

RESERVE STUDY
FOR

Sharon Park HOA - Townhouse



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Sharon Park HOA - Townhouse
1200 Sharon Park Drive
Merle Park, California

ATTN: Board of Directors

RE: Sharon Park HOA - Townhouse

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

TERMS & CONDITIONS OF STUDY

This Reserve Fund Analysis, undertaken by Reserve Analysis Consulting, L.L.C., has been conducted in compliance with California Civil Codes § 1365 and 1365.5 and in compliance with standards established by the Association of Professional Reserve Analysts (APRA).

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

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

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

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

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

INFORMATION SHEET

CONTACT INFORMATION

CONTACT
ASSOCIATION NAME
ADDRESS
CITY, STATE, ZIP
PHONE NUMBER

Board of Directors
Sharon Park HOA - Townhouse
1200 Sharon Park Drive
Menlo Park, California

PROPERTY INFORMATION

BEGINNING DATE OF STUDY
YEAR CONSTRUCTED
NUMBER OF CONSTRUCTION PHASES
YEAR OF LAST INSPECTION PERFORMED BY
YEAR OF NEXT INSPECTION
COMPLETE SET PLANS AVAILABLE
MAINTENANCE RECORDS AVAILABLE
RESERVE STUDY PREPARED

2007	NUMBER OF UNITS IN PROJECT	23
1978	NUMBER OF BUILDINGS ANALYZED	6
2	YEAR ENDING DATE	12/31
2006		

Reserve Analysis Consulting, L.L.C.	
2008 (as required by the Davis-Stirling Act - 1997)	
YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

Reserve Analysis Consulting, L.L.C.	
3030 Bridgeway, Suite 305	
Sausalito, California 94965	
Tom O'Neill (415) 332-7800	
reserveanalysis@gmail.com	FAX (415) 332-7801

CURRENT PROPERTY MANAGER

Mr. Stephen Fox
PML Management
655 Island Boulevard, # 301
San Mateo, California 94401
(650) 349-9113

ADDITIONAL CONTACTS

RESERVE ACCOUNT INFORMATION

PROJECTED BEGINNING YEAR BALANCE
REQUESTED ANNUAL RESERVE BALANCE
MONTHLY ASSESSMENTS
CURRENT RATE OF INFLATION

348,553.49	CURRENT RETURN ON ACCOUNT	4.00%
N/A	ANNUAL OPERATING BUDGET	\$15,180
\$212.00	LAST YEARS SPECIAL ASSESSMENT	N/A
3.20%	UNSCHEDULED EXPENSE RATE	5.00%

RESERVE ACCOUNT SETUP

ANNUAL ASSESSMENTS
ANNUAL TO RESERVE FUND
MONTHLY TO RESERVE FUND

\$58,512	UNIT PER MONTH TO RESERVE FUND	\$157.00
\$43,332	TOTAL VALUE OF COMPONENTS	\$587,682
\$3,611.00		

LEGAL REQUIREMENTS

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

SCOPE OF STUDY

The time frame covered by this analysis is from 2007 through 2036. These are the beginning and ending points for all repairs and funding calculations included in this study.

STATEMENT OF RESERVE STUDY METHODOLOGY

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

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

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

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

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

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

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

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

4.00

COMPONENT DATA

CODE #	COMPONENT NAME	YEAR NEW	EXPECT LIFE	OBSERVED CONDITION	INCLUDE NOTES	ITEM QUAN	UM	UNIT COST	TOTAL COST
1.00	FENCING								
1.01	Wood at Units	1996	25	GOOD/FAIR		582	L.F.	\$40.00	\$23,280
1.02	Wood at Units	1997	25	GOOD/FAIR		582	L.F.	\$40.00	\$23,280
1.03	Wood at Units	2001	25	GOOD		582	L.F.	\$40.00	\$23,280
1.04	Wood at Units	2007	25	FAIR/POOR		1	L.F.	\$6,000.00	\$6,000
2.00	PAINTING - SIDING & TRIM REPLACEMENT								
2.01	Paint Exterior	2002	6	FAIR		1	L.S.	\$50,000.00	\$50,000
2.02	Siding Replacement	2002	6	N/A		1	L.S.	\$4,500.00	\$4,500
2.03	Trim Replacement	2002	6	N/A		1	L.S.	\$3,000.00	\$3,000
3.00	BUILDING EXTERIOR								
3.01	Wood Shingle Roofing	2009	40	FAIR/POOR		9556	S.F.	\$6.00	\$57,336
3.02	Demolish Existing Roofing	2009	100	N/A		9556	S.F.	\$1.00	\$9,556
3.03	Gutters	2009	20	FAIR/POOR		380	L.F.	\$8.00	\$3,040
3.04	Downspouts	2009	20	FAIR/POOR		300	L.F.	\$8.00	\$2,400
3.05	Unit Decking - Wood Railing Cap	2009	20	FAIR/POOR		105	L.F.	\$15.00	\$1,575
3.06	Mail Boxes	2001	20	GOOD/FAIR		4	EA.	\$250.00	\$1,000
4.00	BUILDING 2 EXTERIOR								
4.01	Wood Shingle Roofing	2009	40	FAIR/POOR		9556	S.F.	\$6.00	\$57,336
4.02	Demolish Existing Roofing	2009	100	N/A		9556	S.F.	\$1.00	\$9,556
4.03	Gutters	2009	20	FAIR/POOR		380	L.F.	\$8.00	\$3,040
4.04	Downspouts	2009	20	FAIR/POOR		300	L.F.	\$8.00	\$2,400
4.05	Unit Decking - Wood Railing Cap	2009	20	FAIR/POOR		105	L.F.	\$15.00	\$1,575
4.06	Mail Boxes	2001	20	GOOD/FAIR		4	EA.	\$250.00	\$1,000
5.00	BUILDING 3 EXTERIOR								
5.01	Wood Shingle Roofing	2009	40	FAIR/POOR		9556	S.F.	\$6.00	\$57,336
5.02	Demolish Existing Roofing	2009	100	N/A		9556	S.F.	\$1.00	\$9,556
5.03	Gutters	2009	20	FAIR/POOR		380	L.F.	\$8.00	\$3,040
5.04	Downspouts	2009	20	FAIR/POOR		300	L.F.	\$8.00	\$2,400
5.05	Unit Decking - Wood Railing Cap	2009	20	FAIR/POOR		105	L.F.	\$15.00	\$1,575
5.06	Mail Boxes	2001	20	GOOD/FAIR		4	EA.	\$250.00	\$1,000
6.00	BUILDING 4 EXTERIOR								
6.01	Wood Shingle Roofing	2009	40	FAIR/POOR		9556	S.F.	\$6.00	\$57,336
6.02	Demolish Existing Roofing	2009	100	N/A		9556	S.F.	\$1.00	\$9,556
6.03	Gutters	2009	20	FAIR/POOR		380	L.F.	\$8.00	\$3,040
6.04	Downspouts	2009	20	FAIR/POOR		300	L.F.	\$8.00	\$2,400
6.05	Unit Decking - Wood Railing Cap	2009	20	FAIR/POOR		105	L.F.	\$15.00	\$1,575

