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RDA REPORT

San Michelle
Mesa, Arizona
Account 2436 - Version 001
August 24, 2005

RESERVE DATA ANALYSIS, INC.
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This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Associations Institute, various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and preparation of reserve analysis studies.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and each estimated useful life will approximate that of the norm per industry standards and/or manufacture specifications used. In some cases, estimates may have been used on assets which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and subsequent computations made in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Reserve Data Analysis, Inc., would like to thank you for using our services, and we invite you to call us at any time should you have any questions or comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide you with a revised study.

RESERVE DATA ANALYSIS, INC.

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PART I - INTRODUCTION

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

1. Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first option is to pass a "special assessment" to the membership in an amount required to cover the expenditure. Although not commonplace, there have been special assessments in the amount of $10,000 per member assessed in associations in Virginia and southern California. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure if necessary. However, an association operating on a special assessment basis cannot guarantee that an assessment, when needed, will be passed. Consequently, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated to maintain when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, can be devastating to an association's overall budget.

The second option is for the association to acquire a loan from a lending institution in order to effect the required repairs. In many cases, banks will lend money to an association using "future homeowner assessments" as collateral for the loan. With this method, not only is the current board of directors pledging the future assets of an association, they are also required to pay interest fees on the loan payback in addition to the original principal. In the case of a $150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest; whereas, if the association was setting aside reserves for this purpose, using the

vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof in order to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The third option, too often used, is simply to defer the required repair or replacement. This option can create an environment of declining property values due to the increasing deferred maintenance and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the Association by making it difficult or even impossible for potential buyers to obtain financing from lenders. Increasingly, many lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association, a prospective purchaser, or for an individual within such association.

The fourth, and only logical means that the board of directors has to ensure its ability to maintain the assets for which it is obligated, uniformly distributing the costs of the replacements over the entire membership, is by assessing an adequate level of reserves as part of the regular membership assessment. The community is not only comprised of present members, but also future members. Any decision by the board of directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

2. The Reserve Study

There are two components of a reserve study – a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate in the future known as the "funding plan."

Reserve studies fit into one of three categories: 1) Full Study; 2) Update - with site inspection; and 3) Update - without site inspection.

- In a Full reserve study, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan."

- In an Update – with site inspection, the reserve provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both the "fund status" and "funding plan."

- In an Update – without site inspection, the reserve provider conducts life and valuation estimates to determine the "fund status" and "funding plan."

3. Developing a Component List

The budget process begins with an accurate inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense:

OPERATIONAL EXPENSES occur at least annually, no matter how large the expense, and can be effectively budgeted for each year. They are characterized as being reasonably predictable both in terms of frequency and cost. Operational expenses include all minor expenses which would not otherwise adversely affect an operational budget from one year to the next. Examples of Operational Expenses include:

Utilities:

- Electricity
- Gas
- Water
- Telephone
- Cable TV

Services:

- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

Administrative:

- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees

Repair Expenses:

- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

RESERVE EXPENSES are major expenses that occur other than annually and which must be budgeted for in advance in order to provide the necessary funds in time

for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets which have an indeterminable but potential liability which may be demonstrated as a likely occurrence. They are expenses that when incurred would have a significant affect on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance. Examples of Reserve Expenses include:

- Roof Replacements
- Painting
- Deck Resurfacing
- Fencing Replacement
- Street Slurry Coating
- Asphalt Overlays
- Pool Re-plastering
- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing
- Park & Play Equipment
- Equipment Replacement
- Interior Furnishings
- Lighting Replacement

BUDGETING IS NORMALLY EXCLUDED FOR repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses which may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Costs which are caused by acts of God, accidents or other occurrences which are more properly insured for, rather than reserved for, are also excluded.

4. Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufacture quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

5. Funding Methods

From the simplest to most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash-flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based on the individual lives of the components under consideration.

The component method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserves over time. This method also allows for computations on individual components in the analysis. The RDA Summary and RDA Projection Reports are based upon the component methodology.

6. Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

- Full Funding — Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end

of three years, one would expect that three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. The formula is based on current replacement cost, and is a measure in time, independent of future inflationary or investment factors:

$$\text{Fully Funded Reserves} = \frac{\text{Age of Component}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

When an association's total accumulated reserves for all components meet this criteria, its reserves are "fully-funded."

- Baseline Funding (RDA Cash Flow Minimum Reports) — The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

- Threshold Funding (RDA Cash Flow Specific Reports) — This method is based on the baseline funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount.

- Statutory Funding — This method is based on local statutes. To use it, associations set aside a specific minimum amount of reserves as required by statutes.

7. Distribution of Accumulated Reserves

The "Distribution of Accumulated Reserves Report" can be viewed and printed after performing the "RDA Summary Calculations," which is a "Component or Segregated Calculation Process," as opposed to the "Cash Flow Calculation Process," also available to the user in the program.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets which have predetermined (fixed) reserve balances. The user can "fix" the accumulated reserve balance within the program on the individual asset's detail page. If by error these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

$$\text{Fully Funded Reserves} = \frac{\text{Age of Component}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The RDA RESERVE MANAGEMENT SOFTWARE™ program performs the above calculations to the very month the component was placed-in-service. It also allows for the accumulation of the necessary reserves for the replacement to be available on the first day of the fiscal year it is scheduled to be replaced.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available are depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (schedule for replacement this fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjust the zero remaining life item to 1 year and that asset assumes its new grouping position alphabetically in the final printed report.

If at the completion of this task there are additional moneys which have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any underfunding over the longest remaining life of all the assets under consideration, thereby minimizing the impact of deficiency. For example, if the report indicates an underfunding of $50,000, this underfunding will be assigned to components with the longest remaining life possible in order to give more time to "replenish" the account. If the $50,000 underfunding were to be assigned to short remaining life items, the impact would be immediately felt.

If the reserves are underfunded, the monthly contribution requirements as outlined in this report can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes which may be under consideration.

8. Funding Reserves

Two contribution numbers are provided in the report, the "Monthly Membership Contribution" and the "Net Monthly Allocation." The association should contribute to reserves each month the "Monthly Membership Contribution" figure, when the interest earned on the reserves is left in the reserve accounts as part of the contribution. When interest is earned on the reserves, that interest must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the "Net Monthly Allocation" to reserves (this is the member contribution plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid the amount due will be taken directly from the association's operating accounts as the reserve accounts are allocated only those moneys net of taxes.

9. Users' Guide to Your Reserve Analysis Study

Part II of your RDA REPORT contains the reserve analysis study for your association. There are seven types of pages in the study as described below.

REPORT SUMMARY

The ***Report Summary*** lists all of the parameters which were used in calculating the report as well as the summary of your reserve analysis study.

INDEX REPORTS

The ***Distribution of Accumulated Reserves*** report lists all assets in remaining life order. It also identifies the ideal level of reserves which should have accumulated for the association as well as the actual reserves available.

The ***Asset Listing/Summary*** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

DETAIL REPORTS

The ***Detail Report*** itemizes each asset and lists all measurements, current and future costs and calculations for that asset. Provisions for percentage replacements, salvage values and one-time replacements can also be utilized.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufacture quality, usage, exposure to elements and maintenance history.

The ***Detail Report Index*** is an alphabetical listing of all assets together with the page number of the asset's detail report and asset number.

PROJECTIONS AND CHARTS

Thirty-year Projections as well as ***Charts and Graphs*** of projected data add to the usefulness of your reserve analysis study.

10. Definitions

REPORT I.D. - Includes the REPORT DATE (ex. November 15, 1992), VERSION (ex. 001), and ACCOUNT NUMBER (ex. 9773). Please use this information when referencing your report. (Displayed on the summary page.)

BUDGET YEAR BEGINNING/ENDING - The budgetary year for which the report is prepared. For associations with fiscal years ending December 31, the monthly contribution figures indicated are for the 12 month period beginning 1/1/2X and ending 12/31/2X.

NUMBER OF UNITS/PHASES - If applicable, the number of units and/or phases included in this version of the report.

INFLATION - This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement and the total is used in calculating the monthly reserve contribution which will be necessary in order to accumulate the required funds in time for replacement.

