	25	22	\$23,280	\$931	\$2,794
1.04	Wood at Units	2007	25	25	\$6,000	\$240	\$6,000
2.00	PAINTING - SIDING & TRIM REPLACEMENT						
2.01	Paint Exteriors	2002	6	1	\$50,000	\$8,333	\$41,667
2.02	Siding Replacement	2002	6	1	\$4,500	\$750	\$3,750
2.03	Trim Replacement	2002	6	1	\$3,000	\$500	\$2,500
3.00	BUILDING 1 EXTERIOR						
3.01	Wood Shingle Roofing	2009	40	2	\$57,336	\$1,433	\$54,469
3.02	Demolish Existing Roofing	2009	100	2	\$9,556	\$96	\$9,365
3.03	Gutters	2009	20	2	\$3,040	\$152	\$2,736
3.04	Downspouts	2009	20	2	\$2,400	\$120	\$2,160
3.05	Unit Decking - Wood Railing Cap	2009	20	2	\$1,575	\$79	\$1,418
3.06	Mail Boxes	2001	20	14	\$1,000	\$50	\$300
4.00	BUILDING 2 EXTERIOR						
4.01	Wood Shingle Roofing	2009	40	2	\$57,336	\$1,433	\$54,469
4.02	Demolish Existing Roofing	2009	100	2	\$9,556	\$96	\$9,365
4.03	Gutters	2009	20	2	\$3,040	\$152	\$2,736
4.04	Downspouts	2009	20	2	\$2,400	\$120	\$2,160
4.05	Unit Decking - Wood Railing Cap	2009	20	2	\$1,575	\$79	\$1,418
4.06	Mail Boxes	2001	20	14	\$1,000	\$50	\$300
5.00	BUILDING 3 EXTERIOR						
5.01	Wood Shingle Roofing	2009	40	2	\$57,336	\$1,433	\$54,469
5.02	Demolish Existing Roofing	2009	100	2	\$9,556	\$96	\$9,365
5.03	Gutters	2009	20	2	\$3,040	\$152	\$2,736
5.04	Downspouts	2009	20	2	\$2,400	\$120	\$2,160
5.05	Unit Decking - Wood Railing Cap	2009	20	2	\$1,575	\$79	\$1,418
5.06	Mail Boxes	2001	20	14	\$1,000	\$50	\$300
6.00	BUILDING 4 EXTERIOR						
6.01	Wood Shingle Roofing	2009	40	2	\$57,336	\$1,433	\$54,469
6.02	Demolish Existing Roofing	2009	100	2	\$9,556	\$96	\$9,365
6.03	Gutters	2009	20	2	\$3,040	\$152	\$2,736
6.04	Downspouts	2009	20	2	\$2,400	\$120	\$2,160
6.05	Unit Decking - Wood Railing Cap	2009	20	2	\$1,575	\$79	\$1,418
6.06	Mail Boxes	2001	20	14	\$1,000	\$50	\$300
7.00	BUILDING 5 EXTERIOR						
7.01	Wood Shingle Roofing	2009	40	2	\$43,002	\$1,075	\$40,852
7.02	Demolish Existing Roofing	2009	100	2	\$7,167	\$72	\$7,024
7.03	Gutters	2009	20	2	\$2,280	\$114	\$2,052
7.04	Downspouts	2009	20	2	\$1,728	\$86	\$1,555

2 floor exterior project

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)

7.05	Unit Decking - Wood Railing Cap	2009	20	2	\$1,380	\$69	\$1,242
7.06	Mail Boxes	2001	20	14	\$750	\$38	\$225
8.00	BUILDING 6 EXTERIOR						
8.01	Wood Shingle Roofing	2009	40	2	\$57,336	\$1,433	\$54,469
8.02	Demolish Existing Roofing	2009	100	2	\$9,556	\$96	\$9,365
8.02	Gutters	2009	20	2	\$3,040	\$152	\$2,736
8.04	Downspouts	2009	20	2	\$2,400	\$120	\$2,160
8.05	Unit Decking - Wood Railing Cap	2009	20	2	\$1,575	\$79	\$1,418
8.06	Mail Boxes	2001	20	14	\$1,000	\$50	\$300
9.00	ROOFING REPAIR ALLOWANCE						
9.01	Roofing Repairs	2006	100	99		\$0	
10.00	PEST CONTROL						
10.01	Replace Termite Bating System	1999	10	2	\$23,000	\$2,300	\$18,400
10.02	Install Varmint Barriers	2006	1	0	\$500	\$500	\$500

Total Value of Components: \$587,682
 Annual Component Contribution: \$26,519

Total Dollars Required: \$500,353
 Actual Dollars In Reserve Fund: \$348,553

Percent Funded: 69.66%
 (Actual dollars/Total dollars Required)

