

Reserve Study Update

This report documents the results of a reserve study performed by John D. Beatty & Company for the following:

Crown Colony Homeowners Association Daly City, California

It provides an analysis of the repair and replacement requirements for the association's major components and recommends a funding plan to meet those obligations. This study was performed in compliance with California Civil Code sections 4178, 5300, 5550, 5560 & 5565. The intent of this legislation is to insure that the association maintains a plan to meet all future obligations for major component maintenance. The essential elements of this legislation are:

- 1 . Identification of the major components which the association is obligated to maintain
- 2 . Current estimate of the useful life of each component
- 3 . Current estimate of the remaining life of each component
- 4 . Current estimate of the replacement cost of each component
- 5 . Current estimate of the total annual contribution necessary to maintain the major components
- 6 . Current estimate of the amount of cash reserves necessary to maintain the major components
- 7 . Disclosure of the current amount of accumulated cash reserves actually funded
- 8 . Disclosure of the percentage of reserves actually funded
- 9 . Disclosure of any determined or anticipated special assessments
- 10 . A general statement of methodology

SCOPE

This study is aligned with the association's fiscal year and establishes July 1, 2017 through June 30, 2027 as the period of time for which reserve expenditures and reserve fund balances are projected.

METHODOLOGY

A cash flow methodology was used to determine the annual reserve contribution. The underlying premise of this reserve funding approach is to establish a contribution level that will allow the association to maintain a positive balance in the reserve fund while meeting all anticipated maintenance obligations. The cash flow method allows the association to achieve this goal without the unnecessary overfunding of reserves. Also, as the interest earned on the reserve fund will not totally offset inflation, projections were made using the current inflation factor and an average interest rate on fully insured certificates of deposit.

In preparing this study, a comprehensive list of major components was developed and information was compiled on the type, number, age and cost of each of these components. In gathering this data, certain assumptions were made about costs, conditions, and future events and circumstances that may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the variations could be material. All life expectancies were based on reasonable industry experience for equipment and material and, unless specifically noted, all components were in a reasonable and ordinary condition.

No inspection was conducted of the major components. Information utilized to update the reserve study was obtained from management and the association's records.

For a component to be included in this study, the following criteria must be met:

- 1 . The maintenance of the component is the responsibility of the association;
- 2 . The maintenance of the component is not included in the annual operating budget;
- 3 . The estimated useful life of the component is greater than one year; and
- 4 . The estimated remaining life of the component is less than 30 years.

This study is intended to reflect the estimated replacement cost of the components and is not intended to project the actual cost of the work when performed. This limitation is necessary, as it is virtually impossible to predict with any degree of certainty the myriad factors that will impact costs at a future date. Because of this qualification, it is necessary for the results of this study to be reviewed annually to reflect any meaningful changes in use or significant increases in labor and/or materials costs.

The funding for this study has a threshold margin of 10%. This means that the projected ending balance for each fiscal year is at least 10% of the projected expenditures for the same year. This margin provides a contingency for any unforeseen or out of the ordinary repair or replacement expense. Additionally, it can be used in subsequent years as a source of funds for reallocation of the life cycles should the aging of any components be abnormally accelerated.

FINDINGS

The findings of this study indicate that it will be necessary to adjust the annual reserve contribution as indicated on pages 7-9 of this report in order to meet projected expenditures and keep pace with inflation. These findings are based on the following:

- 1 . Projected reserve fund balance as of July 1, 2017 \$ 1,311,854
- 2 . Reserve contribution for fiscal year 2016-2017 \$ 1,272,653
- 3 . Reserve contribution for fiscal year 2017-2018 \$ 1,250,000
- 4 . Assumed annual inflation rate 2.5%
- 5 . All "after tax" interest earned on reserve fund investments will be retained in the reserve fund.

