

J.D. BROOKS

RESERVE STUDIES

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EUCALYPTUS GROVE HOA

GOLETA, CA

RESERVE STUDY REPORT: OCTOBER 27, 2007

RECOMMENDATIONS FOR THE BUDGET YEAR PERIOD

FROM: JANUARY 1, 2008

THROUGH: DECEMBER 31, 2008

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MEMBER OF
community
ASSOCIATIONS INSTITUTE

INTRODUCTION

This Reserve Study is an evaluation of the association's Common Area Components and their Reserve Funds. It was prepared after a thorough on-site inspection performed on: June 25, 2007

The goal is to keep the Reserve Funds at a sufficient level for future repair and/or replacement of these components and to disclose this information formally to the Association.

Eucalyptus Grove HOA

a condominium development consisting of thirteen: three-story buildings and a pool house, is located in: Goleta, CA

The development is comprised of 179 units built in 1984.

The Association's Fiscal Year End is December 31.

This study's Reserve Component Inventory lists the components that require reserve funding.

The Projected Reserve Fund Balance at Fiscal Year End 2007 is \$401,680.

The Ideal Reserve Fund Balance at Fiscal Year End 2007 is \$897,764.

Therefore, the Reserve Fund is theoretically 45% Funded.

The Current (2007) Annual Reserve Contribution is set at approximately \$211,544.

J.D. Brooks recommends maintaining this Annual Reserve Contribution

(The Current Contribution) with a contribution increase of 3% annually.

This funding plan *should* keep the association's Reserve Fund above \$401,680 over a thirty-year period.

The Cash-Flow (Minimum) Contribution annually would be \$115,679. This contribution *should* keep the Reserve Fund balance just above \$0 estimated over a thirty-year period.

The Repair / Replace Estimates and other parameters used in this study were estimated with the assistance of information obtained from one or more of the following:

- 1 The Association's Board of Directors.
- 2 The Association's Property Manager.
- 3 Vendor (Subcontractor) Proposal / Contract for work.
- 4 Vendor (Subcontractor) experience with the Association.
- 5 Construction estimating reference books & databases.
- 6 J.D. Brooks database of area construction costs and similar reserve studies.

This reserve study does not imply a warranty or guarantee of any form.

The named Association, by receiving this study, agrees to release J.D. Brooks from any claims and/or lawsuits.

RESERVE STUDY SUMMARY

ASSOCIATION INFORMATION:

Name of Association: **EUCALYPTUS GROVE HOA**
 Location: **GOLETA, CA**
 Number of Units: **179**
 Approximate Age of Complex: **23**

This report recommends contributions for Budget Year:
 Beginning: **JANUARY 1, 2008**
 Ending: **DECEMBER 31, 2008**

Reserve Study Report Date: **OCTOBER 27, 2007**
 Current Fiscal Year End: **DECEMBER 31, 2007**

CURRENT FUNDS SUMMARY:

Projected Reserve Balance at Current Fiscal Year End: **\$401,680**
 Ideal Reserve Balance at Current Fiscal Year End: **\$897,764**

PERCENT FUNDED: **45%**

CURRENT RESERVE CONTRIBUTIONS:

	Annual	Monthly	Monthly Per Unit
2007 Budgeted Reserve Contribution:	\$211,544	\$17,629	\$98.48

RECOMMENDATIONS FOR BUDGET YEAR 2008

RESERVE CONTRIBUTION MODELS:

	Annual	Monthly	Monthly Per Unit
2008 J.D. Brooks Recommendation in Box			
2008 Straight-Line Contribution:	\$123,171	\$10,264	\$57.34
2008 Deficit Reduction Contribution:	\$209,291	\$17,441	\$97.44
2008 Cash-Flow (Minimum) Contribution:	\$115,679	\$9,640	\$53.85

RESERVE STUDY DEFINITIONS

AVG. NET INTEREST ON RESERVE SAVINGS:

Average amount (after tax) of interest re-invested into the Reserve Account

CASH-FLOW (MINIMUM) CONTRIBUTION:

Calculated by not allowing the Reserve Balance to ever fall below (5% of the Total Replacement Cost of all the components) over a thirty-year period.

This Funding Plan should keep the Reserve Fund Balance just above \$0.

DEFICIT REDUCTION ANNUAL CONTRIBUTION:

Equals (the Straight-Line Annual Contribution) plus {(the Underfunded Balance if any) divided by (the Remaining Life)}.

F.Y.E. (FISCAL YEAR END):

End of the accounting budget year.