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.	Total Req'd in Bank
1.00	ROADS - COMMON AREA						
1.01	Main Entry Road Sealing - 3/4 Share	2002	5	0	\$1,925	\$385	\$1,925
1.02	Asphalt Replacement/Repairs -3/4 Share	2002	5	0	\$3,000	\$600	\$3,000
1.03	Asphalt Replacement -3/4Share	1978	45	16	\$57,759	\$1,284	\$37,222
1.04	Main Entry Road Sealing - Full Ownership	2002	5	0	\$4,580	\$916	\$4,580
1.05	Asphalt Repairs - Full Ownership	2002	5	0	\$7,000	\$1,400	\$7,000
1.06	Asphalt Replacement - Full Ownership	1978	45	16	\$125,340	\$2,785	\$80,775
1.07	Asphalt Sealing @ Condos	2002	5	0	\$2,109	\$422	\$2,109
1.08	Asphalt Repairs @ Condos	2002	5	0	\$3,500	\$700	\$3,500
1.09	Asphalt Replacement @ Condos	1978	45	16	\$56,248	\$1,250	\$36,249
1.10	Asphalt Sealing @ Trellis Parking	2006	5	4	\$1,145	\$229	\$229
1.11	Asphalt Replacement @ Trellis Parking	2006	30	29	\$22,900	\$763	\$763
1.12	Asphalt Sealing @ Townhouses	2002	5	0	\$1,504	\$301	\$1,504
1.13	Asphalt Repairs @ Townhouses	2002	5	0	\$2,500	\$500	\$2,500
1.14	Asphalt Replacement @ Townhouses	1978	45	16	\$40,097	\$891	\$25,840
1.15	Asphalt Sealing @ Parking Areas	2002	5	0	\$2,276	\$455	\$2,276
1.16	Asphalt Repairs @ Parking Area	2002	5	0	\$2,250	\$450	\$2,250
1.17	Asphalt Replacement @ Parking Areas	1978	30	1	\$41,275	\$1,376	\$39,899
1.18	Cul-de-sac @ 1280 & 1290 Replacement	2007	45	45	\$15,680	\$348	
1.19	Striping	2002	5	0	\$504	\$101	\$504
1.20	Asphalt Path - Sealing	2006	5	4	\$3,307	\$661	\$661
1.21	Asphalt Path - Replacement	1978	35	6	\$56,688	\$1,620	\$46,970
2.00	CONCRETE - COMMON AREA						
2.01	Pool Deck Replacement	2005	3	1	\$2,500	\$833	\$1,667
2.02	Sidewalk Replacement Allowance	2006	5	4	\$2,500	\$500	\$500
2.03	Parking Bumpers	1978	30	1	\$2,450	\$82	\$2,368
2.04	Brick	1978	40	11	\$3,600	\$90	\$2,610
3.00	CLUBHOUSE						
3.01	Paint Exterior	2002	6	1	\$4,841	\$807	\$4,034
3.02	Paint Interior	1999	10	2	\$3,000	\$300	\$2,400
3.03	Wood Shingle Roofing	1989	20	2	\$8,400	\$420	\$7,560
3.04	Demolish Existing Roof	2009	100	2	\$2,100	\$21	\$2,058
3.05	Wood Siding	1977	50	20	\$8,880	\$178	\$5,328
3.06	Trim	1977	50	20	\$1,960	\$39	\$1,176
3.07	Entry Doors	1977	35	5	\$2,600	\$74	\$2,229
3.08	Fergola	1996	30	19	\$17,500	\$583	\$6,417
3.09	Fergola	1999	30	22	\$5,000	\$167	\$1,333
3.10	Carpeting	1999	10	2	\$4,785	\$479	\$3,828
3.11	Fergo Wood Flooring	1999	30	22	\$1,785	\$60	\$476
3.12	Linoleum Flooring - Womens	1999	20	12	\$296	\$15	\$118
3.13	Linoleum Flooring - Mens	1989	20	2	\$296	\$15	\$266
3.14	Kitchen Appliances	1977	30	0	\$1,650	\$55	\$1,650

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)