DISCLOSURES

This plan provides adequate funds to meet projected expenditures without relying on a special assessments or increases in regular assessments that require a vote of the membership. Based on the assumption that the association will fund reserves in accordance with this plan, which includes those increases indicated above, the percent funded was calculated in the following manner:

<u>Accumulated Cash Reserves (Numerator)</u>		
Projected reserve fund balance as of July 1, 2017	\$ 1,311,854	
<u>Accrued Liability (Denominator)</u>		
Estimate of the amount of cash necessary to repair, replace, restore or maintain the association's major components as of July 1, 2017	\$ 2,730,532	
Percent Funded	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="text-align: center; padding: 2px 10px;">50%</td></tr></table>	50%
50%		

This Reserve Study was reviewed and approved by the Association's Board of Directors.

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Repair %	Current Repair/Replace Cost	Estimated Usfl Life	Rmng Life	Fiscal Yr Jul 1	Actuals		Proj/Act	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
						2015	2016									
COMMUTER SERVICES:																
9901 - Bus Repair		5,090	1	1	1	12,903	5,090	4,966	5,090	5,218	5,348	5,482	5,619	5,759		
9902 - Bus Replacement		84,724	15	7											98,254	
ELEVATORS:																
9903 - System Upgrade		335,717	30	15												
9904 - Cab Enhancement		3,311	12	6												
9905 - Component Replacement		66,876	30	1		22,795	95,000			80,400				45,058	45,058	45,058
9906 - 5 year Load Test		12,009	5	4		8,535	875	875	1,750	875	1,750	12,933				
FENCING:																
9907 - Wooden		2,252	1	1		2,850	52,840	2,252	2,252	2,308	2,366	2,425	2,486	2,548	2,612	2,677
9908 - Iron Railings	10%	9,991	1	1		2,500	9,747	3,000	3,000	3,075	3,152	3,231	3,311	3,394	3,479	3,566
9909 - Cyclone	10%	3,838	1	1		3,280	6,490	6,652	6,652	6,819	6,989	7,164	7,343	7,526	7,715	7,907
LANDSCAPING:																
9910 - Stream Pumps		6,970	1	1		1,630	6,800	6,800	6,970	7,144	7,323	7,506	7,694	7,886	8,083	8,285
9911 - Stream Resurface/Repair	33%	48,147	10	3							50,388					
9911 - Stream Resurface	33%	48,147	10	4								51,853				
9911 - Stream Resurface	33%	48,147	10	5									53,149			
9912 - Irrigation Controllers		5,125	1	1		28,795	5,000	5,125	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092
9913 - Irrigation Valves		8,077	1	1		27,710	8,299	8,077	8,077	8,279	8,486	8,698	8,915	9,138	9,367	9,601
9913 - Irrigation Repairs		16,557	1	1		16,557	16,557	16,971	17,395	17,830	18,276	18,733	19,201	19,681		
9914 - Tree Care		29,803	1	1		90,719	50,000	29,803	30,548	31,312	32,095	32,897	33,719	34,562	35,428	36,307
9914 - Pest Management		5,799	1	1		4,000	4,000	4,100	4,203	4,308	4,415	4,526	4,639	4,755	4,874	
9915 - Replace Plants		8,839	1	1		144,177	229,598	220,000	231,138	242,839	254,910	267,616	280,916	294,839	309,313	324,444
LIGHTING:																
9916 - Wall Mounted Exterior		2,440	1	1		8,953	32,000	32,000	32,000	5,000	5,563	6,227	6,993	7,760	8,629	9,500
9917 - Post/Flood/Walks/New Additions		20,759	15	10		15,910	11,000	11,000	11,000							
9918 - Interior		72,480	12	6		39,951	10,000	10,000						82,005		
9918 - Interior		74,293	12	7											86,157	
9919 - Exit		20,876	50	40												
9920 - Garage		2,898	1	1		1,025	2,827	2,827	2,898	2,970	3,044	3,121	3,198	3,278	3,360	3,444
9921 - Tennis Court/Carport		9,182	20	9		1,888										
MECHANICAL SYSTEMS:																
9922 - Boilers Repair		6,706	1	1		1,410	6,542	6,542	6,706	6,873	7,045	7,221	7,402	7,587	7,776	7,971
9923 - Boiler Replacement		27,345	25	18												
9924 - Fan Motors		4,998	1	1			4,876	4,876	4,998	5,123	5,251	5,382	5,517	5,655	5,796	5,941
9924 - Fan Maintenance		13,800	10	6										15,614		
PAVED SURFACES:																
9925 - Repair/Seal/Stripe (Drives)		77,204	5	3		2,740	42,000									91,771
9926 - Petromat (Drives)		173,647	24	3			181,654									
9927 - Seal Coat/Repair Garage Floors		28,529	10	9												
9928 - Concrete Walkways Repair		6,513	1	1		1,755	6,354	6,354	6,512	6,675	6,843	7,013	7,189	7,369	7,553	7,742