4.00

COMPONENT DATA

CODE #	COMPONENT NAME	YEAR NEW	EXPECT. LIFE	OBSERVED CONDITION	INCLUDE NOTES	ITEM QUAN.	UM	UNIT COST	TOTAL COST
6.06	Mail Boxes								
7.00	BUILDING 5 EXTERIOR								
7.01	Wood Shingle Roofing	2009	40	FAIR/POOR		7167	S.F.	\$6.00	\$43,002
7.02	Demolish Existing Roofing	2009	100	N/A		7167	S.F.	\$1.00	\$7,167
7.03	Gutters	2009	20	FAIR/POOR		285	L.F.	\$8.00	\$2,280
7.04	Downspouts	2009	20	FAIR/POOR		216	L.F.	\$8.00	\$1,728
7.05	Unit Decking - Wood Railing Cap	2009	20	FAIR/POOR		92	L.F.	\$15.00	\$1,380
7.06	Mail Boxes	2001	20	GOOD/FAIR		3	EA.	\$250.00	\$750
8.00	BUILDING 6 EXTERIOR								
8.01	Wood Shingle Roofing	2009	40	FAIR/POOR		9556	S.F.	\$6.00	\$57,336
8.02	Demolish Existing Roofing	2009	100	N/A		9556	S.F.	\$1.00	\$9,556
8.03	Gutters	2009	20	FAIR/POOR		380	L.F.	\$8.00	\$3,040
8.04	Downspouts	2009	20	FAIR/POOR		300	L.F.	\$8.00	\$2,400
8.05	Unit Decking - Wood Railing Cap	2009	20	FAIR/POOR		105	L.F.	\$15.00	\$1,575
8.06	Mail Boxes	2001	20	GOOD/FAIR		4	EA.	\$250.00	\$1,000
9.00	ROOFING REPAIR ALLOWANCE								
9.01	Roofing Repairs	2006	100	N/A		1	L.S.	\$19,424.00	
10.00	PEST CONTROL								
10.01	Replace Termite Bating System	1999	10	N/A		23	EA.	\$1,000.00	\$23,000
10.02	Install Varnint Barriets	2006	1	N/A		1	L.S.	\$500.00	\$500

GENERAL NOTES:

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

6.00 COMPONENT CATEGORY COST SUMMARY

<u>CODE #</u>	<u>CATEGORY NAME</u>	<u>TOTALS</u>
1.00	FENCING	\$75,840.00
2.00	PAINTING - SIDING & TRIM REPLACEMENT	\$57,500.00
3.00	BUILDING 1 EXTERIOR	\$74,907.00
4.00	BUILDING 2 EXTERIOR	\$74,907.00
5.00	BUILDING 3 EXTERIOR	\$74,907.00
6.00	BUILDING 4 EXTERIOR	\$74,907.00
7.00	BUILDING 5 EXTERIOR	\$56,307.00
8.00	BUILDING 6 EXTERIOR	\$74,907.00
10.00	PEST CONTROL	\$23,500.00
	Grand Total:	<u>\$587,682.00</u>

7.00

ASSESSMENT CONCLUSION

7.01 Based on the results of this Reserve Study, please find below any possible increases that may be required in regular and/or special assessments. These increases are based on the following criteria that has either been provided or approved by the Board of Directors of the Association:

- 7.011 Number of units in Association
- 7.012 Existing unit per month to Reserve Fund
- 7.013 Projected beginning year Reserve Fund balance
- 7.014 Minimum Reserve Fund balance
- 7.015 Expenditure/Inst. balance ratio
- 7.016 Rate of inflation
- 7.017 Rate of return on Reserve Fund

	25
	\$157.00
	\$348.553
	N/A
	100%
	3.20%
	4.00%

7.02 Monthly assessment schedule:

Year	Amount	% Change	Requires Vote
2000	\$157.77	3%	
2001	\$166.36	3%	
2002	\$171.56	3%	
2003	\$176.70	3%	
2004	\$182.01	3%	
2005	\$187.47	3%	
2006	\$193.09	3%	
2007	\$198.88	3%	
2008	\$206.85	3%	
2009	\$210.99	3%	
2010	\$217.32	3%	
2011	\$223.84	3%	
2012	\$230.56	3%	
2013	\$237.48	3%	
2014	\$244.60	3%	

Year	Amount	% Change	Requires Vote
2022	\$251.94	3%	
2023	\$259.50	3%	
2024	\$267.28	3%	
2025	\$275.30	3%	
2026	\$283.56	3%	
2027	\$292.07	3%	
2028	\$300.83	3%	
2029	\$309.85	3%	
2030	\$319.15	3%	
2031	\$328.72	3%	
2032	\$338.58	3%	
2033	\$348.74	3%	
2034	\$359.20	3%	
2035	\$369.98	3%	
2036	\$381.08	3%	

7.03 Requires the approval of the owners constituting a quorum. A quorum means a majority of more than 50 percent of the owners of the association vote in favor of the assessment in Florida Statute 718.111 which states the regular assessment cannot exceed by 20% the regular assessment for the associations preceding fiscal year.