IDEAL BALANCE AT F.Y.E.:

Equals (the Straight-Line Annual Contribution) multiplied by (the age) of the component.

INFLATION RATE:

Average Inflation Rate for the region and year.

PERCENT FUNDED:

Equals (the Ideal Reserve Balance at Fiscal Year End) divided by (the Projected Reserve Balance at Fiscal Year End).

PROJECTED BALANCE AT F.Y.E.:

Projected Reserve Balances for each Reserve Component. Calculated according to priority (need) of replacement.

RESERVE COMPONENT:

Common Area item that requires replacement within thirty-years.

RMNG. LIFE (REMAINING LIFE):

Life-span remaining for the Reserve Component.

STRAIGHT-LINE ANNUAL CONTRIBUTION:

Equals (the Repair/Replace Cost) divided by (the Useful Life).

SURPLUS / DEFICIT:

Equals (the Ideal Balance at F.Y.E.) minus (the Projected Balance at F.Y.E.).

UNIT COST:

Cost per unit of measure.

UNIT TYPE:

Unit of measure.

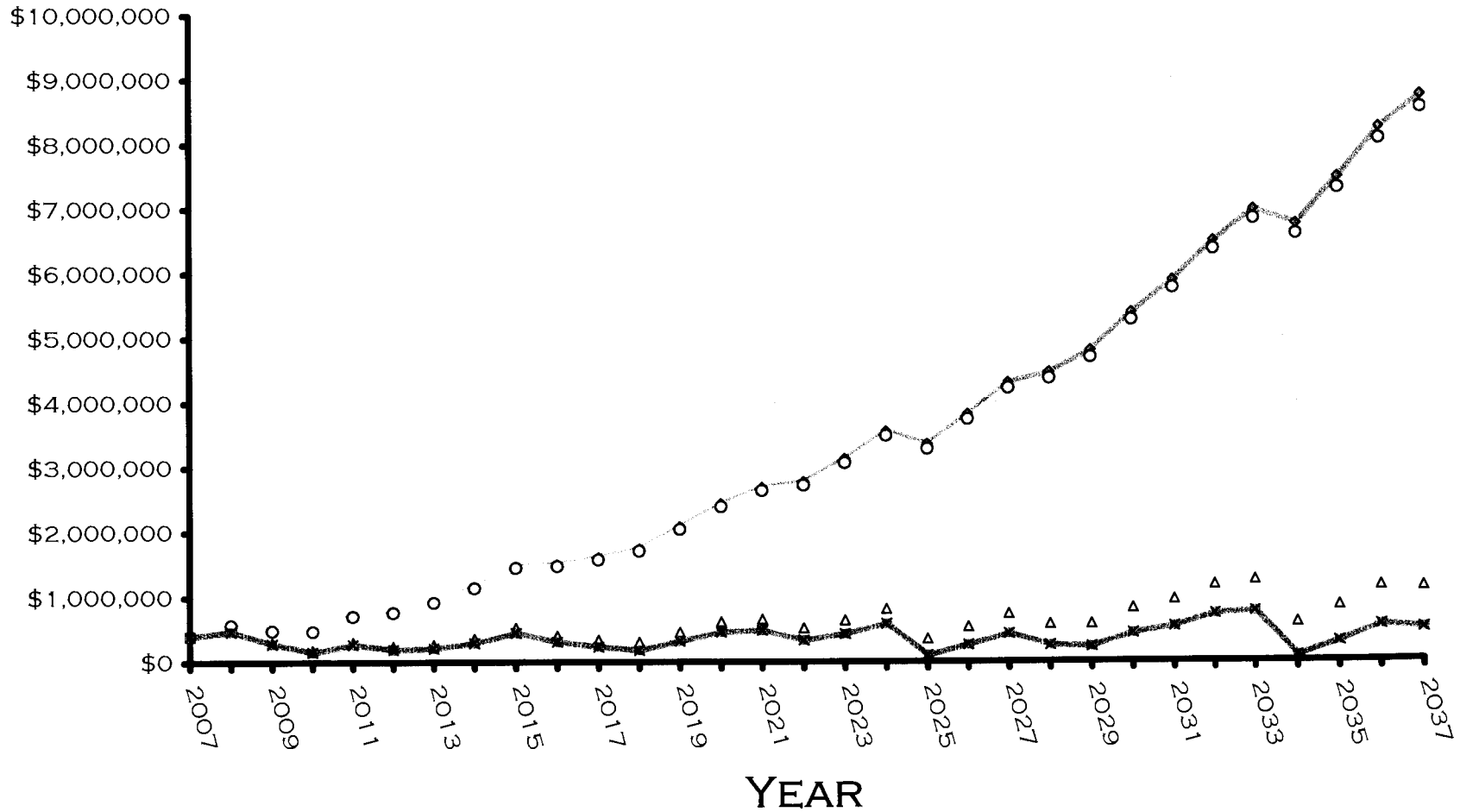
USEFUL LIFE:

Expected life-span of the Reserve Component.