3.15	Hot Water Heater	1999	15	7	\$750	\$50	\$400
3.16	Furnishings & Window Coverings	1998	20	11	\$28,600	\$1,430	\$12,870
3.17	HVAC	1977	30	0	\$3,250	\$108	\$3,250
3.18	Front Decking Replace	1999	20	12	\$5,000	\$250	\$2,000
4.00	SWIMMING POOL						
4.01	Replastering	2005	10	8	\$6,390	\$639	\$1,278
4.02	Coping	1996	30	19	\$1,800	\$60	\$660
4.03	Tile	1996	30	19	\$2,000	\$67	\$733
4.04	Heater	2003	15	11	\$3,150	\$210	\$840
4.05	Filter	2004	15	12	\$2,550	\$170	\$510
4.06	Filter Pump	1997	10	0	\$900	\$90	\$900
4.07	Pool Cover	2003	4	0	\$2,200	\$550	\$2,200
4.08	Pool Cover Motor	1996	21	10	\$900	\$43	\$471
4.09	Pool Furniture	1977	28	-2	\$7,305	\$261	\$7,773
5.00	SPA						
5.01	Replastering	2001	10	4	\$8,500	\$850	\$5,100
5.02	Coping	1980	25	-2	\$510	\$20	\$543
5.03	Tile	1980	25	-2	\$510	\$20	\$543
5.04	Heater	1990	15	-2	\$4,500	\$300	\$4,788
5.05	Filter	1990	15	-2	\$2,450	\$163	\$2,607
5.06	Pumps	1999	10	2	\$3,600	\$360	\$2,880
6.00	SIGNAGE - COMMON AREA						
6.01	Decorative Deer Sign	1977	40	10	\$4,500	\$113	\$3,375
6.02	Pool Signage	1994	15	2	\$2,000	\$133	\$1,733
6.03	Miscellaneous Signs	1996	20	9	\$1,500	\$75	\$825
6.04	Miscellaneous Signs	1994	20	7	\$2,000	\$100	\$1,300
7.00	RETAINING WALLS - COMMON AREA						
7.01	Wood @ Townhouses	1994	20	7	\$6,300	\$315	\$4,095
7.02	Wood @ Townhouses	2004	20	17	\$6,300	\$315	\$945
7.03	Masonry	1978	60	31	\$138,500	\$2,308	
7.04	Pool Area Planters	1996	20	9	\$5,000	\$250	\$2,750
8.00	FENCING - COMMON AREA						
8.01	Open Fence @ Pool	1996	20	9	\$10,890	\$545	\$5,990
8.02	Solid Fence @ Pool	1996	20	9	\$12,870	\$644	\$7,079
9.00	ELECTRICAL - COMMON AREA						
9.01	Street Lights	2005	20	18	\$1,448	\$72	\$145
9.02	Landscape Lights	2003	25	21	\$3,500	\$140	\$560
9.03	Path Lighting	2003	25	21	\$4,250	\$170	\$680
9.04	Pool Area Lighting	1996	25	14	\$1,250	\$50	\$550
9.05	Recreation Center Exterior Lights	1996	25	14	\$7,000	\$280	\$3,080
9.06	Recreation Center Interior Lights	1999	30	22	\$3,250	\$108	\$867
10.00	LANDSCAPE/IRRIGATION - COMMON AREA						
10.01	Wood Landscape Steps	1994	20	7	\$11,165	\$558	\$7,257
10.02	Wood Benches	1994	20	7	\$1,750	\$88	\$1,138
10.03	Landscape & Irrigation - 1202	1997	20	10	\$2,500	\$125	\$1,250
10.04	Irrigation - 1280	1997	20	10	\$5,000	\$250	\$2,500
10.07	Tree Removal & Replacement	2005	100	98	\$7,440	\$74	
10.08	Tree Removal & Replacement	2006	100	99	\$11,052	\$111	
10.09	Tree Removal & Replacement	2007	100	0	\$10,000	\$100	\$10,000
10.10	Tree Removal & Replacement	2008	100	1	\$10,000	\$100	\$9,900
10.11	Tree Removal & Replacement	2009	100	2	\$10,000	\$100	\$9,800
10.12	Tree Removal & Replacement	2010	10	3	\$10,000	\$1,000	\$7,000
10.13	Plantings	2007	1	1	\$1,500	\$1,500	\$1,500
10.14	Irrigation Line Replacement	2007	1	1	\$2,000	\$2,000	\$2,000
11.00	SITE REPLACEMENT ALLOWANCES						
11.01	Drainage Corrections	1996	20	9	\$9,500	\$475	\$5,225
12.00	GAZEBO @ 1280 - COMMON AREA						
12.01	Gazebo Replacement Allowance	2005	5	3	\$1,000	\$200	\$400

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)