ANNUAL CONTRIBUTION INCREASE - The percentage rate at which the association will increase its contribution to reserves at the end of each year until the year in which the asset is replaced. For example, in order to accumulate $10,000 in 10 years, you could set aside $1,000 per year. As an alternative, you could set aside $795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aid those associations that have not set aside appropriate reserves in the past by making the initial year's allocation less formidable.

INVESTMENT YIELD - The average interest rate anticipated by the association based upon its current investment practices.

TAXES ON YIELD - The estimated percentage of interest income which will be set aside for taxes.

ACCUMULATED RESERVE BALANCE - The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. Based upon information provided and not audited.

PERCENT FULLY FUNDED - The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

PHASE INCREMENT DETAIL/AGE - Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

MONTHLY CONTRIBUTION - The contribution to reserves required by the association each month.

INTEREST CONTRIBUTION - The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

NET MONTHLY ALLOCATION - The sum of the monthly contribution and interest contribution figures.

GROUP OR FACILITY NUMBER/CATEGORY NUMBER - The report may be prepared and sorted either by group or facility (location, building, phase, etc.) or by category (roofing, painting, etc.). Standard report printing format is by category.

PERCENTAGE OF REPLACEMENT - In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

PLACED-IN-SERVICE - The month and year that the asset was placed-in-service. - This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

ESTIMATED USEFUL LIFE - The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

ADJUSTMENT TO USEFUL LIFE - Once the useful life is determined it may be adjusted +/- by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

ESTIMATED REMAINING LIFE - This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

REPLACEMENT YEAR - The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

FIXED ACCUMULATED RESERVES - An optional figure which, if used, will override the normal process of allocating reserves to each asset.

FIXED MONTHLY CONTRIBUTION - An optional figure which, if used, will override all calculations and set the contribution at this amount.

SALVAGE VALUE - The salvage value of the asset at the time of replacement, if applicable.

ONE-TIME REPLACEMENT - Notation if the asset is to be replaced on a one-time basis.

CURRENT REPLACEMENT COST - The estimated replacement cost effective as of the beginning of the fiscal year for which the report is being prepared.

FUTURE REPLACEMENT COST - The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

COMPONENT INVENTORY - The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents and discussion with appropriate association representative(s).

11. A Multi-Purpose Tool

Your RDA REPORT is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your RDA reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.

- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.

- A reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.

- Your RDA REPORT is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.

- Your RDA REPORT is a tool which can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components which the association is obligated to maintain.

- Since the RDA reserve analysis study includes precise measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.

- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

San Michelle
Mesa, Arizona
RDA Reserve Analysis Report Summary

Report Date	August 24, 2005
Version	001
Account Number	2436
Budget Year Beginning	1/ 1/06
Ending	12/31/06
Total Units Included	148
Phase Development	1 of 1

Parameters:

Inflation	3.00%
Annual Contribution Increase	3.00%
Investment Yield	1.00%
Taxes on Yield	30.00%
Contingency	3.00%

Reserve Fund Balance as of 1/ 1/06: $27,565.12

Project Profile & Introduction

Unless otherwise indicated in this report, we have used 2001 as the basis for aging the original components examined in this analysis.

The reserve balance was provided by the client, and is the anticipated amount that will be available on January 1, 2006.

Calculation Method: Component
Funding Strategy: Full
RDA Reports: August 2005.

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	$2,789.28
($18.85 per unit per month)	
Average Net Monthly Interest Contribution This Year:	9.74
Net Monthly Allocation to Reserves 1/ 1/06 to 12/31/06:	$2,799.02
($18.91 per unit per month)	

San Michelle
Distribution of Accumulated Reserves

REPORT DATE: August 24, 2005
VERSION: 001
ACCOUNT NUMBER: 2436

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Concrete Components - Unfunded	0	0.00	0.00
Granite Replenishment - Unfunded	0	0.00	0.00
Paint - Wrought Iron	0	3,500.00	3,500.00
Pool - Pump & Motor	0	500.00	500.00
Roof - Metal, Ramada, Unfunded	0	0.00	0.00
Streets - Asphalt Slurry Seal	0	12,222.00	12,222.00
Tree Trimming	0	10,000.00	10,000.00
Pool - Furniture, Lounges & Chairs	2	1,742.86	540.25
Paint - Ramada Support Structure	3	250.00	0.00
Tot Turf	3	385.00	0.00
Gate Operators	5	5,684.21	0.00
Paint - Stucco & Block Walls	5	3,150.00	0.00
Pool Deck - Resurface	5	1,650.00	0.00
Sand Replenishment	5	270.00	0.00
Access Phone	7	1,056.52	0.00
BBQ Grills	7	250.00	0.00
Irrigation Controllers	7	583.33	0.00
Pool - Replaster & Retile	7	2,238.33	0.00
Pool - Furniture, Tables & Umbrella	10	466.67	0.00
Park Equipment	11	671.88	0.00
Playstructure	11	4,687.50	0.00
Streets - Asphalt Repairs	12	3,423.53	0.00
Pool - Filter	13	284.72	0.00
Mailboxes - Pedestal Sets	15	4,118.75	0.00
Monument Sign	15	625.00	0.00
Streets - Asphalt Overlay	24	17,280.00	0.00
Fencing - Wrought Iron, Entrances	25	1,531.17	0.00
Fencing - Wrought Iron, Perimeter	25	1,681.67	0.00
Fencing - Wrought Iron, Pool	25	883.33	0.00

San Michelle
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Total Asset Summary:		79,136.47	26,762.25
Contingency @ 3.00%:		2,374.09	802.87
Grand Total:		81,510.56	27,565.12
Excess Reserves Not Used:			0.00
Percent Fully Funded:	34%		

San Michelle
Asset Listing - Summary by Category

REPORT DATE: August 24, 2005
VERSION: 001
ACCOUNT NUMBER: 2436

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
Concrete Components - Unfunded	0	0	0.00	0.00
Streets - Asphalt Overlay	24	100,224	457.53	459.00
Streets - Asphalt Repairs	12	11,640	93.67	93.97
Streets - Asphalt Slurry Seal	0	12,222	184.26	184.85
*** CATEGORY SUMMARY:		124,086	735.46	737.82
Roof - Metal, Ramada, Unfunded	0	0	0.00	0.00
*** CATEGORY SUMMARY:		0	0.00	0.00
Paint - Ramada Support Structure	3	400	11.67	11.71
Paint - Stucco & Block Walls	5	6,300	112.72	113.08
Paint - Wrought Iron	0	3,500	62.62	62.82
*** CATEGORY SUMMARY:		10,200	187.01	187.61
Fencing - Wrought Iron, Entrances	25	9,187	40.68	40.81
Fencing - Wrought Iron, Perimeter	25	10,090	44.67	44.81
Fencing - Wrought Iron, Pool	25	5,300	23.47	23.55
*** CATEGORY SUMMARY:		24,577	108.82	109.17
Pool - Filter	13	1,025	7.70	7.72
Pool - Furniture, Lounges & Chairs	2	2,440	83.22	83.80
Pool - Furniture, Tables & Umbrella	10	1,400	13.23	13.27
Pool - Pump & Motor	0	500	8.95	8.98
Pool - Replaster & Retile	7	5,372	70.19	70.42
Pool Deck - Resurface	5	3,300	59.04	59.23
*** CATEGORY SUMMARY:		14,037	242.33	243.42
BBQ Grills	7	600	7.84	7.87
Park Equipment	11	2,150	18.67	18.73
Playstructure	11	15,000	130.27	130.69
Sand Replenishment	5	540	9.66	9.69
Tot Turf	3	616	17.97	18.03
*** CATEGORY SUMMARY:		18,906	184.41	185.01
Access Phone	7	2,700	35.28	35.39
Gate Operators	5	12,000	214.71	215.40
*** CATEGORY SUMMARY:		14,700	249.99	250.79
Granite Replenishment - Unfunded	0	0	0.00	0.00
Irrigation Controllers	7	1,400	18.29	18.35
Mailboxes - Pedestal Sets	15	16,475	109.53	109.88
Monument Sign	15	2,500	16.62	16.67