EUCALYPTUS GROVE HOA

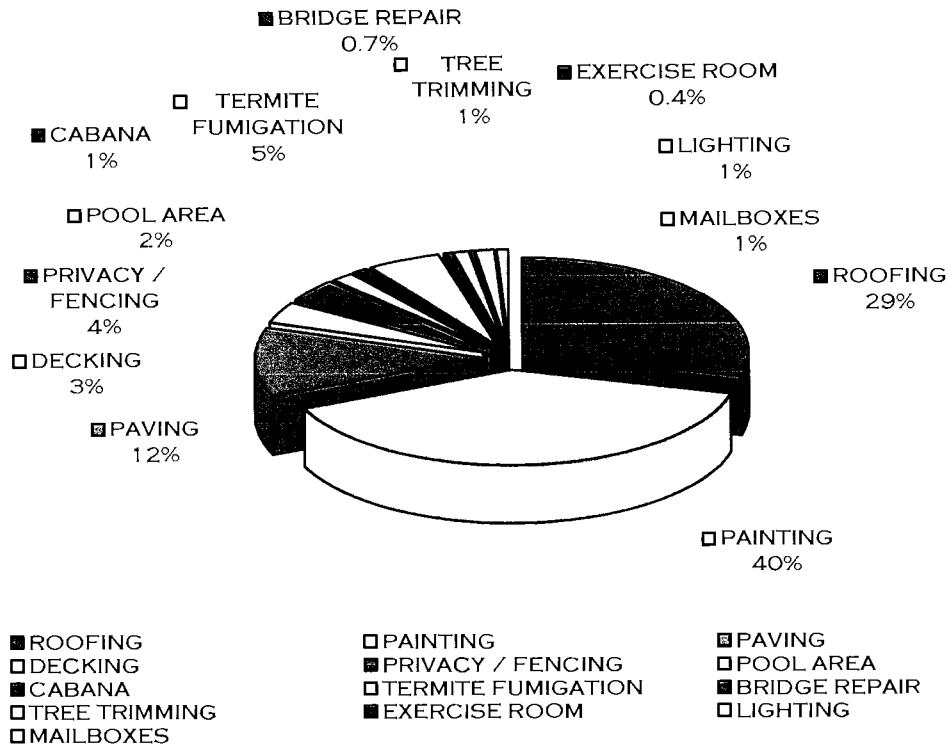
THIRTY-YEAR RESERVE BALANCE PROJECTIONS

- ◆ BALANCE WITH CURRENT CONTRIBUTION
- △ BALANCE WITH STRAIGHT-LINE CONTRIBUTION
- BALANCE WITH DEFICIT REDUCTION CONTRIBUTION
- ✱ BALANCE WITH (MINIMUM) CASH-FLOW CONTRIBUTION