7.04 Special assessment schedule:

Year	Amount	Requires Vote
2007		
2008	\$120.00	YES
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		

Year	Amount	Requires Vote
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		

7.05 Requires the approval of the owners constituting a quorum. A quorum means a majority of more than 50 percent of the owners of the association vote in favor of the assessment in Florida Statute 718.112 which states the special assessment cannot exceed in the aggregate 5% of the association budgeted for expenses for that fiscal year.

PROPERTY DESCRIPTION:

To be completed with Final Draft.

PROPERTY CONDITION:

To be completed with Final Draft.

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

FUNDING ANALYSIS:

Refer to Section 6.00 RESERVE FUND CASH FLOW PROJECTIONS for detailed information.

We recommend that the association review and update this Reserve Analysis on an annual basis to make adjustments for component expenditures and interest and inflation rates.

9.001 A

RESERVE FUND CASH PROJECTIONS

2006 Average unit per month reserve contribution = \$157

2006 Total annual reserve contribution = \$43,332

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
DESCRIPTORS - END 10 YEARS										
Projected Beginning Fund Balance	\$348,553	\$401,815	\$525,134	\$73,669	\$126,731	\$183,430	\$243,938	\$308,461	\$298,926	\$368,981
Proposed percentage increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Proposed unit per month dollar increase	\$4.71	\$4.85	\$5.00	\$5.15	\$5.30	\$5.46	\$5.62	\$5.79	\$5.97	\$6.15
Proposed assets and month contribution	\$121.71	\$106.56	\$171.56	\$176.30	\$182.05	\$187.47	\$193.09	\$198.88	\$204.83	\$210.99
Proposed Total Annual Contribution	\$44,632	\$45,971	\$47,530	\$48,771	\$50,234	\$51,741	\$53,273	\$54,892	\$56,538	\$58,225
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$5,217.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment		\$126,000								
Does special assessment require vote?		YES								
Minimum requested balance										
Total Reserve Fund Available	\$393,185	\$567,786	\$572,485	\$122,439	\$176,970	\$235,170	\$297,231	\$363,352	\$355,465	\$427,215
Proposed inflated yearly expenditures	\$6,825	\$62,849	\$501,649	\$577	\$593	\$615	\$634	\$75,923	\$675	\$697
Balance after expenditures	\$386,360	\$504,937	\$70,835	\$121,862	\$176,375	\$234,556	\$296,597	\$287,429	\$354,789	\$426,518
Gross calculated interest on balance	\$15,454	\$20,197	\$2,835	\$4,874	\$7,053	\$9,382	\$11,859	\$14,497	\$14,192	\$17,061
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cash balance/Expenditure ratio	*2	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Projected Year Ending Balance	*3	\$401,815	\$525,134	\$73,669	\$126,737	\$183,430	\$243,938	\$308,461	\$298,926	\$368,981

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
DESCRIPTION - END 10 YEARS										
Projected Beginning Fund Balance	\$443,579	\$522,955	\$607,353	\$660,378	\$659,572	\$706,046	\$764,953	\$869,133	\$979,686	\$1,096,934
Proposed percentage increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Proposed unit per month dollar increase	\$6.35	\$6.52	\$6.72	\$6.92	\$7.12	\$7.34	\$7.56	\$7.78	\$8.02	\$8.26
Proposed average unit month contribution	\$217.32	\$223.84	\$230.56	\$237.48	\$244.60	\$251.94	\$259.50	\$267.28	\$275.30	\$283.56
Proposed Total Annual Contribution	\$59,982	\$61,781	\$63,635	\$65,544	\$67,510	\$69,535	\$71,621	\$73,770	\$75,983	\$78,262
Does increase require membership vote?										
Proposed Avg. Special Assess Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$503,561	\$584,736	\$670,988	\$725,921	\$727,082	\$775,581	\$836,574	\$942,903	\$1,055,669	\$1,175,196
Proposed inflated yearly expenditures	\$719	\$742	\$86,009	\$91,718	\$98,191	\$40,049	\$869	\$897	\$926	\$110,798
Balance after expenditures	\$502,841	\$583,994	\$634,979	\$634,204	\$678,890	\$735,532	\$835,705	\$942,006	\$1,054,744	\$1,064,398
Gross calculated interest on balance	\$70,114	\$73,360	\$75,399	\$75,368	\$77,156	\$79,471	\$83,438	\$87,680	\$92,190	\$97,576
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expenditure/Cash balance ratio	*2	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Projected Year Ending Balance	*3	\$522,955	\$607,353	\$660,378	\$659,572	\$706,046	\$764,953	\$869,133	\$979,686	\$1,096,934