12.02	Gazebo Post Replacement	2005	5	3	\$500	\$100	\$200
13.00	RETAINING WALLS - SH #9						
13.01	Concrete	1990	50	33	\$7,500	\$150	
13.02	Masonry Block	1977	30	0	\$2,475	\$83	\$2,475
14.00	GATE HOUSE						
14.01	Painting	2006	6	5	\$1,022	\$170	\$170
14.02	Composition Shingle Roofing	1999	20	12	\$1,936	\$97	\$774
14.03	Siding	1977	50	20	\$1,925	\$39	\$1,155
14.04	Trim	1977	50	20	\$896	\$18	\$538
14.05	Gutters	1999	20	12	\$584	\$29	\$234
14.05	Downspouts	1999	20	12	\$160	\$8	\$64
14.07	Doors	1977	25	-5	\$550	\$22	\$638
15.00	ENTRY GATE						
15.01	Telephone Entry System	1992	20	5	\$6,000	\$300	\$4,500
15.02	Iron Entry Gate	1992	30	15	\$15,000	\$500	\$7,500
15.03	Gate Operators	1992	15	0	\$5,500	\$367	\$5,500
15.04	Vehicle Loops	2001	8	2	\$2,550	\$319	\$1,913
15.05	Miscellaneous Gate Equipment	1992	20	5	\$6,000	\$300	\$4,500
16.00	LANDSCAPE - SH #9						
16.01	Concrete Curbs/Walks	2001	6	0	\$2,750	\$458	\$2,750
16.02	Entryway Landscaping	2000	15	8	\$24,000	\$1,600	\$11,200
17.00	ELECTRICAL - SH #9						
17.01	Street Lighting	1987	20	0	\$6,000	\$300	\$6,000
18.00	IRRIGATION - SH #9						
18.01	System Replacement	2000	15	8	\$4,000	\$267	\$1,867

Total Value of Components:	<u>\$1,003,408</u>	
Annual Component Contribution:		<u>\$45,220</u>
Total Dollars Required:		<u>\$540,041</u>
Actual Dollars In Reserve Fund:		<u>\$140,566</u>
Percent Funded:		<u>26.03%</u>
(Actual dollars/Total dollars Required)		

Sharon Park HOA - Condominiums
 For Budget Year: 2007
ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY

Sec. 2, Section 1365.2.5

a)

- (1) The current average Reserve contribution for 2006 is \$74.00 per unit per month.
 The proposed average Reserve contribution for 2007 is \$85.10 per unit per month.
 Assessments that vary by size or unit type are determined by the association's governing documents and are found in the association's Pro Forma Operating Budget.

The total current 2006 annual assessment per unit/lot is \$3,012.00
 The total projected 2007 annual assessment per unit/lot is \$_____.

- (2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment is due	Amount per unit per month	Purpose of assessment
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL	_____	_____

NOTE: These assessments might be for purposes outside of the scope of the current Reserve Study and have been included by the party preparing the association's Pro Forma Operating Budget. Proposed assessments relative to Reserve Funding, if necessary, are shown under question (3).

- (3) Based upon the most recent Reserve Study and other information available to the Board of Directors, will the currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes* No

Future economic conditions, unforeseen component conditions, material and construction costs may alter these projections drastically. We would highly recommend that this Board of Directors have their Reserve Studies updated annually.

- (4) If additional assessments or other contributions to reserves, as determined by the Board of Directors, are necessary to ensure that sufficient reserve funds will be available each year during the next 30 years:

Year Due:	\$ Per unit per year	Average \$ Per unit per month
2008	\$ 1,953	\$ 163

- (5) The following major components, which are included in the component list, are NOT included in the existing reserve fund calculations:

Code #	Major Component	Remaining Useful Life	Reason Not Included
4.04	Fascia Replacement	34	Not in time scope of study.
5.01	Dry Rot Repair, Gutter Replacement & Roof F	99	Not in time scope of study.
5.02	Unscheduled Expense -	99	Not in time scope of study.
5.03	Unscheduled Expense - Roof Contract Facia	99	Not in time scope of study.
5.04	Unscheduled Expense - Architect - Facia Proj	99	Not in time scope of study.
5.05	Unscheduled Expense - Project Mgmt - PML	99	Not in time scope of study.

Sharon Park HOA - Condominiums

For Budget Year: 2007

5.06	Unscheduled Expense - Misc. Admin - Facial	99	Not in time scope of study.
6.1	Refuse Chute	31	Not in time scope of study.
7.1	Refuse Chute	31	Not in time scope of study.
8.1	Refuse Chute	31	Not in time scope of study.
9.1	Refuse Chute	31	Not in time scope of study.
10.1	Refuse Chute	31	Not in time scope of study.
12.05	Plunger 1202	40	Not in time scope of study.
12.06	Plunger 1204	35	Not in time scope of study.

6) As of the last reserve study or update, as dated below, the projected beginning balance in the reserve fund is \$44,802.

Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Davis-Stirling Act, the required amount in the reserve fund is \$783,698.

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.

(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.

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

Because the reserve study is a SERIES OF PROJECTIONS, the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as future inflation rates, levels of maintenance actioned by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand.