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Repair %	Current Repair/Replace Cost	Estimated Usfl Life	Fiscal Yee Jul 1..... Jun 30.....	Actuals 2015 2016	Proj/Act 2016 2017	(1) 2017 2018	(2) 2018 2019	(3) 2019 2020	(4) 2020 2021	(5) 2021 2022	(6) 2022 2023	(7) 2023 2024	(8) 2024 2025
PAINTING EXTERIOR:														
9929 - Townhomes		110,845	5	5		109,900					124,297			
9930 - Corridor Buildings		135,394	5	1	1,000		132,750					150,140		
9930 - Corridor Buildings		153,306	5	2				153,500					173,609	
9930 - Corridor Buildings		151,498	5	3					155,250					175,588
9930 - Corridor Buildings		149,957	5	4						157,500				
9931 - Carpports/Rec/Gaz/Guard/Maint/		76,670	5	5		57,500					65,033			
PAINTING INTERIOR:														
9932 - Corridor Bldgs/Lby/Doors		70,251	12	6								79,483		
9932 - Corridor Bldgs/Lby/Doors		68,538	12	7									79,483	
9932 - Corridor Bldgs/Lby/Doors		66,866	12	8										79,483
9933 - Garages/Lockers/Stripping #s	50%	98,513	10	2			75,750	82,500						79,483
RECREATION CENTER:														
9934 - Carpet		11,888	10	2			11,599							
9934 - Flooring		14,456	12	6								16,356		
9935 - Repair Allowance		4,796	2	1			4,796	5,039		5,294				5,562
9936 - Furniture		11,887	10	3				12,489						
9937 - Exercise Equipment Replace/Repair		2,811	2	1			2,811	2,954		3,105				3,263
9938 - Appliances/Cabinets/TV		15,187	15	12										
9939 - Mechanical System Repairs		3,170	1	1	2,952	3,093	3,170	3,249	3,331	3,414	3,499	3,587	3,677	3,769
9940 - Billiard Tables		10,448	25	3										
9941 - Lighting		9,592	10	5				3,598			10,588			
9942 - Interior Stain/Paint		34,211	10	4						36,846				
9943 - Rest Room/Locker Room		80,624	20	4						86,855				
9944 - Saunas		8,048	5	2				8,249						9,330
RETAINING WALLS:														
9945 - Masonry		2,558	5	3					2,687					3,041
9945 - Wood		25,610	10	3					26,907					
ROOFING TOWNHOMES:														
9946 - Composition Shingles		61,606	22	3					64,725					
9946 - Composition Shingles		61,606	22	4						66,343				
9947 - Gutters/Downspouts Clean/Repair		6,071	1	1										
9948 - Built-up Roof (BUR)		65,126	20	15					7,985	5,923	6,071	6,223	6,378	6,538
9948 - Built-up Roof (BUR)		105,285	20	16										
9948 - Built-up Roof (BUR)		48,095	20	17										
9948 - Built-up Roof (BUR)		36,681	20	18										
9948 - Built-up Roof (BUR)		24,018	20	19										
ROOFING CORRIDOR/REC BLDGS:														
9949 - Composition Shingles		85,078	22	3										89,385
9949 - Composition Shingles		85,078	22	4										91,620
9950 - Built-up Roof (BUR)		365,758	20	15										
9950 - Built-up Roof (BUR)		74,487	20	16										
9950 - Built-up Roof (BUR)		435,944	20	17										
9950 - Built-up Roof (BUR)		476,086	20	18										
9950 - Built-up Roof (BUR)		278,758	20	19										251,169
SECURITY SYSTEMS														

Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Current Repair %	Repair/Replace Cost	Estimated Usfl Life	Estimated Rmng Life	Fiscal Year Jul 1 - Jun 30	Actuals		Proj/Act	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
						2015	2016									
9951 - Telephone Intercom System		3,367	2	1		2,250		3,367	3,337				3,716			3,904
SEWER LINE/WATER VALVES:																
9952 - Clean Out/Jettering		6,461	1	1		37,093		32,000	6,461	6,623	6,788	15,000	7,132	7,310	7,493	7,681
9953 - Plumbing Pipe Breaks		37,437	1	1		30,949		36,524	37,437	38,373	39,332	40,316	41,323	42,357	43,415	44,501
9954 - Water Valves		7,493	20	11												
SPAS:																
9955 - Plaster/Tile/Coping		12,500	8	1				13,250	12,500							15,218
9956 - Pumps/Filters/Mechanical		1,611	1	1		8,740		1,572	5,200	1,652	1,693	1,736	1,779	1,823	1,869	1,915
9957 - Heater		6,244	8	5				3,450					3,902			
SWIMMING POOLS:																
9958 - Plaster/Tile		17,486	12	8												20,787
9959 - Pumps/Filters/Mechanical		8,900	1	1		2,599		3,845	8,900	9,123	9,351	9,584	9,824	10,070	10,321	10,579
9960 - Heater		7,620	5	5				6,428	4,600				7,270			
9961 - Coping/Decking		18,353	12	8												21,815
9962 - Furniture		15,216	20	9												
TENNIS/BASKETBALL COURTS:																
9963 - Resurface/Repair		73,104	14	2												
9963 - Color Coat (1 Tennis, 1 Basketball)		23,774	7	4												
9963 - Waterproof (Two Unused Tennis)		23,752	7	4												
9964 - Windsreen		10,551	7	2												
AUTOMATIC SYSTEMS:																
9965 - Gate Operators		10,724	10	6		1,716								12,133		
9965 - Fobs		3,075	2	2				3,000	3,153			3,314		3,483		3,658
OTHER:																
9966 - Corridor Carpets Lobbies		15,000	1	1				15,000	15,375	15,759						
9966 - Corridor Carpets		99,782	12	6									112,894			
9966 - Corridor Carpets		99,773	12	7											115,706	
9966 - Corridor Carpets		99,773	12	8												118,599
9966 - Corridor Flooring		67,755	12	6									76,659			
9966 - Corridor Flooring		46,965	12	7											54,465	
9966 - Corridor Flooring		46,965	12	8												55,827
9967 - Corridor Wallcovering		37,895	12	6										42,875		
9967 - Corridor Wallcovering		37,895	12	7											43,947	
9967 - Corridor Wallcovering		37,895	12	8												45,046
9968 - Signage and Accessories		1,517	1	1		501		1,480	1,517	1,555	1,594	1,633	1,675	1,716	1,759	1,803
9969 - Master Lock System		69,123	40	30												
9971 - Utility/Access Doors		2,563	1	1				2,500	2,563	2,627	2,693	2,760	2,829	2,900	2,972	3,047
9972 - Fire Alarm System Repairs		4,796	2	1		23,558		18,525	64,000	5,039			5,294		5,562	
9973 - Fire Hoses/Valves/Equipment		24,731	5	2						25,349					28,680	
9974 - Standpipe Certification		7,555	5	2						7,743					8,761	
9975 - Mailboxes		81,420	20	6										92,129		
9976 - Computer/Fax/Office Equipment		12,177	5	2						12,473						14,107
9977 - Storage Lockers		3,120	1	1				3,044	3,120	3,198	3,278	3,360	3,444	3,530	3,618	3,709
9978 - CCR's Revision		23,774	20	19												
9980 - Maintenance Equipment		11,201	10	7												12,990