San Michelle
Asset Listing - Summary by Category

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
*** CATEGORY SUMMARY:		20,375	144.44	144.90
Tree Trimming	0	10,000	855.58	858.33
*** CATEGORY SUMMARY:		10,000	855.58	858.33
TOTAL ASSET SUMMARY:		236,881	2,708.04	2,717.05
CONTINGENCY @ 3.00%:			81.24	81.97
GRAND TOTAL:			2,789.28	2,799.02

San Michelle
RDA Standard Projections

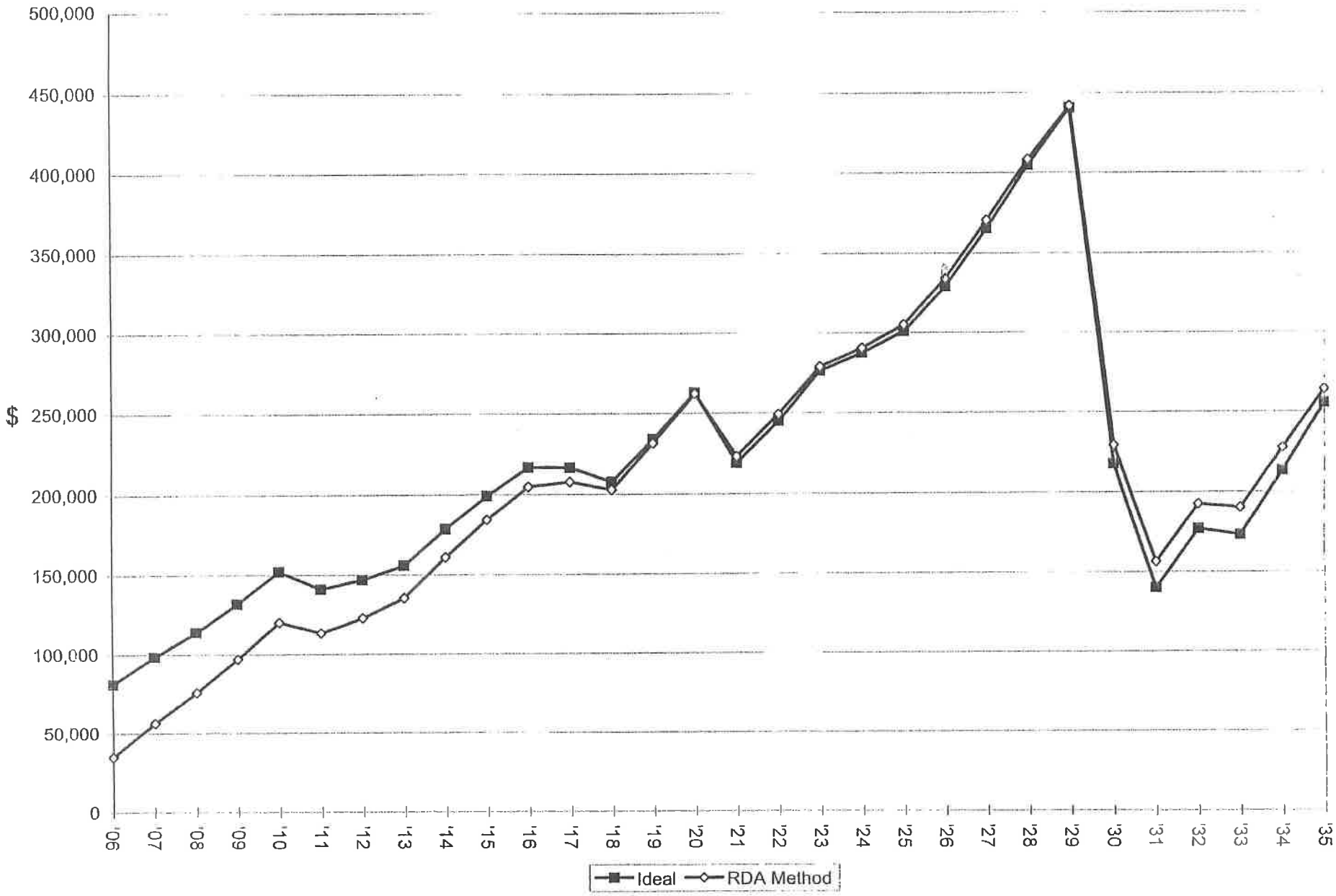
REPORT DATE: August 24, 2005
VERSION: 001
ACCOUNT NUMBER: 2436

Beginning Accumulated Reserves: $27,565

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'06	236,881	33,471	117	26,222	34,931	81,142	43%
'07	243,987	31,668	275	10,300	56,574	98,404	57%
'08	251,307	32,008	408	13,198	75,792	113,883	67%
'09	258,846	32,680	553	12,037	96,987	131,853	74%
'10	266,612	33,741	711	11,255	120,185	152,011	79%
'11	274,610	34,420	660	41,896	113,369	141,034	80%
'12	282,848	35,317	723	26,534	122,875	146,892	84%
'13	291,334	36,273	806	24,686	135,268	155,767	87%
'14	300,074	37,408	981	12,668	160,990	178,579	90%
'15	309,076	38,565	1,141	16,231	184,464	199,241	93%
'16	318,348	39,717	1,278	20,696	204,763	216,763	94%
'17	327,899	40,713	1,295	38,988	207,783	216,409	96%
'18	337,736	41,988	1,255	48,279	202,747	207,654	98%
'19	347,868	43,198	1,449	16,191	231,203	233,759	99%
'20	358,304	44,565	1,661	15,126	262,303	262,888	100%
'21	369,053	45,222	1,385	85,867	223,043	218,986	102%
'22	380,124	44,725	1,570	19,963	249,375	244,864	102%
'23	391,528	44,396	1,778	16,528	279,021	276,377	101%
'24	403,274	47,698	1,847	37,831	290,735	287,486	101%
'25	415,372	49,531	1,941	36,978	305,230	301,122	101%
'26	427,833	51,998	2,133	25,286	334,075	328,899	102%
'27	440,668	53,125	2,386	18,603	370,984	365,966	101%
'28	453,888	54,158	2,645	19,161	408,625	404,961	101%
'29	467,505	55,287	2,875	24,551	442,236	440,858	100%
'30	481,530	58,119	1,378	272,569	229,164	217,396	105%
'31	495,976	56,588	878	130,059	156,570	139,993	112%
'32	510,856	56,515	1,130	21,566	192,649	176,990	109%
'33	526,181	59,212	1,104	62,565	190,401	173,272	110%
'34	541,967	58,475	1,365	22,879	227,360	213,265	107%
'35	558,226	58,742	1,620	23,566	264,157	255,501	103%

NOTE: In some cases, the projected ending reserves may exceed the fully funded reserves during years following high expenditures. This is a result of the provision for a contingency in the report, which in the projections, is never expended. The contingency is continually adjusted according to present needs and any excess is redistributed among all assets considered.