10.00 - PROJECTED EXPENDITURE SCHEDULE - FIRST TEN YEARS

CODE	DESCRIPTION	RELATION	EST. YEAR	UNIT	QTY	UNIT PRICE	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL	YEARS																				
1.00	FENCING																																									
1.01	Wood at Units		1226	25	14																																					
1.02	Wood at Units		1495	25	14																																					
1.03	Wood at Units		1495	25	14																																					
1.04	Wood at Units		1495	25	14																																					
1.05	Wood at Units		1495	25	14																																					
2.00	PAINTING - SEBERS - TRIM RAIL AND EMBLEM																																									
2.01	Paint Exterior		1000	100	100																																					
2.02	Paint Interior		1000	100	100																																					
2.03	Paint Repaintment		1000	100	100																																					
3.00	ROOFING - FLAT ROOF																																									
3.01	Wood Shingle Roofing		2400	40	20																																					
3.02	Demolish Existing Roofing		2400	40	20																																					
3.03	Gutters		2400	40	20																																					
3.04	Downspouts		2400	40	20																																					
3.05	Unit Decking - Wood Railing Cap		2000	20	10																																					
3.06	Mail Boxes		2000	20	10																																					
4.00	BUILDING - EXTERIOR																																									
4.01	Wood Shingle Roofing		2400	40	20																																					
4.02	Demolish Existing Roofing		2400	40	20																																					
4.03	Gutters		2400	40	20																																					
4.04	Downspouts		2400	40	20																																					
4.05	Unit Decking - Wood Railing Cap		2000	20	10																																					
4.06	Mail Boxes		2000	20	10																																					
5.00	BUILDING - INTERIOR																																									
5.01	Wood Shingle Roofing		2400	40	20																																					
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8.05	Unit Decking - Wood Railing Cap		2000	20	10																																					
8.06	Mail Boxes		2000	20	10																																					
9.00	ROOFING REPAIR ALLOWANCE																																									
9.01	Roofing Repairs		2000	2000	100																																					
10.00	TEST CONTROL																																									
10.01	Replace Termite Biting System		1000	1000	10																																					
10.02	Install Varnish Barriers		1000	1000	1																																					
UNSCHEDULED EXPENSE																																										
																						\$125	\$2,900	\$22,430	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$0
TOTAL REPAIR/REPLACEMENT EXPENSE																																										
																						\$6,825	\$60,900	\$471,022	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525
INFLATION FACTOR																																										
																						1.00	1.03	1.07	1.10	1.13	1.17	1.21	1.25	1.29	1.33	1.37	1.41	1.45	1.49	1.53	1.57	1.61	1.65	1.69	1.73	1.77

9.00 B

RESERVE FUND CASH PROJECTIONS

DESCRIPTION - 3RD 10 YEARS	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Beginning Fund Balance	\$1,166,974	\$1,234,062	\$1,368,717	\$1,521,901	\$1,665,258	\$1,617,063	\$1,625,331	\$1,789,209	\$1,962,605	\$2,145,999
Proposed unit per month contribution	\$8,511	\$8,776	\$9,042	\$9,308	\$9,574	\$9,840	\$10,106	\$10,372	\$10,638	\$10,904
Proposed average annual contribution	\$102,132	\$105,312	\$108,504	\$111,696	\$114,888	\$118,080	\$121,272	\$124,464	\$127,656	\$130,848
Proposed Total Annual Contribution	\$80,610	\$85,029	\$85,519	\$88,495	\$90,773	\$93,449	\$96,253	\$99,410	\$102,115	\$105,175
Total increase reserve contribution	\$182,742	\$190,331	\$194,023	\$199,191	\$205,661	\$211,529	\$217,399	\$224,276	\$230,149	\$236,023
Proposed Average Annual Assessment Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proposed Total Special Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$1,349,716	\$1,424,391	\$1,473,240	\$1,721,096	\$1,855,929	\$1,710,512	\$1,721,584	\$1,988,349	\$2,064,720	\$2,251,168
Proposed inflation yearly expenditure	\$986	\$1,017	\$1,053	\$1,085	\$1,118	\$1,170,691	\$1,191	\$1,229	\$1,268	\$1,309
Balance after expenditures	\$1,348,730	\$1,423,374	\$1,472,187	\$1,719,991	\$1,854,811	\$1,562,818	\$1,770,393	\$1,887,120	\$2,063,452	\$2,249,859
Gross calculated interest on balance	\$1,346	\$1,364	\$1,384	\$1,404	\$1,424	\$1,444	\$1,464	\$1,484	\$1,504	\$1,524
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expenditure Cash balance ratio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Projected Year Ending Balance	\$1,234,062	\$1,368,717	\$1,321,901	\$1,465,258	\$1,617,063	\$1,625,331	\$1,789,209	\$1,962,605	\$2,145,999	\$2,339,854

* 1. Total Annual Reserve Contributions are based on the association's total annual income less the annual operating expenses. The following years are based on this same equation. The association has provided current operating expenses and reserve contribution information. Reserve Analysis Consulting, L.L.C. assumes no responsibility for the accuracy of current or projected budget figures provided by others.

* 2. Expenditure/Cash balance ratio indicates the ratio of reserve funds available divided by projected annual inflated expenditures. Due to the nature of cash flow projections, some years will exceed 100% percent funding, but for clarity the highest amount shown will be 100%.