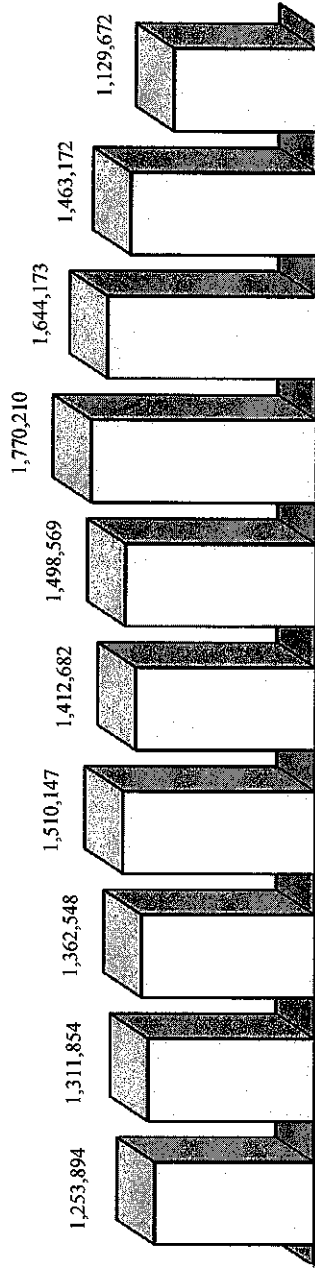
Projected Expenditures

Assumed Annual Inflation Rate..... 2.5%

RESERVE COMPONENTS	Repair %	Current Repair/Replace Cost	Estimated Usfl Life	Rmng Life	Fiscal Yr Jul 1	Actuals 2015 2016	Proj/Act 2017 2018 2019 2020 2021 2022	(1) 2017 2018	(2) 2018 2019	(3) 2019 2020	(4) 2020 2021	(5) 2021 2022	(6) 2022 2023	(7) 2023 2024	(8) 2024 2025
OTHER (continued):															
9981 - Maintenance Vehicle		8,321	5	1				8,321					9,414		
9981 - Maintenance Vehicle		8,321	5	2				8,329					9,650		
9981 - Maintenance Vehicle		8,321	5	4					8,961						
9982 - Construction Damage Repair		15,759	1	1		15,375	16,153	15,759	16,153	16,557	16,971	17,395	17,830	18,276	18,733
9983 - Reserve Study Update		1,896	1	1		1,805	1,944	1,896	1,944	1,992	2,042	2,093	2,146	2,199	2,254
9984 - Reserve Study Update Inspection		1,409	3	1				1,409			1,517			1,634	
BUILDING EXTERIOR:															
9701 - Townhome Siding Repairs		7,683	1	1		7,496	7,875	7,683	7,875	8,072	8,274	8,481	8,693	8,910	9,133
9702 - Townhome Siding Replacement		52,306	5	5		22,945						57,736			
9703 - Corridor Siding Repair/Replace		6,647	1	1		1,050	6,484	6,647	6,813	6,984	7,158	7,337	7,521	7,709	7,901
9704 - Carport Structural/Roof		67,828	20	1				67,828							
9704 - Carport Structural/Roof		61,463	20	2			63,000								
9705 - Tennis Structural/Garage						17,944		10,000							
9707 - Exterior Deck Stacks		297,302	1	1		20,975	290,051	297,302	304,734	312,353	320,162	328,166	336,370	344,779	353,399
9709 - Fire Stair Repairs						32,000		21,615							
9710 - Pole Bases/Pole Tops						2,835		2,471	2,533	2,597	2,728	2,796	2,866	2,938	3,011
9711 - Concrete Deck Repairs/Entry Landings		2,533	1	1				2,533							
9712 - Fire Stair Door Area								5,000							372,945
9716 - Corridor Building End Siding		313,746	25	8											
9717 - Courtyard Waterproofing		208,560	40	32											
9718 - Solar Power		77,012	30	23											
9720 - Drain and Stenwall Repair		38,403	30	20											
9721 - Clubhouse Roofing/Repairs		37,758	30	19											
9722 - Architectural Fees		29,730	1	1		3,919	29,005	29,730	30,455	31,235	31,996	32,796	33,616	34,478	35,340
UNSCHEDULED..... 5%		63,633	1	1		53,356	10,000	77,506	81,924	82,252	82,581	82,911	83,243	83,576	83,910
TOTAL EXPENDITURES		7,319,161				959,619	1,319,693	1,217,618	1,333,072	1,595,733	1,430,639	1,265,127	1,685,388	1,749,210	1,909,835