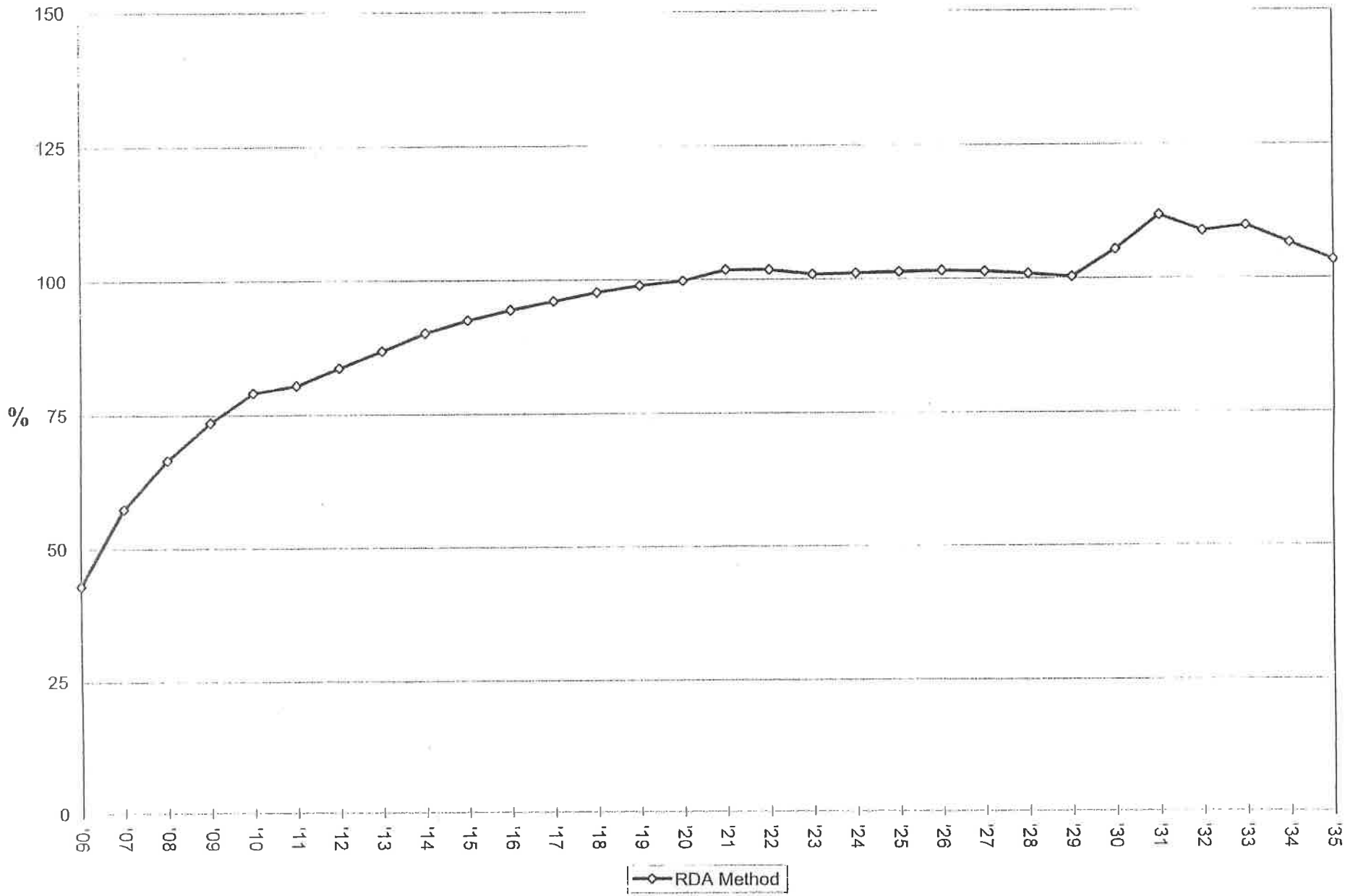
San Michelle



Year End Reserve Balances

Reserve Data Analysis, Inc.

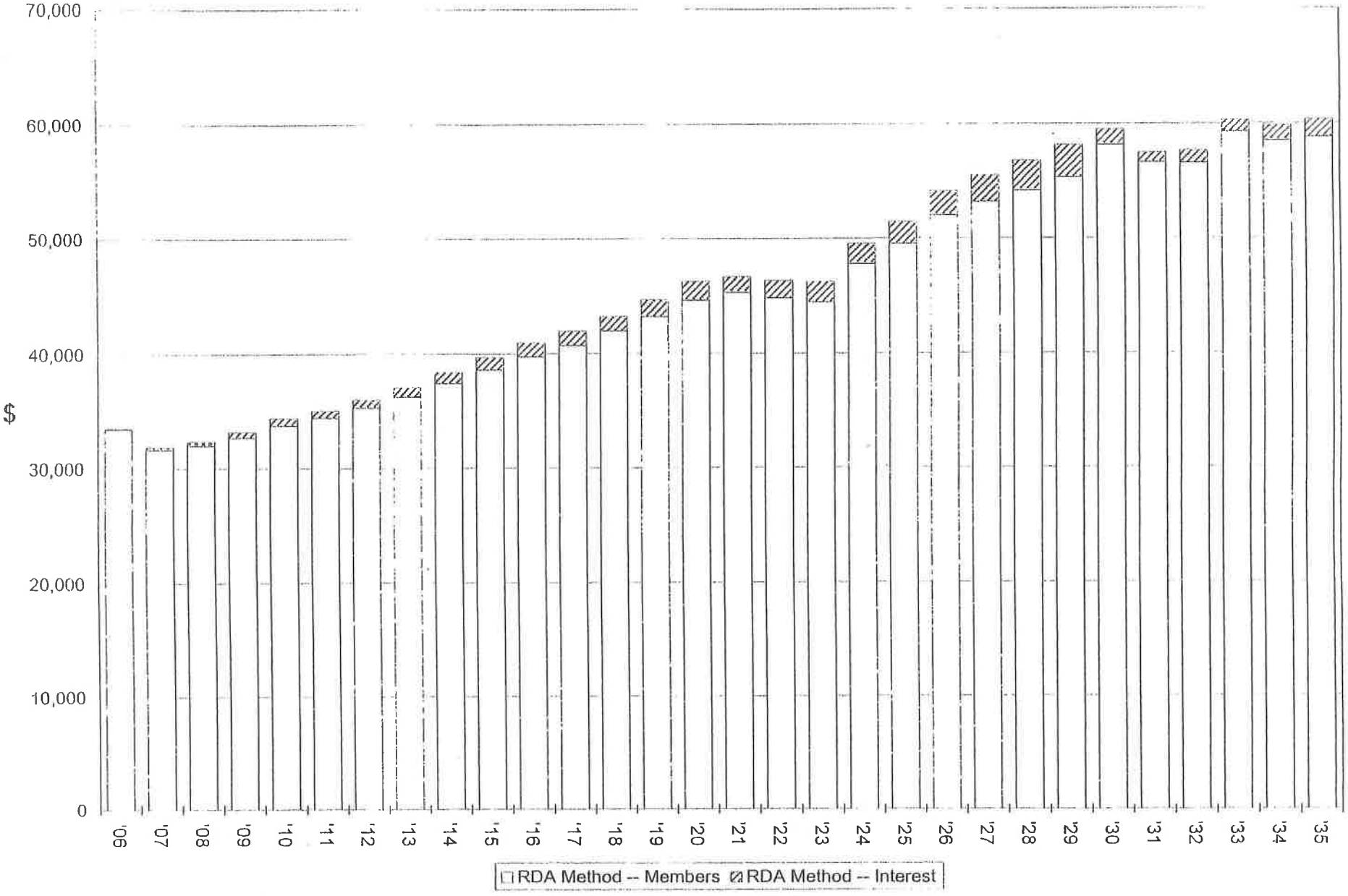
San Michelle



Percentage Ideally Funded

Reserve Data Analysis, Inc.