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

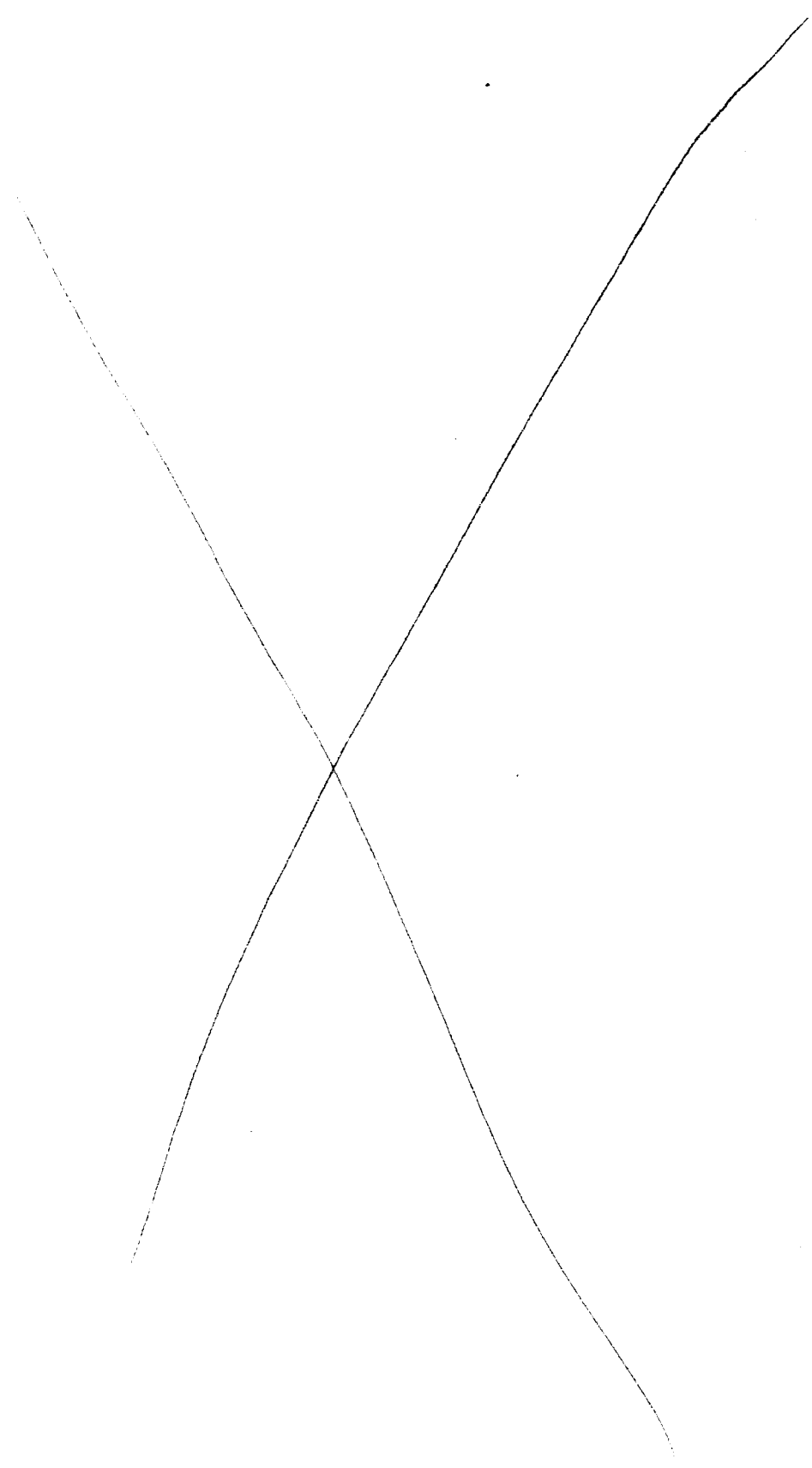
General Notes:
 1) The cash flow projections shown are based on current economic conditions. These projections are based upon future variables that cannot be controlled. Therefore, reliance on these projections beyond the first year of this study is not recommended. We recommend the association review their Reserve Fund accounts quarterly and update their reserve study annually.

2) Additionally, California Civil Code § 13625 states in part, "At least once every three years the board of directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements."

PROJECTED EXPENDITURE SCHEDULE - FIRST TEN YEARS

YEAR	DESCRIPTION	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	TOTAL
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