Funding Plan

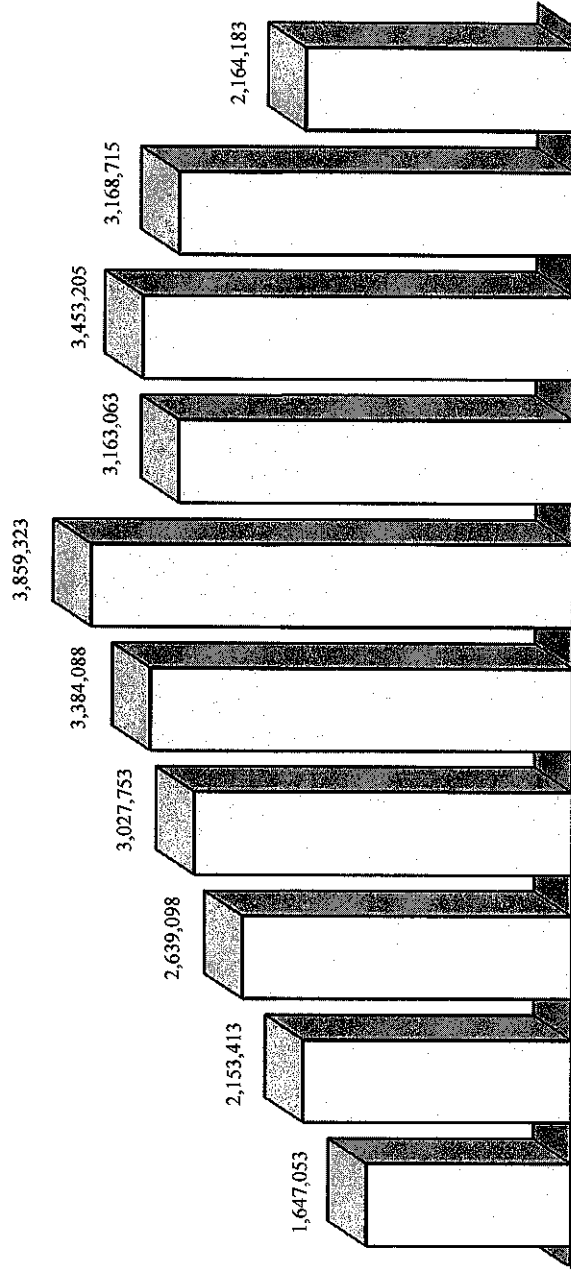
Projected Cash Balance



Fiscal Year	Actuals	Pro/Act	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Jul 1	2015		2017	2018	2019	2020	2021	2022	2023	2024
Jun 30	2016		2018	2019	2020	2021	2022	2023	2024	2025
BEGINNING BALANCE	939,086	1,253,894	1,311,854	1,362,548	1,510,147	1,412,682	1,498,569	1,770,210	1,644,173	1,463,172
EXPENDITURES (inflated \$)	959,619	1,319,693	1,217,618	1,333,072	1,595,733	1,430,639	1,265,127	1,685,388	1,749,210	1,909,835
RESERVE CONTRIBUTION	1,272,653	1,272,653	1,250,000	1,462,358	1,476,982	1,491,900	1,506,819	1,521,887	1,537,106	1,552,477
Per Unit Per Month (920 units)	115.28	115.28	113.22	132.46	133.78	135.14	136.49	137.85	139.23	140.62
Percentage Increase to Reserves	0.0	0.0	(1.8)	17.0	1.0	1.0	1.0	1.0	1.0	1.0
TRANSFER OPERATING TO RESERVES	0	100,000	0	0	0	0	0	0	0	0
INTEREST/TAXES	1,774	5,000	18,312	18,312	21,286	24,627	29,950	37,464	31,103	23,858
ENDING BALANCE	1,253,894	1,311,854	1,362,548	1,510,147	1,412,682	1,498,569	1,770,210	1,644,173	1,463,172	1,129,672