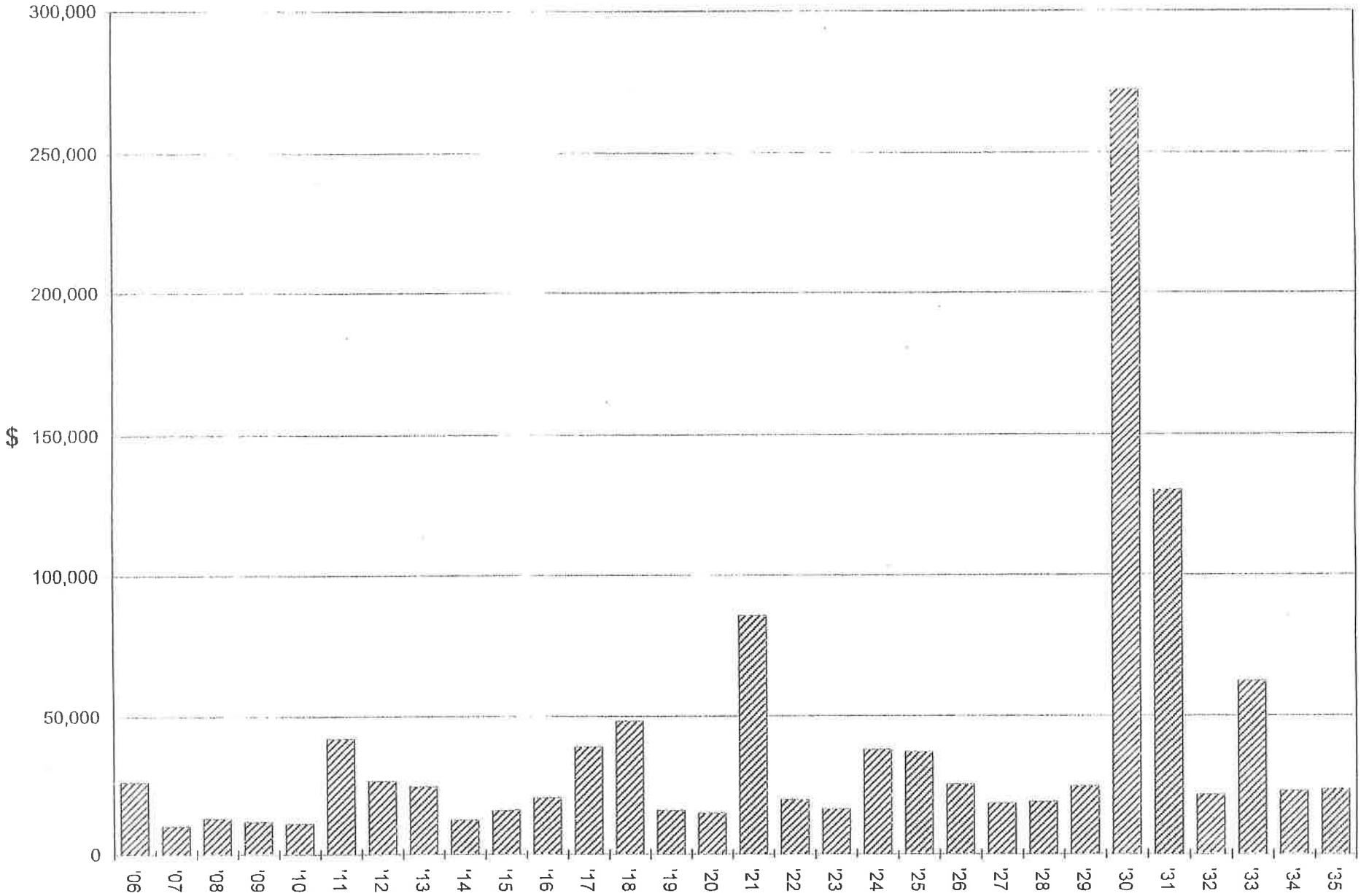
San Michelle



Annual Reserve Contributions

Reserve Data Analysis, Inc.

San Michelle



Annual Reserve Expenditures

Reserve Data Analysis, Inc.

San Michelle
Annual Expenditure Detail

REPORT DATE: August 24, 2005
VERSION: 001
ACCOUNT NUMBER: 2436

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2006	
Paint - Wrought Iron	3,500.00
Pool - Pump & Motor	500.00
Streets - Asphalt Slurry Seal	12,222.00
Tree Trimming	10,000.00
*** ANNUAL TOTAL:	26,222.00
REPLACEMENT YEAR 2007	
Tree Trimming	10,300.00
*** ANNUAL TOTAL:	10,300.00
REPLACEMENT YEAR 2008	
Pool - Furniture, Lounges & Chairs	2,588.60
Tree Trimming	10,609.00
*** ANNUAL TOTAL:	13,197.60
REPLACEMENT YEAR 2009	
Paint - Ramada Support Structure	437.09
Tot Turf	673.12
Tree Trimming	10,927.27
*** ANNUAL TOTAL:	12,037.48
REPLACEMENT YEAR 2010	
Tree Trimming	11,255.09
*** ANNUAL TOTAL:	11,255.09
REPLACEMENT YEAR 2011	
Gate Operators	13,911.28
Paint - Stucco & Block Walls	7,303.43
Paint - Wrought Iron	4,057.46
Pool - Pump & Motor	579.63
Pool Deck - Resurface	3,825.61
Sand Replenishment	626.01
Tree Trimming	11,592.74

San Michelle
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	41,896.16
REPLACEMENT YEAR 2012	
Streets - Asphalt Slurry Seal	14,593.71
Tree Trimming	11,940.52
*** ANNUAL TOTAL:	26,534.23
REPLACEMENT YEAR 2013	
Access Phone	3,320.66
BBQ Grills	737.93
Irrigation Controllers	1,721.82
Pool - Replaster & Retile	6,606.87
Tree Trimming	12,298.74
*** ANNUAL TOTAL:	24,686.02
REPLACEMENT YEAR 2014	
Tree Trimming	12,667.70
*** ANNUAL TOTAL:	12,667.70
REPLACEMENT YEAR 2015	
Pool - Furniture, Lounges & Chairs	3,183.67
Tree Trimming	13,047.73
*** ANNUAL TOTAL:	16,231.40
REPLACEMENT YEAR 2016	
Paint - Wrought Iron	4,703.71
Pool - Furniture, Tables & Umbrella	1,881.47
Pool - Pump & Motor	671.95
Tree Trimming	13,439.16
*** ANNUAL TOTAL:	20,696.29
REPLACEMENT YEAR 2017	
Paint - Ramada Support Structure	553.70
Park Equipment	2,976.12
Playstructure	20,763.51
Tot Turf	852.69
Tree Trimming	13,842.33

San Michelle
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	38,988.35
REPLACEMENT YEAR 2018	
Streets - Asphalt Repairs	16,595.88
Streets - Asphalt Slurry Seal	17,425.65
Tree Trimming	14,257.60
*** ANNUAL TOTAL:	48,279.13
REPLACEMENT YEAR 2019	
Pool - Filter	1,505.25
Tree Trimming	14,685.33
*** ANNUAL TOTAL:	16,190.58
REPLACEMENT YEAR 2020	
Tree Trimming	15,125.89
*** ANNUAL TOTAL:	15,125.89
REPLACEMENT YEAR 2021	
Gate Operators	18,695.59
Mailboxes - Pedestal Sets	25,667.51
Monument Sign	3,894.91
Paint - Stucco & Block Walls	9,815.20
Paint - Wrought Iron	5,452.88
Pool - Pump & Motor	778.98
Pool Deck - Resurface	5,141.31
Sand Replenishment	841.29
Tree Trimming	15,579.67
*** ANNUAL TOTAL:	85,867.34
REPLACEMENT YEAR 2022	
Pool - Furniture, Lounges & Chairs	3,915.52
Tree Trimming	16,047.06
*** ANNUAL TOTAL:	19,962.58
REPLACEMENT YEAR 2023	
Tree Trimming	16,528.47

San Michelle
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	16,528.47
REPLACEMENT YEAR 2024	
Streets - Asphalt Slurry Seal	20,807.13
Tree Trimming	17,024.32
*** ANNUAL TOTAL:	37,831.45
REPLACEMENT YEAR 2025	
Access Phone	4,734.48
BBQ Grills	1,052.10
Irrigation Controllers	2,454.89
Paint - Ramada Support Structure	701.41
Pool - Replaster & Retile	9,419.82
Tot Turf	1,080.16
Tree Trimming	17,535.05
*** ANNUAL TOTAL:	36,977.91
REPLACEMENT YEAR 2026	
Paint - Wrought Iron	6,321.39
Pool - Pump & Motor	903.05
Tree Trimming	18,061.10
*** ANNUAL TOTAL:	25,285.54
REPLACEMENT YEAR 2027	
Tree Trimming	18,602.93
*** ANNUAL TOTAL:	18,602.93
REPLACEMENT YEAR 2028	
Tree Trimming	19,161.02
*** ANNUAL TOTAL:	19,161.02
REPLACEMENT YEAR 2029	
Pool - Furniture, Lounges & Chairs	4,815.61
Tree Trimming	19,735.85
*** ANNUAL TOTAL:	24,551.46