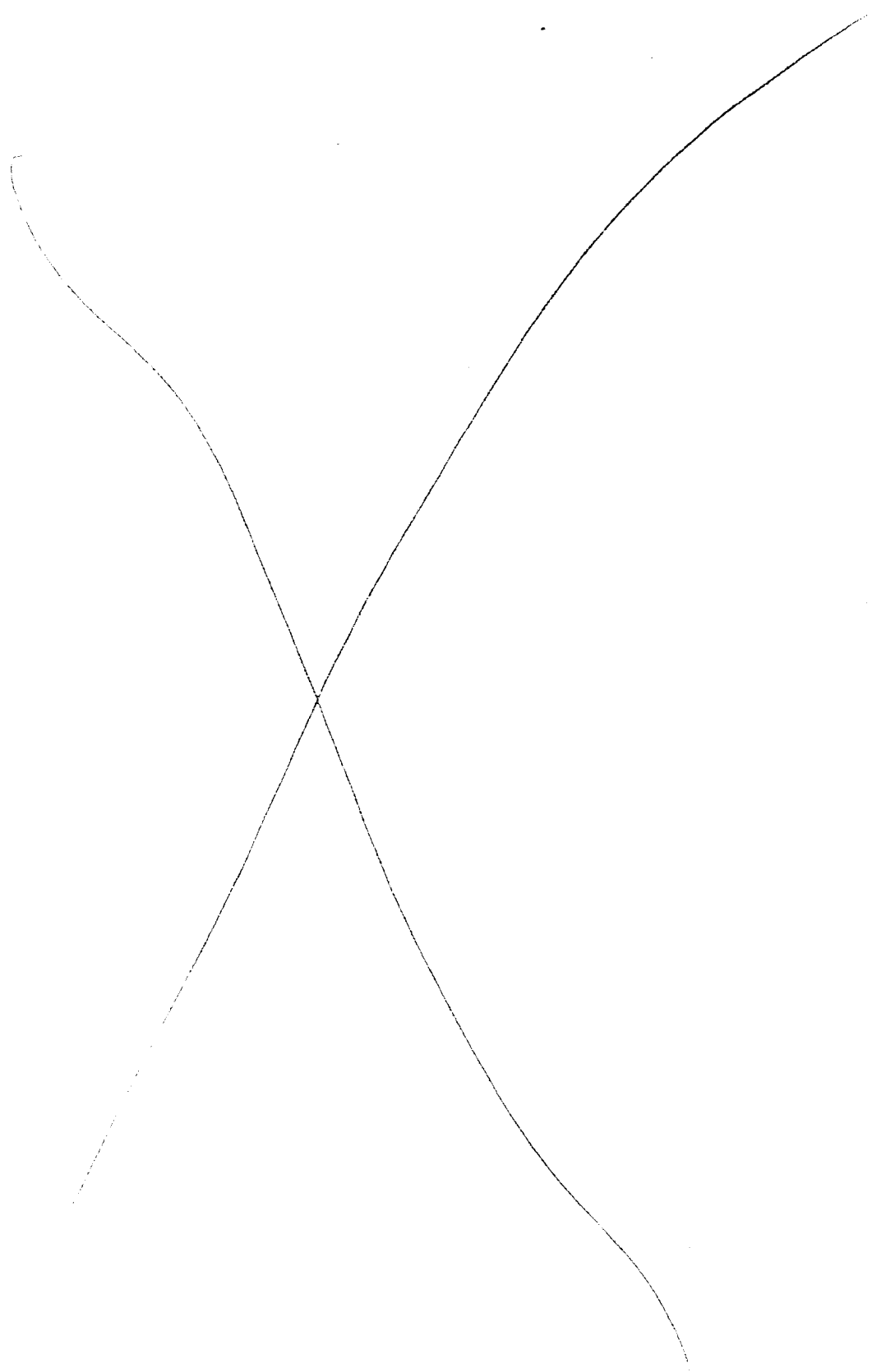
RELATED EXPENDITURES



PROJECT EXPENDITURE SCHEDULE - THIRTY TEN YEARS

CODE	DESCRIPTION	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	TOTAL
2.00	CEILING																					
2.01	Acoustic Ceiling																					
2.02	Acoustic Ceiling																					
2.03	Acoustic Ceiling																					
2.04	Acoustic Ceiling																					
2.05	Acoustic Ceiling																					
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2.92	Acoustic Ceiling				</																	

PROJECTED EXPENDITURE SCHEDULE - THIRD TEN YEARS											
YEAR	1	2	3	4	5	6	7	8	9	10	TOTAL
EXPENSE	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	10000
REVENUE	0	0	0	0	0	0	0	0	0	0	0
NET EXPENDITURE	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	10000
TOTAL EXPENDITURES	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	100000