A Reserve Study is an evolving document that represents a moment in time covering a 30 year period. It is a dynamic document that should be updated annually to insure that the most current information is available to the association board for making informed decisions that are recorded in board minutes. Interested association members should review these minutes regularly for knowledge of the most recent board actions.

Sharon Park HOA - Townhouse
 For Budget Year: 2007
ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY

Sec. 2 Section 1365.2.5

(a)

- 1: The current average Reserve contribution for 2006 is \$157.00 per unit per month.
 The proposed average Reserve contribution for 2007 is \$161.71 per unit per month.
 Assessments that vary by size or unit type are determined by the association's governing documents and are found in the association's Pro Forma Operating Budget.

The total current 2006 annual assessment per unit/lot is \$2,544.00
 The total projected 2007 annual assessment per unit/lot is \$_____.

- (2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment is due	Amount per unit per month	Purpose of assessment
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL	_____	_____

NOTE: These assessments might be for purposes outside of the scope of the current Reserve Study and have been included by the party preparing the association's Pro Forma Operating Budget. Proposed assessments relative to Reserve Funding, if necessary, are shown under question (3).

- (3) Based upon the most recent Reserve Study and other information available to the Board of Directors, will the currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes* No

* Sufficient ending balances for each year of the this study are projected at this time. Future economic conditions, unforeseen component conditions, material and construction costs may alter these projections drastically. We would highly recommend that this Board of Directors have their Reserve Studies updated annually.

- (4) If additional assessments or other contributions to reserves, as determined by the Board of Directors, are necessary to ensure that sufficient reserve funds will be available each year during the next 30 years:

Year Due:	\$ Per unit per year	Average \$ Per unit per month
2008	\$ 5,217	\$ 435

- (5) The following major components, which are included in the component list, are NOT included in the existing reserve fund calculations:

Code #	Major Component	Remaining Useful Life	Reason Not Included
9.01	Flooring Repairs	99	Not in time scope of study.

- (6) As of the last reserve study or update, as dated below, the projected beginning balance in the reserve fund is \$348,553.
 Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the

Sharon Park HOA - Townhouse
For Budget Year: 2007

Davis-Stirling Act, the required amount in the reserve fund is \$500,353.

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.

(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.

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

Because the reserve study is a SERIES OF PROJECTIONS, the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as future inflation rates, levels of maintenance actioned by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand.

A Reserve Study is an evolving document that represents a moment in time covering a 30 year period. It is a dynamic document that should be updated annually to insure that the most current information is available to the association board for making informed decisions that are recorded in board minutes. Interested association members should review these minutes regularly for knowledge of the most recent board actions.

Sharon Park HOA - Common
 For Budget Year: 2007
ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY

Sec. 2 Section 1365 2.5
 (a)

- 1) The current average Reserve contribution for 2006 is \$39.00 per unit per month.
 The proposed average Reserve contribution for 2007 is \$52.65 per unit per month.
 Assessments that vary by size or unit type are determined by the association's governing documents and are found in the association's Pro Forma Operating Budget.

The total current 2006 annual assessment per unit/lot is \$3,252.03
 The total projected 2007 annual assessment per unit/lot is \$_____.

- 2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment is due	Amount per unit per month	Purpose of assessment
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL	_____	

NOTE: These assessments might be for purposes outside of the scope of the current Reserve Study and have been included by the party preparing the association's Pro Forma Operating Budget. Proposed assessments relative to Reserve Funding, if necessary, are shown under question (3).

- (3) Based upon the most recent Reserve Study and other information available to the Board of Directors, will the currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes* No

* Sufficient ending balances for each year of the this study are projected at this time. Future economic conditions, unforeseen component conditions, material and construction costs may alter these projections drastically. We would highly recommend that this Board of Directors have their Reserve Studies updated annually.

- (4) If additional assessments or other contributions to reserves, as determined by the Board of Directors, are necessary to ensure that sufficient reserve funds will be available each year during the next 30 years:

Year Due: \$ Per unit per year Average \$ Per unit per month

- (5) The following major components, which are included in the component list, are NOT included in the existing reserve fund calculations:

Code #	Major Component	Remaining Useful Life	Reason Not included
1 10	Cl-I-oe-sac @ 1280 & 1290 Replacment	45	Not in time scope of study.
7 03	Masonry	31	Not in time scope of study.
10 07	Tree Removal & Replacement	98	Not in time scope of study.
10 08	Tree Removal & Replacement	99	Not in time scope of study.
13 01	Concrete	33	Not in time scope of study.

Sharon Park HOA - Common

For Budget Year: 2007

(6) As of the last reserve study or update, as dated below, the projected beginning balance in the reserve fund is \$140,566.

Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Davis-Stirling Act, the required amount in the reserve fund is \$540,041.

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.

(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.

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

Because the reserve study is a SERIES OF PROJECTIONS, the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as future inflation rates, levels of maintenance actioned by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand.

A Reserve Study is an evolving document that represents a moment in time covering a 30 year period. It is a dynamic document that should be updated annually to insure that the most current information is available to the association board for making informed decisions that are recorded in board minutes. Interested association members should review these minutes regularly for knowledge of the most recent board actions.

SHARON PARK HOMEOWNERS ASSOCIATION
Assessment Collection Policy

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

The Association's policy on the collection of delinquent assessments is as follows:

1. The Association's mailing address for overnight payment is: **Sharon Park Homeowners Association**, 655 Mariners Island Blvd. #301, San Mateo, CA 94404-1061.

2. An Owner may provide written notice by facsimile transmission or United States mail to the Association of a secondary address. If a secondary address is provided, the Association shall send any and all correspondence and legal notices to both the primary and secondary addresses.

3. **Regular Assessments:** The assessment is due in advance on the first day of each month and delinquent if not received, in full, within thirty (30) days after the due date thereof. A late charge of Twenty Dollars (\$20.00) shall be assessed on any delinquent assessment.

Special Assessments: The late charge for delinquent Special Assessments will be calculated as the interest calculated on the basis of the U.S. Prime Rate plus 2% per annum (365 day basis) from the date the Special Assessment payments become overdue (delinquent) to the date of final repayment of the Special Assessment, including accrued interest and charges. Unpaid interest and service charges will be added monthly to the outstanding balance of the Special Assessment.

A "returned check charge" of Twenty-Five dollars (\$25.00) will be assessed for all checks returned as "non negotiable", "insufficient funds" or any other reason.

4. After an account is sixty (60) days delinquent, management will send a letter to the owner advising the amount owing and the date to respond before the account is forwarded to attorney for legal action.

5. When an account becomes ninety (90) days delinquent, it is turned over to the attorney for collection. The attorney will provide an itemized statement of charges owed by the Owner, notify the owner in writing by certified mail of the collection and lien enforcement procedures of the Association, the owner's right to meet and confer to dispute the debt, or discuss a payment plan, to request alternative dispute resolution, and to inspect the Association's records to verify the debt. The Association shall offer the Owner, and if so requested by the Owner, to meet and confer or participate in mediation.

6. If the account is not paid in full within thirty (30) days of the attorney's demand letter, a lien is prepared and recorded against the defaulting owner's property. Recording of the lien will

be approved by the Board. The lien is mailed to the defaulting owner, along with a letter that describes additional penalties for nonpayment of the lien, and the procedures for foreclosure, and request mediation of the dispute.

7. An owner has a right to meet and confer with a representative of the Board to discuss resolution of the debt pursuant to the Association's Dispute Resolution procedures. An owner has the right to alternative dispute resolution with a neutral third party pursuant to Civil Code Section 1369.510 et seq.

8. An owner may submit a written request to meet with the board to discuss a payment plan for the debt. The board will meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the Notice of Assessment Lien, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner

9. Prior to initiating foreclosure, the Association shall offer to meet and confer with the owner, or to participate in mediation. If the lien is not paid in full within thirty (30) days after it is recorded, and the delinquent assessments exceed \$1800 or are more than twelve (12) months delinquent, the Association may file a lawsuit for a judicial foreclosure of the lien and a money judgment against the owner, or the Association may conduct a nonjudicial foreclosure of the assessment lien, or both. The Board shall approve the decision to foreclose. Notice of the Board's decision shall be personally served on resident owners, and mailed first class to nonresident owners.

10. Pursuant to the Association CC&R's and Civil Code §1367.1, all legal and administrative costs incurred in collecting the delinquent assessments are collected from the defaulting owner.

11. The Association shall record a release of lien within twenty-one (21) days of payment of all sums due the Association.

12. The attached "Notice -- Assessments and Foreclosure" is incorporated into the Association's Assessment Collection Policy.

NOTICE

ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of this information applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Section 1367.4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 1366, 1367.1 and 1367.4 of the Civil Code).

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code).

The association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 1367.1 of the Civil Code).

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 1367.1 of the Civil Code).

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 1367.1 of the Civil Code).

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Sections 1367 and 1367.1 of the Civil Code).

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code).

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code).

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code).

ALTERNATIVE DISPUTE RESOLUTION

CIVIL CODE SECTION 1369.510. Definitions.

As used in this article:

(a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decisionmaking process. The form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.

(b) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:

(1) Enforcement of this title.

(2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).

(3) Enforcement of the governing documents of a common interest development.