San Michelle
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2030	
Streets - Asphalt Overlay	203,734.73
Streets - Asphalt Repairs	23,661.77
Streets - Asphalt Slurry Seal	24,844.81
Tree Trimming	20,327.93
*** ANNUAL TOTAL:	272,569.24
REPLACEMENT YEAR 2031	
Fencing - Wrought Iron, Entrances	19,235.53
Fencing - Wrought Iron, Perimeter	21,126.20
Fencing - Wrought Iron, Pool	11,097.02
Gate Operators	25,125.32
Paint - Stucco & Block Walls	13,190.82
Paint - Wrought Iron	7,328.22
Pool - Furniture, Tables & Umbrella	2,931.28
Pool - Pump & Motor	1,046.87
Pool Deck - Resurface	6,909.51
Sand Replenishment	1,130.64
Tree Trimming	20,937.77
*** ANNUAL TOTAL:	130,059.18
REPLACEMENT YEAR 2032	
Tree Trimming	21,565.90
*** ANNUAL TOTAL:	21,565.90
REPLACEMENT YEAR 2033	
Paint - Ramada Support Structure	888.51
Park Equipment	4,775.79
Playstructure	33,319.36
Tot Turf	1,368.31
Tree Trimming	22,212.88
*** ANNUAL TOTAL:	62,564.85
REPLACEMENT YEAR 2034	
Tree Trimming	22,879.27
*** ANNUAL TOTAL:	22,879.27
REPLACEMENT YEAR 2035	
Tree Trimming	23,565.65

San Michelle
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	23,565.65

REPORT DATE: August 24, 2005
VERSION: 001
ACCOUNT NUMBER: 2436

Concrete Components - Unfunded			
		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1002	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	10	FUTURE COST	0.00
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	0/ 0	SALVAGE VALUE	0.00
0 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	0.00
REPLACEMENT YEAR 2006		INTEREST	0.00
0 YEAR REM LIFE		MONTHLY ALLOCTN	0.00

REMARKS:

It is normally a standard policy not to fund for concrete deck, sidewalk, or driveway repairs as a reserve component. It is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice would not allow the need for repairs to accumulate to a point that they would become a major expense. Minor repairs, as needed, may be covered by the operational budget, operational contingency or reserve contingency. Should the client feel otherwise, we would be happy to incorporate this element into our analysis.

Streets - Asphalt Overlay			
		QUANTITY	1 total
		UNIT COST	100,224.000
ASSET ID	1020	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	100,224.00
CATEGORY	10	FUTURE COST	203,734.76
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
25 YEAR USEFUL LIFE			
+4 YEAR ADJUSTMENT		MONTHLY CNTRBTN	457.53
REPLACEMENT YEAR 2030		INTEREST	1.47
24 YEAR REM LIFE		MONTHLY ALLOCTN	459.00

REMARKS:

116,400 - sq. ft. of 1.5" overlay	@	$ .81	=	$ 94,284.00
13 - manhole cover adjustments	@	280.00	=	3,640.00
10 - valve cover adjustments	@	230.00	=	2,300.00
		TOTAL	=	$ 100,224.00

Most asphalt areas can be expected to last between 20 - 30 years before it will become necessary for an overlay to be applied. This can double the

Streets - Asphalt Overlay, Continued ...

life of the surface upon application. It will be necessary to adjust manhole and valve covers at the time the overlay is applied. Deflection testing should be conducted by an independent consultant near the end of the estimated useful life to determine the condition of the asphalt and estimated remaining life before the overlay is required.

In addition to this service, a consultant may be obtained to prepare the application specifications, and to work with the contractor during the actual installation. We recommend the client obtain bids for such a consultation near the end of the estimated useful life. As costs vary, we have not included such an expense in our cost estimates. Should the client request, we will be happy to incorporate this cost in our calculations.

The useful life on the asphalt overlay has been adjusted to align with the future replacement cycles of the asphalt repairs and slurry sealing.

Streets - Asphalt Repairs		
ASSET ID	1021	
GROUP/FACILITY	0	
CATEGORY	10	
PLACED IN SERVICE	1/01	
12 YEAR USEFUL LIFE		
+5 YEAR ADJUSTMENT		
REPLACEMENT YEAR	2018	
12 YEAR REM LIFE		
QUANTITY		116,400 sq. ft.
UNIT COST		2.000
PERCENT REPL		5.00%
CURRENT COST		11,640.00
FUTURE COST		16,595.86
ASSIGNED RESERVES		0.00
SALVAGE VALUE		0.00
MONTHLY CNTRBTN		93.67
INTEREST		0.30
MONTHLY ALLOCTN		93.97

REMARKS:

It is estimated that a percentage of the asphalt areas will require repair or replacement. The actual condition of the asphalt should be monitored through time and the estimates adjusted accordingly.

The useful life of the asphalt repairs has been adjusted to align with the future seal coating cycle.

Streets - Asphalt Slurry Seal		
	QUANTITY	116,400 sq. ft.
	UNIT COST	0.105
ASSET ID 1022	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	12,222.00
CATEGORY 10	FUTURE COST	12,222.00
	ASSIGNED RESERVES	12,222.00
PLACED IN SERVICE 1/01	SALVAGE VALUE	0.00
6 YEAR USEFUL LIFE		
-1 YEAR ADJUSTMENT	MONTHLY CNTRBTN	184.26
REPLACEMENT YEAR 2006	INTEREST	0.59
0 YEAR REM LIFE	MONTHLY ALLOCTN	184.85

REMARKS:

This component is for a continuous six year slurry sealing cycle beginning in 2006.

Given that the asphalt has not received any maintenance since installation, we feel that the next course of action should be a slurry seal. Therefore, we have budgeted for such, and have included a program to slurry seal on a six year cycle. Should the client wish to follow a seal coat program we will make the necessary changes at their request.

CATEGORY SUMMARY:		
	ASSIGNED RESERVES	12,222.00
	MONTHLY CNTRBTN	735.46
	INTEREST	2.36
	MONTHLY ALLOCTN	737.82

Roof - Metal, Ramada, Unfunded		
	QUANTITY	1 comment
	UNIT COST	0.000
ASSET ID 1008	PERCENT REPL	0.00%
GROUP/FACILITY 0	CURRENT COST	0.00
CATEGORY 20	FUTURE COST	0.00
	ASSIGNED RESERVES	0.00
PLACED IN SERVICE 0/ 0	SALVAGE VALUE	0.00
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT	MONTHLY CNTRBTN	0.00
REPLACEMENT YEAR 2006	INTEREST	0.00
0 YEAR REM LIFE	MONTHLY ALLOCTN	0.00

REMARKS:

The following comment applies to the metal roof atop the ramada at the greenbelt.

We are not budgeting to replace the metal ramada roof(s) because they have an indefinite life, and should last for the life of the community if properlay maintained. Any repairs should be handled on an "as needed" basis, and the expense paid for out of the operating budget.

CATEGORY SUMMARY:		
	ASSIGNED RESERVES	0.00
	MONTHLY CNTRBTN	0.00
	INTEREST	0.00
	MONTHLY ALLOCTN	0.00

Paint - Ramada Support Structure			
		QUANTITY	1 total
		UNIT COST	400.000
ASSET ID	1009	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	400.00
CATEGORY	30	FUTURE COST	437.09
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
8 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	11.67
REPLACEMENT YEAR	2009	INTEREST	0.04
3 YEAR REM LIFE		MONTHLY ALLOCTN	11.71

REMARKS:

This component is to paint the metal ramada support structures.

Paint - Stucco & Block Walls			
		QUANTITY	18,000 sq. ft.
		UNIT COST	0.350
ASSET ID	1026	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	6,300.00
CATEGORY	30	FUTURE COST	7,303.43
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
10 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	112.72
REPLACEMENT YEAR	2011	INTEREST	0.36
5 YEAR REM LIFE		MONTHLY ALLOCTN	113.08

REMARKS:

This component is to paint the perimeter and interior common area stucco and block walls. The cost includes an estimate for prep, repairs and painting.

Paint - Wrought Iron			
		QUANTITY	1 total
		UNIT COST	3,500.000
ASSET ID	1019	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	3,500.00
CATEGORY	30	FUTURE COST	3,500.00
		ASSIGNED RESERVES	3,500.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
5 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	62.62
REPLACEMENT YEAR	2006	INTEREST	0.20
0 YEAR REM LIFE		MONTHLY ALLOCTN	62.82

Paint - Wrought Iron, Continued ...