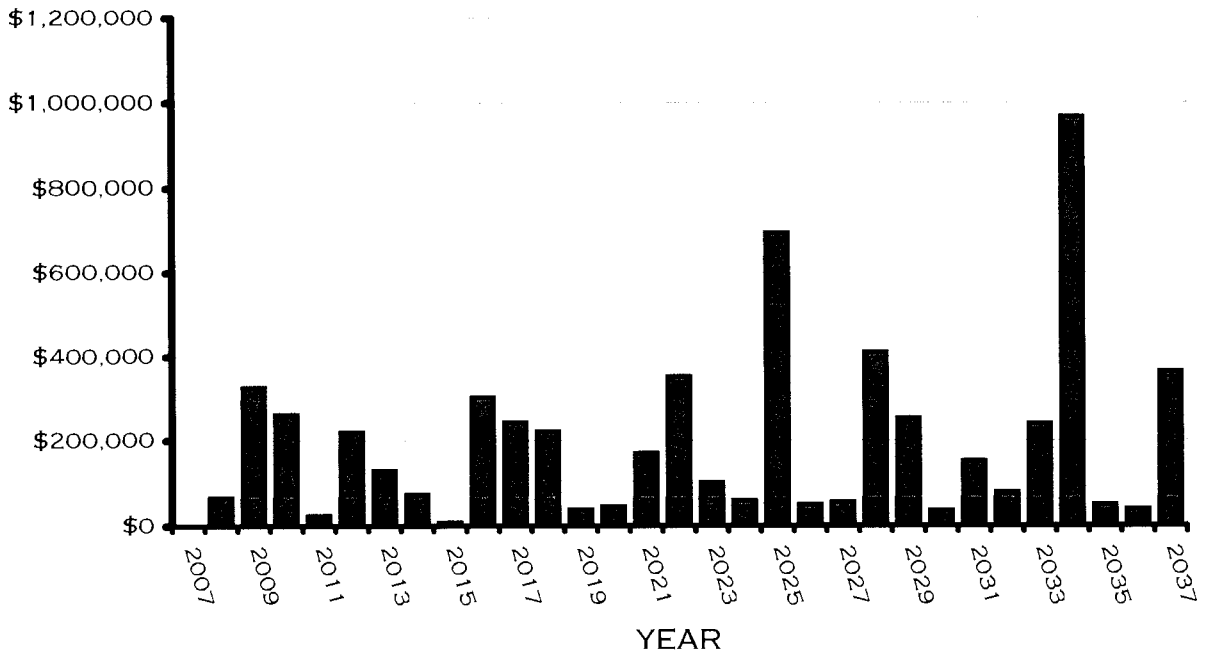


EUCALYPTUS GROVE HOA

RESERVE CATEGORY VALUES AS PERCENTAGE OF ALL COMPONENTS



PROJECTED ANNUAL RESERVE EXPENSES



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EUCALYPTUS GROVE HOARESERVE COMPONENT
INVENTORYCURRENT FISCAL YEAR END: DECEMBER 31, 2007
NUMBER OF UNITS: 179

CATEGORY	UNIT	UNIT	REPAIR /	USEFUL	RMNG.	STRAIGHT-LINE	IDEAL	PROJECTED	DEFICIT	DEFICIT	
RESERVE COMPONENT	QUANTITY	TYPE	REPLACE	LIFE	LIFE	ANNUAL	BALANCE	BALANCE		REDUCTION	
			COST			CONTRIBUTION	@F.Y.E.2007	@F.Y.E.2007	DEFICIT	ANNUAL	
										CONTRIBUTION	
ROOFING											
COMPOSITION SHINGLE	10	BLDG.	20000	200,000	25	2	8,000	192,000	192,000	-	8,000
COMP.S:7626,7630,7634	3	BLDG.	20000	60,000	25	24	2,400	4,800	-	(4,800)	2,600
CARPORT METAL	30,000	SqFT	5.00	150,000	30	11	5,000	100,000	-	(100,000)	14,091
GUTTER & DOWNSPOUTS	7,000	LNFT	5.00	35,000	20	17	1,750	7,000	-	(7,000)	2,162
PAINTING											
WOOD SIDING	120,000	SqFT	1.20	144,000	6	3	24,000	96,000	38,559	(57,441)	43,147
WOOD & METAL TRIM	35,000	SqFT	2.00	70,000	4	2	17,500	52,500	52,500	-	17,500
FRONT WOOD FENCE	600	LNFT	10.00	6,000	6	6	1,000	1,000	-	(1,000)	1,167
CARPORTS	60,000	SqFT	1.20	72,000	6	3	12,000	48,000	19,279	(28,721)	21,574
METAL FENCE & RAIL	4,000	SqFT	1.50	6,000	3	1	2,000	6,000	6,000	-	2,000
WOOD SIDING REPLACE	1	ALLOW	300000	300,000	20	18	15,000	45,000	-	(45,000)	17,500
INTERIOR PAINTING (600 SF) OPERATING MAINTENANCE EXPENSE											
PAVING											
ASPHALT SLURRY/REPAIR	120,000	SqFT	0.18	21,600	4	2	5,400	16,200	16,200	-	5,400
ASPHALT OVERLAY	120,000	SqFT	1.30	156,000	28	5	5,571	133,714	-	(133,714)	32,314
CONCRETE REPAIR OPERATING MAINTENANCE EXPENSE											
DECKING											
STAIR LANDING RESEAL	5,200	SqFT	2.00	10,400	4	2	2,600	7,800	7,800	-	2,600
STAIR LANDING RESURFACE	5,200	SqFT	8.00	41,600	20	10	2,080	22,880	-	(22,880)	4,368
PRIVATE BALCONY SURFACES INDIVIDUAL HOMEOWNER'S EXPENSE											
PRIVACY / FENCING											
INTERCOM	1	UNIT	3800	3,800	15	14	253	507	-	(507)	290
GATE OPERATOR (SLIDE)	1	UNIT	2600	2,600	10	3	260	2,080	835	(1,245)	675
GATE OPERATOR (SLIDE)	1	UNIT	2600	2,600	10	2	260	2,340	2,340	-	260
SLIDE GATES	2	UNIT	3000	6,000	25	15	240	2,640	-	(2,640)	416
CARD READERS/BUZZERS	4	UNIT	1000	4,000	15	14	267	533	-	(533)	305
FRONT WOOD FENCE	600	LNFT	30.00	18,000	20	20	900	900	-	(900)	945
METAL POOL FENCE 6'	175	LNFT	35.00	6,125	30	7	204	4,900	-	(4,900)	904
STAIR RAILS 3.5'	500	LNFT	22.00	11,000	30	7	367	8,800	-	(8,800)	1,624
SPLIT-RAIL FENCE	450	LNFT	12.00	5,400	35	12	154	3,703	-	(3,703)	463
TRASH GATES OPERATING MAINTENANCE EXPENSE											
POOL AREA											
POOL HEATER	1	UNIT	3300	3,300	10	9	330	660	-	(660)	403
POOL FILTER	1	UNIT	1300	1,300	12	9	108	433	-	(433)	156
POOL PUMP	1	UNIT	800	800	6	3	133	533	214	(319)	240
POOL REPLASTER	1,000	SqFT	6.00	6,000	10	3	600	4,800	1,928	(2,872)	1,557
POOL TILE/COPING	100	LNFT	30.00	3,000	20	3	150	2,700	1,084	(1,616)	689
SPA HEATER	1	UNIT	3200	3,200	8	3	400	2,400	964	(1,436)	879
SPA FILTER	1	UNIT	1200	1,200	12	3	100	1,000	402	(598)	299
SPA PUMPS	2	UNIT	800	1,600	6	3	267	1,067	428	(638)	479
SPA RETILE	1	UNIT	5000	5,000	30	7	167	4,000	-	(4,000)	738