Civil Code Section 1369.520. Filing of Specified Enforcement Actions to Be Preceded by Alternative Dispute Resolution Attempt.

(a) An association or an owner or a member of a common interest development may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.

(b) This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000).

(c) This section does not apply to a small claims action.

(d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

Civil Code Section 1369.530. Service of Request for Resolution; Contents of Request.

(a) Any party to a dispute may initiate the process required by Section 1369.520 by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:

- (1) A brief description of the dispute between the parties.
- (2) A request for alternative dispute resolution.
- (3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
- (4) If the party on whom the request is served is the owner of a separate interest, a copy of this article.
- (b) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.
- (c) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

Civil Code Section 1369.540. Time Limit for Resolution Upon Acceptance; Application of Evidence Code; Costs.

- (a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.
- (b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.
- (c) The costs of the alternative dispute resolution shall be borne by the parties.

Civil Code Section 1369.550. Tolling of Time Limitation.

If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:

- (a) The period provided in Section 1369.530 for response to a Request for Resolution.
- (b) If the Request for Resolution is accepted, the period provided by Section 1369.540 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 1369.540.

Civil Code Section 1369.560. Filing of Certificate Required at Commencement of Enforcement Action.

(a) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:

(1) Alternative dispute resolution has been completed in compliance with this article.

(2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.

(3) Preliminary or temporary injunctive relief is necessary.

(b) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

Civil Code Section 1369.570. Referring to Alternative Dispute Resolution Subsequent to Commencement of Enforcement Action.

(a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.

(b) The costs of the alternative dispute resolution shall be borne by the parties.

Civil Code Section 1369.580. Determination of Fees and Costs.

In an enforcement action in which fees and costs may be awarded pursuant to subdivision (c) of Section 1354, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

Civil Code Section 1369.590. Annual Summary to Be Provided.

(a) An association shall annually provide its members a summary of the provisions of this article that specifically references this article. The summary shall include the following language:

Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 1369.520 of the Civil Code may result in the loss of

you right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.”

(b) The summary shall be provided either at the time the pro forma budget required by Section 1365 is distributed or in the manner prescribed in Section 5016 of the Corporations Code. The summary shall include a description of the association’s internal dispute resolution process, as required by Section 1363.850.

KEVIN D. FREDERICK
702 MARSHALL STREET, SUITE 620
REDWOOD CITY, CA 94063
(650) 365-9800
(650) 365-9808 – fax
kevinlaw@sbcglobal.net

SHARON PARK HOMEOWNERS ASSOCIATION

DISPUTE RESOLUTION PROCEDURE

These procedures apply to a dispute between the Association and any Member involving their rights, duties or liabilities under the Civil Code, the Corporations Code or under the governing documents of the Association.

A. Either party with a dispute may, but is not required to invoke the following procedure:

(1) Either the Association or any Member may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing and shall describe the dispute. A request to the Association shall be mailed or delivered C/O PML Property Management, 655 Mariners Island Blvd., Suite 301, San Mateo, CA 94404-1061. A request to the Member shall be mailed or delivered to the Member's address as shown on the Association's membership list

(2) A Member of the Association may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.

(3) The Association's Board of Directors shall designate a member of the Board, officer or agent to meet and confer.

(4) The Member and the Board designee shall meet promptly at a mutually convenient time and place, explain their positions to each other and confer in good faith in an effort to resolve the dispute.

B. An agreement reached under this procedure binds the parties and is judicially enforceable if both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the Association.

(2) The agreement is ratified by the Board of Directors.

(3) The agreement is memorialized in writing and signed by the parties.

C. The Member shall not be charged a fee to participate in this Dispute Resolution Procedure.



SHARON PARK HOMEOWNERS ASSOCIATION

Effective January 1, 2007 to January 1, 2008

(California Civil Code 1365.9 Insurance Disclosure)

Your Board of Directors and PML Management (650-349-9113) have asked us to inform you of the coverages under the Associations new insurance policies (in accordance with the provisions of the current California Civil Code requirements).

BUILDING: This policy is CC&R sensitive, unless otherwise stated in your CC&Rs this policy includes "All Risk" perils coverage on your building, and permanent parts of the unit. This includes interior walls, built-in cabinets, permanent wall coverings, built in appliances and carpets permanently attached to the building. This also includes all permanent additions and alterations. There is replacement cost coverage with no co-insurance penalty. The policy has a \$5,000 deductible. "All Risk" perils do not include all losses such as flood, wear and tear, damage by insects and vermin, dry rot, and water leaks that have occurred over a period of time; etc. **LIMIT \$21,810,000**

Carrier: Allstate Insurance Co.