REMARKS:

This component is to paint the following wrought iron (approximately 3,365 sq. ft.):

- fencing and gates at the community entrance
- gate at the emergency entrance
- fencing and gates at the pool area
- fencing along the perimeter at the greenbelt off S. Higley Road

To ensure the longevity of wrought iron, it should be painted as recommended.

CATEGORY SUMMARY:		
	ASSIGNED RESERVES	3,500.00
	MONTHLY CNTRBTN	187.01
	INTEREST	0.60
	MONTHLY ALLOCTN	187.61

Fencing - Wrought Iron, Entrances

ASSET ID	1017	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	9,187.000
CATEGORY	40	PERCENT REPL	100.00%
		CURRENT COST	9,187.00
		FUTURE COST	19,235.54
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
30 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	40.68
REPLACEMENT YEAR	2031	INTEREST	0.13
25 YEAR REM LIFE		MONTHLY ALLOCTN	40.81

REMARKS:

32 - lin. ft. of 5'8" fencing	@	$ 28.50	=	$ 912.00
1 - 3'0" x 20'0" emergency gate	@	1,200.00	=	1,200.00
1 - 5'8" x 3'10" gate	@	375.00	=	375.00
2 - 6'10" x 8'4" vehicle gates	@	1,400.00	=	2,800.00
2 - 6'10" x 11'5" vehicle gates	@	1,950.00	=	3,900.00
		TOTAL	=	$ 9,187.00

Fencing - Wrought Iron, Perimeter

ASSET ID	1018	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	10,090.000
CATEGORY	40	PERCENT REPL	100.00%
		CURRENT COST	10,090.00
		FUTURE COST	21,126.22
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
30 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	44.67
REPLACEMENT YEAR	2031	INTEREST	0.14
25 YEAR REM LIFE		MONTHLY ALLOCTN	44.81

REMARKS:

410 - lin. ft. of 3'10" fencing	@	$ 20.00	=	$ 8,200.00
90 - lin. ft. of 4'2" fencing	@	21.00	=	1,890.00
		TOTAL	=	$ 10,090.00

This fencing is located on the perimeter at the greenbelt along S. Higley Road.

Fencing - Wrought Iron, Pool

ASSET ID	1016	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	5,300.000
CATEGORY	40	PERCENT REPL	100.00%
		CURRENT COST	5,300.00
		FUTURE COST	11,097.02
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
30 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	23.47
REPLACEMENT YEAR	2031	INTEREST	0.08
25 YEAR REM LIFE		MONTHLY ALLOCTN	23.55

REMARKS:

178 - lin. ft. of 4'10" fencing	@	$ 25.00	=	$ 4,450.00
1 - 4'8" x 3'2" gate	@	250.00	=	250.00
2 - 4'10" x 3'7" gates	@	300.00	=	600.00
		TOTAL	=	$ 5,300.00

CATEGORY SUMMARY:

ASSIGNED RESERVES	0.00
MONTHLY CNTRBTN	108.82
INTEREST	0.35
MONTHLY ALLOCTN	109.17

Pool - Filter

ASSET ID	1010
GROUP/FACILITY	0
CATEGORY	60
PLACED IN SERVICE	1/01
18 YEAR USEFUL LIFE	
+0 YEAR ADJUSTMENT	
REPLACEMENT YEAR	2019
13 YEAR REM LIFE	

QUANTITY	1 filter
UNIT COST	1,025.000
PERCENT REPL	100.00%
CURRENT COST	1,025.00
FUTURE COST	1,505.25
ASSIGNED RESERVES	0.00
SALVAGE VALUE	0.00
MONTHLY CNTRBTN	7.70
INTEREST	0.02
MONTHLY ALLOCTN	7.72

REMARKS:

This is a Sta-Rite, 4.9 sq. ft. sand filter.

Pool - Furniture, Lounges & Chairs

ASSET ID	1012
GROUP/FACILITY	0
CATEGORY	60
PLACED IN SERVICE	1/01
7 YEAR USEFUL LIFE	
+0 YEAR ADJUSTMENT	
REPLACEMENT YEAR	2008
2 YEAR REM LIFE	

QUANTITY	1 total
UNIT COST	2,440.000
PERCENT REPL	100.00%
CURRENT COST	2,440.00
FUTURE COST	2,588.60
ASSIGNED RESERVES	540.25
SALVAGE VALUE	0.00
MONTHLY CNTRBTN	83.22
INTEREST	0.58
MONTHLY ALLOCTN	83.80

REMARKS:

8 - chaise lounges	@	$ 180.00	=	$ 1,440.00
8 - chairs	@	125.00	=	1,000.00
		TOTAL	=	$ 2,440.00

This is strapped pool furniture.

Pool - Furniture, Tables & Umbrella

ASSET ID	1013	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	1,400.000
CATEGORY	60	PERCENT REPL	100.00%
		CURRENT COST	1,400.00
PLACED IN SERVICE	1/01	FUTURE COST	1,881.48
15 YEAR USEFUL LIFE		ASSIGNED RESERVES	0.00
+0 YEAR ADJUSTMENT		SALVAGE VALUE	0.00
REPLACEMENT YEAR 2016		MONTHLY CNTRBTN	13.23
10 YEAR REM LIFE		INTEREST	0.04
		MONTHLY ALLOCTN	13.27

REMARKS:

2 - 42", melamine top tables	@	$ 300.00	=	$ 600.00
2 - metal umbrellas	@	400.00	=	800.00
		TOTAL	=	$ 1,400.00

Pool - Pump & Motor

ASSET ID	1011	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	500.000
CATEGORY	60	PERCENT REPL	100.00%
		CURRENT COST	500.00
PLACED IN SERVICE	1/01	FUTURE COST	500.00
5 YEAR USEFUL LIFE		ASSIGNED RESERVES	500.00
+0 YEAR ADJUSTMENT		SALVAGE VALUE	0.00
REPLACEMENT YEAR 2006		MONTHLY CNTRBTN	8.95
0 YEAR REM LIFE		INTEREST	0.03
		MONTHLY ALLOCTN	8.98

REMARKS:

This component will accumulate funds for the major repair/replacement of the pool pump and motor.

Pool - Replaster & Retile

ASSET ID	1014	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	5,372.000
CATEGORY	60	PERCENT REPL	100.00%
		CURRENT COST	5,372.00
PLACED IN SERVICE	1/01	FUTURE COST	6,606.88
12 YEAR USEFUL LIFE		ASSIGNED RESERVES	0.00
+0 YEAR ADJUSTMENT		SALVAGE VALUE	0.00
REPLACEMENT YEAR 2013		MONTHLY CNTRBTN	70.19
7 YEAR REM LIFE		INTEREST	0.23
		MONTHLY ALLOCTN	70.42

Pool - Replaster & Retile, Continued ...

REMARKS:

1,280 - sq. ft. (internal area) of replastering	@	$ 2.90	=	$ 3,712.00
120 - lin. ft. of trim tile	@	12.00	=	1,440.00
24 - lin. ft. of bench tile	@	9.15	=	220.00
		TOTAL	=	$ 5,372.00

Pool Deck - Resurface

ASSET ID	1015	QUANTITY	1,320 sq. ft.
GROUP/FACILITY	0	UNIT COST	2.500
CATEGORY	60	PERCENT REPL	100.00%
		CURRENT COST	3,300.00
		FUTURE COST	3,825.60
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
10 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	59.04
REPLACEMENT YEAR	2011	INTEREST	0.19
5 YEAR REM LIFE		MONTHLY ALLOCTN	59.23

REMARKS:

This component is for a normal resurfacing of the pool deck, and does not include a provision for any concrete crack repairs that may be required. Once a licensed contractor has determined the extent, corrective measures, and costs associated with such repairs, if any, we will incorporate the recommendations into this report.