Funding Plan

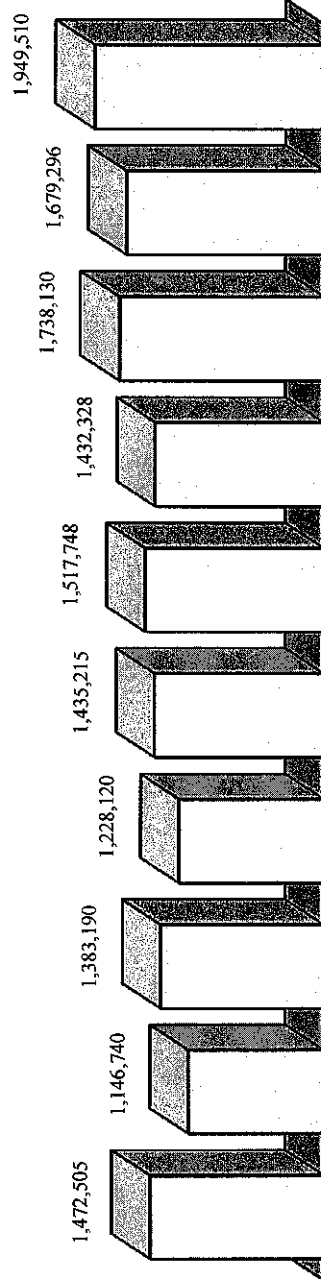
Projected Cash Balance



Fiscal Year	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Jul 1	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Jun 30	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BEGINNING BALANCE	1,129,672	1,647,053	2,153,413	2,639,098	3,027,753	3,384,088	3,859,323	3,163,063	3,453,205	3,168,715
EXPENDITURES (inflated \$)	2.5%	1,072,319	1,099,538	1,142,561	1,260,655	1,313,640	1,216,993	1,434,854	2,024,146	2,755,453
RESERVE CONTRIBUTION	1,568,001	1,583,681	1,599,518	1,615,513	1,631,669	1,647,985	1,664,465	1,681,110	1,697,921	1,714,900
Per Unit Per Month (920 units)	142.03	143.45	144.88	146.33	147.80	149.27	150.77	152.27	153.80	155.34
Percentage Increase to Reserves	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
SPECIAL ASSESSMENTS	0	0	0	0	0	0	0	0	0	0
INTEREST/TAXES	1.4%	21,699	22,216	28,728	33,796	38,307	44,243	49,784	41,735	36,021
ENDING BALANCE	1,647,053	2,153,413	2,639,098	3,027,753	3,384,088	3,859,323	3,163,063	3,453,205	3,168,715	2,164,183