11.00

NEXT 3 YEARS PROJECTED EXPENDITURES

Year 1 - 2007

1.00 FENCING

1.01 Wood at Units \$6,000

10.00 PEST CONTROL

10.02 Install Varmint Barriers \$500

Unscheduled Expenses \$325

Year 1 - 2007 Total Proposed Expenditures: \$6,825

Year 2 - 2008

2.00 PAINTING - SIDING & TRIM REPLACEMENT

2.01 Paint Exteriors \$50,000

2.02 Siding Replacement \$4,500

2.03 Trim Replacement \$3,000

10.00 PEST CONTROL

10.02 Install Varmint Barriers \$500

Unscheduled Expenses \$2,900

Year 2 - 2008 Total Proposed Expenditures: \$60,900

Year 3 - 2009

3.00 BUILDING 1 EXTERIOR

3.01 Wood Shingle Roofing \$57,336

3.02 Demolish Existing Roofing \$9,556

3.03 Gutter \$3,040

3.04 Downspouts \$2,400

3.05 Unit Decking - Wood Railing Cap \$1,575

4.00 BUILDING 2 EXTERIOR

4.01 Wood Shingle Roofing \$57,336

4.02 Demolish Existing Roofing \$9,556

4.03 Gutter \$3,040

4.04 Downspouts \$2,400

4.05 Unit Decking - Wood Railing Cap \$1,575

5.00 BUILDING 3 EXTERIOR

5.01 Wood Shingle Roofing \$57,336

5.02 Demolish Existing Roofing \$9,556

5.03 Gutter \$3,040

5.04 Downspouts \$2,400

5.05 Unit Decking - Wood Railing Cap \$1,575

6.00 BUILDING 4 EXTERIOR

6.01 Wood Shingle Roofing \$57,336

6.02 Demolish Existing Roofing \$9,556

6.03 Gutter \$3,040

11.00

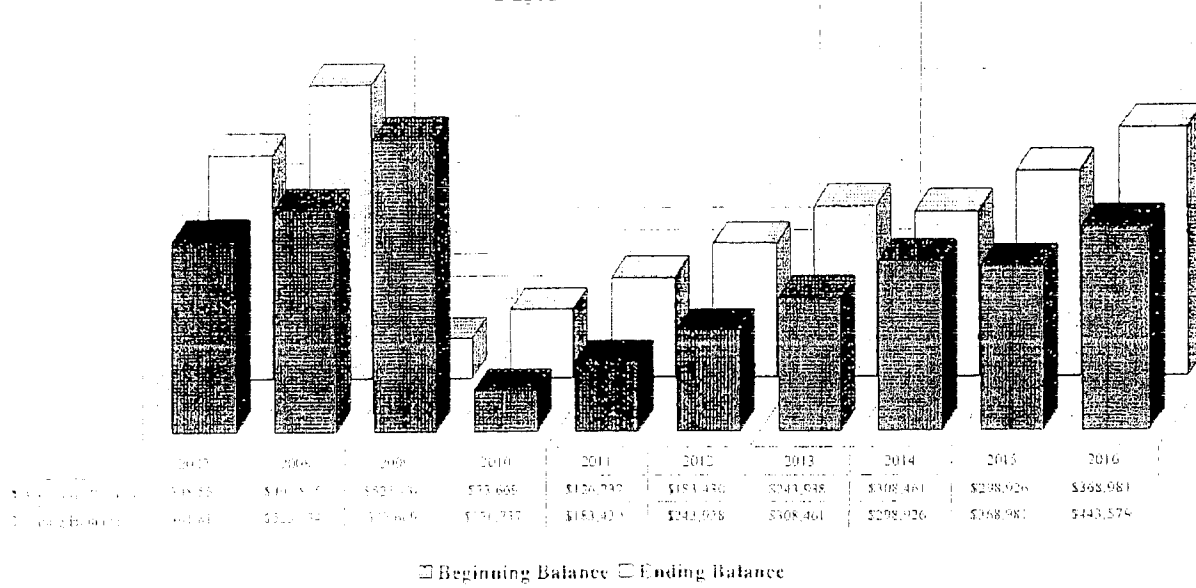
NEXT 3 YEARS PROJECTED EXPENDITURES

	\$2,400
6.04 Downspouts	\$1,575
6.05 Unit Decking - Wood Railing Cap	
7.00 BUILDING 5 EXTERIOR	\$43,002
7.01 Wood Shingle Roofing	\$7,167
7.02 Demolish Existing Roofing	\$2,280
7.03 Gutters	\$1,728
7.04 Downspouts	\$1,380
7.05 Unit Decking - Wood Railing Cap	
8.00 BUILDING 6 EXTERIOR	\$57,336
8.01 Wood Shingle Roofing	\$9,556
8.02 Demolish Existing Roofing	\$3,040
8.03 Gutters	\$2,400
8.04 Downspouts	\$1,575
8.05 Unit Decking - Wood Railing Cap	
10.00 PEST CONTROL	\$23,000
10.01 Replace Termite Bating System	\$500
10.02 Install Vamint Barriers	
	\$22,430
Unscheduled Expense	

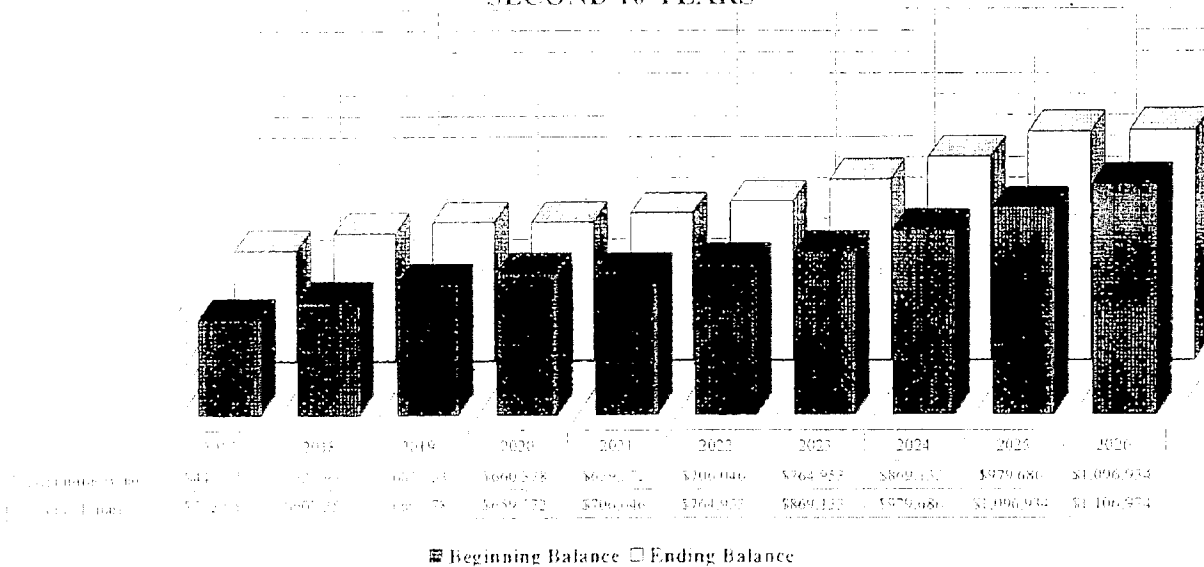
Year 3 - 2009 Total Proposed Expenditures:

\$471,022

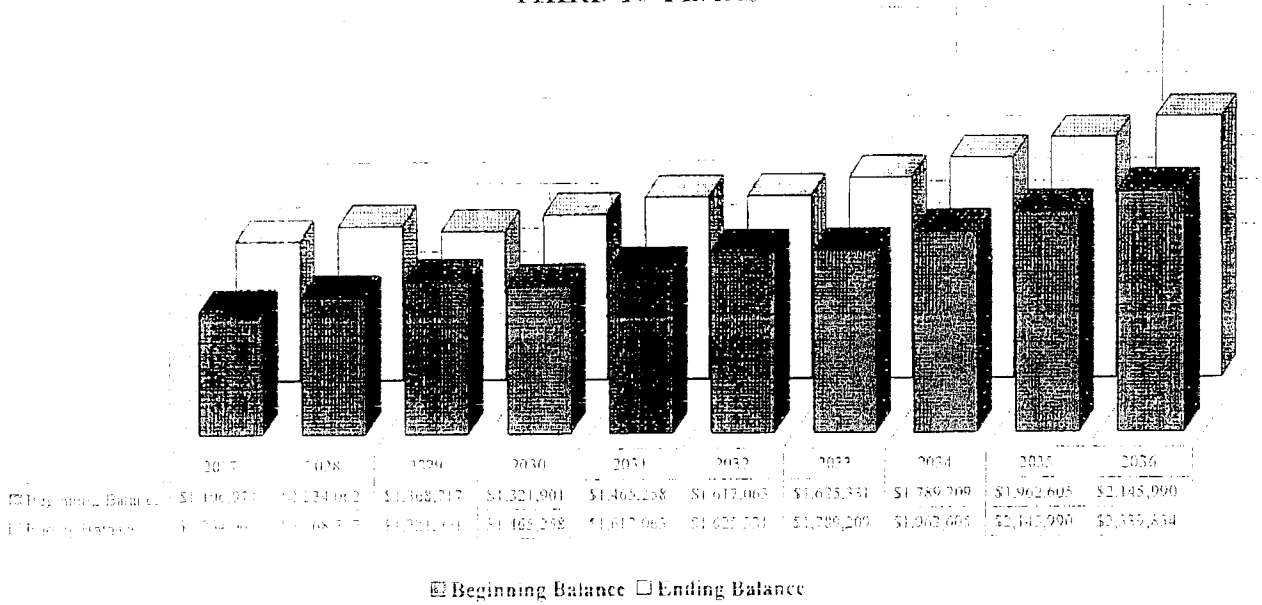
RESERVE FUND BALANCE ANALYSIS
FIRST 10 YEARS