CATEGORY SUMMARY:

ASSIGNED RESERVES	1,040.25
MONTHLY CNTRBTN	242.33
INTEREST	1.09
MONTHLY ALLOCTN	243.42

BBQ Grills			
		QUANTITY	2 BBQs
		UNIT COST	300.000
ASSET ID	1007	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	600.00
CATEGORY	65	FUTURE COST	737.92
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	7.84
REPLACEMENT YEAR	2013	INTEREST	0.03
7 YEAR REM LIFE		MONTHLY ALLOCTN	7.87

REMARKS:

These are pedestal mounted, charcoal BBQ grills at the greenbelt ramada.

Park Equipment			
		QUANTITY	1 total
		UNIT COST	2,150.000
ASSET ID	1006	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,150.00
CATEGORY	65	FUTURE COST	2,976.10
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
16 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	18.67
REPLACEMENT YEAR	2017	INTEREST	0.06
11 YEAR REM LIFE		MONTHLY ALLOCTN	18.73

REMARKS:

1 - 8' picnic table	@	$ 750.00	=	$ 750.00
2 - 6' benches	@	700.00	=	1,400.00

			TOTAL =	$ 2,150.00

This park equipment is located at the playstructure play area and at the greenbelt.

The costs include an estimate for installation.

Playstructure

ASSET ID	1003
GROUP/FACILITY	0
CATEGORY	65
PLACED IN SERVICE	1/01
16 YEAR USEFUL LIFE	
+0 YEAR ADJUSTMENT	
REPLACEMENT YEAR	2017
11 YEAR REM LIFE	

QUANTITY	1 total
UNIT COST	15,000.000
PERCENT REPL	100.00%
CURRENT COST	15,000.00
FUTURE COST	20,763.51
ASSIGNED RESERVES	0.00
SALVAGE VALUE	0.00
MONTHLY CNTRBTN	130.27
INTEREST	0.42
MONTHLY ALLOCTN	130.69

REMARKS:

This is a Park Structures playstructure.

Sand Replenishment

ASSET ID	1004
GROUP/FACILITY	0
CATEGORY	65
PLACED IN SERVICE	1/01
10 YEAR USEFUL LIFE	
+0 YEAR ADJUSTMENT	
REPLACEMENT YEAR	2011
5 YEAR REM LIFE	

QUANTITY	15 cubic yds
UNIT COST	36.000
PERCENT REPL	100.00%
CURRENT COST	540.00
FUTURE COST	626.01
ASSIGNED RESERVES	0.00
SALVAGE VALUE	0.00
MONTHLY CNTRBTN	9.66
INTEREST	0.03
MONTHLY ALLOCTN	9.69

REMARKS:

We are budgeting to replenish the sand at the playstructure and volleyball play areas with a 2" layer added to the existing bases.

Tot Turf

ASSET ID	1005
GROUP/FACILITY	0
CATEGORY	65
PLACED IN SERVICE	1/01
8 YEAR USEFUL LIFE	
+0 YEAR ADJUSTMENT	
REPLACEMENT YEAR	2009
3 YEAR REM LIFE	

QUANTITY	56 sq. ft.
UNIT COST	11.000
PERCENT REPL	100.00%
CURRENT COST	616.00
FUTURE COST	673.12
ASSIGNED RESERVES	0.00
SALVAGE VALUE	0.00
MONTHLY CNTRBTN	17.97
INTEREST	0.06
MONTHLY ALLOCTN	18.03

Tot Turf, Continued ...

REMARKS:

This component is to replace the Tot Turf at the playstructure play area.

It should be noted that periodic maintenance of the Tot Turf surface, including top coating and repairs, can be performed to prolong the life of the surface.

CATEGORY SUMMARY:		
	ASSIGNED RESERVES	0.00
	MONTHLY CNTRBTN	184.41
	INTEREST	0.60
	MONTHLY ALLOCTN	185.01

Access Phone

ASSET ID	1023
GROUP/FACILITY	0
CATEGORY	80
PLACED IN SERVICE	7/01
12 YEAR USEFUL LIFE	
+0 YEAR ADJUSTMENT	
REPLACEMENT YEAR	2013
7 YEAR REM LIFE	

QUANTITY	1 phone
UNIT COST	2,700.000
PERCENT REPL	100.00%
CURRENT COST	2,700.00
FUTURE COST	3,320.66
ASSIGNED RESERVES	0.00
SALVAGE VALUE	0.00
MONTHLY CNTRBTN	35.28
INTEREST	0.11
MONTHLY ALLOCTN	35.39

REMARKS:

This is a Door King, "hands-free" entry access phone.

Gate Operators

ASSET ID	1024
GROUP/FACILITY	0
CATEGORY	80
PLACED IN SERVICE	7/01
10 YEAR USEFUL LIFE	
+0 YEAR ADJUSTMENT	
REPLACEMENT YEAR	2011
5 YEAR REM LIFE	

QUANTITY	4 operators
UNIT COST	3,000.000
PERCENT REPL	100.00%
CURRENT COST	12,000.00
FUTURE COST	13,911.29
ASSIGNED RESERVES	0.00
SALVAGE VALUE	0.00
MONTHLY CNTRBTN	214.71
INTEREST	0.69
MONTHLY ALLOCTN	215.40

REMARKS:

These are Elite, CSW-200-UL swing gate operators with manufactured dates of January & February 2001.

CATEGORY SUMMARY:

ASSIGNED RESERVES	0.00
MONTHLY CNTRBTN	249.99
INTEREST	0.80
MONTHLY ALLOCTN	250.79

Granite Replenishment - Unfunded

ASSET ID	1001	QUANTITY	1 comment
GROUP/FACILITY	0	UNIT COST	0.000
CATEGORY	100	PERCENT REPL	0.00%
		CURRENT COST	0.00
		FUTURE COST	0.00
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	0/ 0	SALVAGE VALUE	0.00
0 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	0.00
REPLACEMENT YEAR	2006	INTEREST	0.00
0 YEAR REM LIFE		MONTHLY ALLOCTN	0.00

REMARKS:

There are substantial quantities of granite located throughout the community. We are not budgeting to replenish this granite because the cost to do so is most often considered an operating expense. We recommend that a line item be set up in the operating budget to account for this asset, that it be monitored over time, and adjusted as experience dictates.

Should the client wish to have granite replenishment included in the reserve study, we will do so at their request. However, the client will need to provide the sq. ft. of the common area granite. Otherwise, there would be an additional charge to have Reserve Data Analysis, Inc. provide the measurement.

Irrigation Controllers

ASSET ID	1029	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	1,400.000
CATEGORY	100	PERCENT REPL	100.00%
		CURRENT COST	1,400.00
		FUTURE COST	1,721.82
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	18.29
REPLACEMENT YEAR	2013	INTEREST	0.06
7 YEAR REM LIFE		MONTHLY ALLOCTN	18.35

REMARKS:

2 - Hit, Logic 1, 42 station controllers	@	$ 700.00	=	$ 1,400.00
		TOTAL	=	$ 1,400.00

Mailboxes - Pedestal Sets

ASSET ID	1025	QUANTITY	1 total
		UNIT COST	16,475.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	100	CURRENT COST	16,475.00
		FUTURE COST	25,667.51
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	109.53
REPLACEMENT YEAR 2021		INTEREST	0.35
15 YEAR REM LIFE		MONTHLY ALLOCTN	109.88

REMARKS:

6 - 12 box sets w/1 parcel locker	@	$ 1,475.00	=	$ 8,850.00
5 - 16 box sets w/2 parcel lockers	@	1,525.00	=	7,625.00
		TOTAL	=	$ 16,475.00

Monument Sign

ASSET ID	1028	QUANTITY	1 total
		UNIT COST	2,500.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	100	CURRENT COST	2,500.00
		FUTURE COST	3,894.92
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	1/01	SALVAGE VALUE	0.00
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	16.62
REPLACEMENT YEAR 2021		INTEREST	0.05
15 YEAR REM LIFE		MONTHLY ALLOCTN	16.67

REMARKS:

The monument sign is made up of letters sandblasted and painted onto a stone tile sign face. This component is for the refurbishment/replacement of this sign on a 20 year cycle.

The monument sign indicates "SAN MICHELLE".

CATEGORY SUMMARY:

ASSIGNED RESERVES	0.00
MONTHLY CNTRBTN	144.44
INTEREST	0.46
MONTHLY ALLOCTN	144.90