LIABILITY: This covers the Association for bodily injury and property damage liability in the common areas of the complex. NOTE: THIS LIABILITY COVERAGE DOES NOT EXTEND TO THE INTERIORS OF THE UNITS WHETHER OWNER OR TENANT OCCUPIED. EACH UNIT OWNER MUST HAVE HIS OWN COVERAGE UNDER AN HO6 POLICY.

LIMIT: \$1,000,000 occurrence \$2,000,000 aggregate

Carrier: Allstate Insurance Co.

FIDELITY & FORGERY: The Association has a blanket Fidelity Bond to protect against the dishonesty of any director or employee regarding the Associations personal property and money/securities/reserves. **LIMIT: \$500,000 with a \$5,000 deductible**

Carrier: Travelers Property Casualty

UMBRELLA: This is excess liability over the General Liability and the Directors & Officers coverage.

LIMIT: \$15,000,000 with a \$10,000 retained limit

Carrier: Chubb Federal Insurance

DIRECTORS & OFFICERS: This is a liability coverage that protects directors & officers of the Association from liability claims arising out of alleged errors in judgement, breaches of duty, and wrongful acts related to their homeowners association activities.

LIMIT: \$1,000,000 with a \$1,000 retained limit

Carrier: Travelers Property Casualty

WORKERS COMPENSATION: Statutory limits as required by California Law for the Associations employee's, including coverage for the Board of Directors and volunteers.

Limit: Statutory

Carrier: Republic Indemnity

EARTHQUAKE & FLOOD INSURANCE: replacement cost for the building for earthquake including fences, clubhouse/pool, exterior lighting, and garages are included (there is no coverage for your household furnishings/personal property). The deductible is 7.5% of the replacement value of the building at the time of loss. This policy is effective 5-23-06 to 5-23-07.

Occurrence LIMIT: \$15,000,000.

Carrier: Scottsdale Insurance & Westchester Insurance

NOTE: SPECIFIC INSURANCE CONTRACTS SHOULD BE CONSULTED FOR EXACT DETAILS ON COVERAGES AND EXCLUSIONS. Homeowners may be individually liable for entire or pro-rata share of deductibles listed above or uninsured expenses. All claims must be submitted to and approved by the Board of Directors. Coverages selected and approved by the Board of Directors.

THIS SUMMARY OF THE ASSOCIATION'S POLICIES OF INSURANCE PROVIDES ONLY CERTAIN INFORMATION, AS REQUIRED BY SUBDIVISIONS (e) IN SECTION 1365 OF THE CIVIL CODE, AND SHOULD NOT BE CONSIDERED A SUBSTITUTE FOR THE COMPLETED POLICY TERMS AND CONDITIONS CONTAINED IN THE ACTUAL POLICIES OF INSURANCE. ANY ASSOCIATION MEMBER MAY, UPON REQUEST AND PROVISION OF REASONABLE NOTICE, REVIEW THE ASSOCIATION'S INSURANCE POLICIES AND, UPON REQUEST AND PAYMENT OF REASONABLE DUPLICATION CHARGES, OBTAIN COPIES OF THOSE POLICIES. ALTHOUGH THE ASSOCIATION MAINTAINS THE POLICIES OF INSURANCE SPECIFIED IN THIS SUMMARY, THE ASSOCIATION'S POLICIES OF INSURANCE MAY NOT COVER YOUR PROPERTY, INCLUDING PERSONAL PROPERTY, OR REAL PROPERTY IMPROVEMENTS TO OR AROUND YOUR DWELLING. EVEN IF A LOSS IS COVERED, YOU MAY NEVERTHELESS BE RESPONSIBLE FOR PAYING ALL OR A PORTION OF ANY DEDUCTIBLE THAT APPLIES. ASSOCIATION MEMBERS SHOULD CONSULT WITH THEIR INDIVIDUAL INSURANCE BROKER OR AGENT FOR APPROPRIATE ADDITIONAL COVERAGE.

YOU MUST PURCHASE YOUR OWN INDIVIDUAL HOMEOWNERS HO6 POLICY:

It is recommended that all unit owners purchase their own policies to cover their personal property and personal liability. A minimum liability limit of \$300,000 is recommended. You should be sure your policy includes loss of use coverage, loss assessment, and condo building items coverage.

If you rent your unit to others, you should have the personal liability section of your policy extend coverage to this location. You should also purchase loss of rents coverage and building coverage to help with the master deductible. No coverage is afforded to a tenant so they should purchase their own renter's insurance policy. Contact your personal agent for consultation and quotation.

Agent James B. Brady
Bay Area Insurance Agency
2882 Sand Hill Road #104
Menlo Park, CA 94025
650-854-9750 phone
650-854-9757 fax

For Certificate of Insurance for lenders &
title companies, FAX your request in
writing to Bay Area Insurance at
650-854-9757