RESERVE FUND BALANCE ANALYSIS
SECOND 10 YEARS



RESERVE FUND BALANCE ANALYSIS
THIRD 10 YEARS



TRADE: General Construction Pricing
NAME: Means Cost Work
CONTACT: R.S. Means Company, Inc.
ADDRESS: 67 Smiths Lane
CITY, STATE: Kingston, MA 02364-0800
PHONE: N/A

TRADE: Electrical Pricing
NAME: Means Cost Work
CONTACT: R.S. Means Company, Inc.
ADDRESS: 67 Smiths Lane
CITY, STATE: Kingston, MA 02364-0800
PHONE: N/A

TRADE: Plumbing & HVAC Pricing
NAME: Means Cost Work
CONTACT: R.S. Means Company, Inc.
ADDRESS: 67 Smiths Lane
CITY, STATE: Kingston, MA 02364-0800
PHONE: N/A

TRADE: Financial Information
NAME: Mr. Stephen Fox
CONTACT: PMI Management
ADDRESS: 655 Island Boulevard, # 301
CITY, STATE: San Mateo, California 94401
PHONE: (650) 349-9113

TRADE: Component Replacement Dates
NAME: Mr. Stephen Fox
CONTACT: PMI Management
ADDRESS: 655 Island Boulevard, # 301
CITY, STATE: San Mateo, California 94401
PHONE: (650) 349-9113

RESERVE STUDY FINANCIAL SUMMARY

CONTACT INFORMATION

CONTACT

Board of Directors

ASSOCIATION NAME

Sharon Park HOA - Townhouse

ADDRESS

1200 Sharon Park Drive

CITY/STATE ZIP

Menlo Park, California

PHONE NUMBER

-

PROPERTY INFORMATION

BEGINNING YEAR OF STUDY

2007

NUMBER OF UNITS IN PROJECT

23

YEAR CONSTRUCTED

1978

NUMBER OF BUILDINGS ANALYZED

6

NUMBER OF CONSTRUCTION PHASES

2

YEAR ENDING DATE

12/31

YEAR OF LAST PHYSICAL INSPECTION

2006

PERFORMED BY

Reserve Analysis Consulting, L.L.C.

YEAR OF NEXT PHYSICAL INSPECTION

2008 (as required by the Davis-Stirling Act - 1997)

COMPLETE SET PLANS AVAILABLE

YES NO

MAINTENANCE RECORDS AVAILABLE

YES NO

RESENTMENTALLY REPAIRED

Reserve Analysis Consulting, L.L.C.

3030 Bridgeway, Suite 305

Sausalito, California 94965

Tom O'Neill (415) 332-7800

reserveanalysis@gmail.com FAX (415) 332-7801

CURRENT PROPERTY MGR

Mr. Stephen Fox

PML Management

655 Island Boulevard, # 301

San Mateo, California 94401

(650) 349-9113

CURRENT ACCOUNT

RESERVE ACCOUNT INFORMATION

2007 PROJECTED BEGINNING YEAR BALANCE

\$348,553

2007 CURRENT RETURN ON ACCOUNT

4.00%

RECORDED MINIMUM RESERVE BALANCE

N/A

2007 PROJECTED REPLACEMENT EXPENSES

\$6,825

CURRENT ASSESSMENT PERCENT FUNDED

69.66%

2007 PROJECTED EXPENDITURE/CASH RATIO

100%

2007 ANNUAL % OF PENSE F FUND

\$43,332

2007 ANNUAL CONTRIBUTION

\$44,632

2007 MONTHLY TO RESERVE FUND

\$3,611

2007 MONTHLY CONTRIBUTION

\$3,719

2007 UNIT PER MONTH TO RESERVE FUND

\$157.00

2007 UNIT PER MONTH CONTRIBUTION

\$161.71

2007 LAST YEARS SPECIAL ASSESSMENT

N/A

2007 TOTAL SPECIAL ASSESSMENT

\$0

TOTAL BALANCE OF FUND TO DATE

\$587,682

LEGAL REQUIREMENTS

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

SCOPE OF STUDY

The time frame covered by this analysis is from 2007 through 2036. These are the beginning and ending points for all repairs and funding calculations included in this study.

STATEMENT OF RESERVE STUDY METHODOLOGY

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

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

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

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

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

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

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

Since we do not have any knowledge or control over costs in the future, we would advise the Association to have the Reserve Study re-evaluated on an annual basis and make any necessary adjustments regarding component performance and their respective replacement costs.

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED REQUIREMENT

STEPS FOR DETERMINING PERCENT FUNDED:

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

The reserve amounts herein are limited to reserve calculations made using the formula described in paragraph (4) of sub-division (b) of section 136b.25 of the Insurance Act.

For the purpose of this 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 remaining requirements shown on page 3.00 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	\$2,701
1.04	Wood at Units	2007	25	25	\$6,000	\$240	\$6,000
2.00	PAINTING, SIDING & TRIM REPLACEMENT						
2.01	Paint Exterior	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

3.06 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)							
7.4.5	Unit Decking - Wood Rolling Cap	2009	20	2	\$1,380	\$69	\$1,242
7.4.6	Mail Boxes	2001	20	14	\$750	\$38	\$225
8.00	BUILDING EXTERIOR						
8.01	Wood Shingle Roofing	2009	40	2	\$57,336	\$1,433	\$54,469
8.12	Demolish Existing Roofing	2009	100	2	\$9,556	\$96	\$9,365
8.53	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 Rolling 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 Baiting 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:	<u>\$587,682</u>	
Annual Component Contribution:	<u>\$26,519</u>	
Total Dollars Required:		\$500,353
Actual Dollars In Reserve Fund:		\$348,553
Percent Funded:		<u>69.66%</u>
(Actual dollars/Total dollars Required)		

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

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

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

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

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

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

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

Sec. 1365.2.5
 a1

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 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) 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	Roofing/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 \$340,553.

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.