Funding Plan

Projected Cash Balance



Fiscal Year	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
Jul 1	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Jun 30	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
BEGINNING BALANCE	2,164,183	1,472,505	1,146,740	1,383,190	1,228,120	1,435,215	1,517,748	1,432,328	1,738,130	1,679,296
EXPENDITURES (inflated \$)	2,448,455	2,095,514	1,553,653	1,973,332	1,629,858	1,773,129	1,959,384	1,586,548	1,957,797	1,648,952
RESERVE CONTRIBUTION	1,732,049	1,749,370	1,766,863	1,784,532	1,802,377	1,820,401	1,838,605	1,856,991	1,875,561	1,894,317
Per Unit Per Month (920 units)	156.89	158.46	160.04	161.64	163.26	164.89	166.54	168.21	169.89	171.59
Percentage Increase to Reserves	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
SPECIAL ASSESSMENTS	0	0	0	0	0	0	0	0	0	0
INTEREST/TAXES	24,728	20,379	23,240	33,730	34,575	35,262	35,359	35,359	23,402	24,849
ENDING BALANCE	1,472,505	1,146,740	1,383,190	1,228,120	1,435,215	1,517,748	1,432,328	1,738,130	1,679,296	1,949,510

Assessment and Reserve Funding Disclosure Summary

This Summary contains information about the Association's assessments and the status of the reserve fund. The Association may periodically update or supplement the information in this Summary. Please contact the Association to determine if a more recently prepared Summary or supplement is available.

As of the date this Summary was prepared:

- (1) The current **total** assessment per unit is **Variable** per month.

NOTE: If assessments vary by the size or type of unit, the assessment applicable to this unit may be found on the attached Variable Assessment Report.

- (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 (if assessments are variable, see note immediately below):	Purpose of the assessment:
	NONE	

NOTE:if assessments vary by the size or type of unit, the assessment applicable to this unit may be found on the attached Variable Assessment Report.

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

Yes

No

- (4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Approximate date assessment will be due:	Amount per unit per month:
	\$
	Total:

- (5) The following major components, which are included in the reserve study, are NOT included in the existing reserve funding:

Major Component:	Useful remaining life in years:	Reason this major component was not included:

Assessment and Reserve Funding Disclosure Summary

- (6) Based on the method of calculation in paragraph (4) or subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is **\$2,730,532** , based in whole or in part on the the last reserve study or update, prepared by John D. Beatty & Company. The projected reserve fund cash balance at the end of the current fiscal year is **\$1,311,854** , resulting in reserves being **50%** funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **\$ 1,311,854** (beginning balance per management) (see attached explanation).
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is **(listed in the table below)**, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known reserves, is **(listed in the table below)**, leaving the reserve at **(listed in the table below)** percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be **(listed in the table below)**, leaving the reserves at **(listed in the table below)** percent funding.

Year	Estimated amount required in the reserve fund	Projected reserve fund cash balance	Percent Funded
2	\$ 2,570,851	\$ 1,510,147	50%
3	\$ 2,177,844	\$ 1,412,682	59%
4	\$ 1,979,998	\$ 1,498,569	65%
5	\$ 1,978,484	\$ 1,770,210	65%
6	\$ 1,588,300	\$ 1,644,173	89%

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.

This Summary was authorized by the Association based on the information available in the Association's most recent reserve study or annual update dated as of **April 21, 2017** . This summary supercedes all earlier issued versions.

NOTE: The remainder of Civil Code Section 5570 is not part of the required Assessment and Reserve Funding Disclosure Summary Form, but is included here because the information is needed to properly complete the form.



John D. Beatty
President

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 5570. 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.

Assessment and Reserve Funding Disclosure Summary

- (3) The form set out in subdivision (a) of Civil Code Section 5700 shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. 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.