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EUCALYPTUS GROVE HOA

RESERVE COMPONENT INVENTORY

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RESERVE COMPONENT	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ROOFING																
COMPOSITION SHINGLE	-	-	212,180	-	-	-	-	-	-	-	-	-	-	-	-	-
COMP.S:7626,7630,7634	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CARPORT METAL	-	-	-	-	-	-	-	-	-	-	-	207,635	-	-	-	-
GUTTER & DOWNSPOUTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAINTING																
WOOD SIDING	-	-	-	157,353	-	-	-	-	-	187,887	-	-	-	-	-	224,347
WOOD & METAL TRIM	-	-	74,263	-	-	-	83,584	-	-	-	94,074	-	-	-	105,881	-
FRONT WOOD FENCE	-	-	-	-	-	-	7,164	-	-	-	-	-	8,555	-	-	-
CARPORTS	-	-	-	78,676	-	-	-	-	-	93,944	-	-	-	-	-	112,174
METAL FENCE & RAIL	-	6,180	-	-	6,753	-	-	7,379	-	-	8,063	-	-	8,811	-	-
WOOD SIDING REPLACE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAVING																
ASPHALT SLURRY/REPAIR	-	-	22,915	-	-	-	25,792	-	-	-	29,029	-	-	-	32,672	-
ASPHALT OVERLAY	-	-	-	-	-	180,847	-	-	-	-	-	-	-	-	-	-
DECKING																
STAIR LANDING RESEAL	-	-	11,033	-	-	-	12,418	-	-	-	13,977	-	-	-	15,731	-
STAIR LANDING RESURFACE	-	-	-	-	-	-	-	-	-	-	55,907	-	-	-	-	-
PRIVACY / FENCING																
INTERCOM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,748	-
GATE OPERATOR (SLIDE)	-	-	-	2,841	-	-	-	-	-	-	-	-	-	3,818	-	-
GATE OPERATOR (SLIDE)	-	-	2,758	-	-	-	-	-	-	-	-	-	3,707	-	-	-
SLIDE GATES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,348
CARD READERS/BUZZERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,050	-
FRONT WOOD FENCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
METAL POOL FENCE 6'	-	-	-	-	-	-	-	7,533	-	-	-	-	-	-	-	-
STAIR RAILS 3.5'	-	-	-	-	-	-	-	13,529	-	-	-	-	-	-	-	-
SPLIT-RAIL FENCE	-	-	-	-	-	-	-	-	-	-	-	-	7,699	-	-	-
POOL AREA																
POOL HEATER	-	-	-	-	-	-	-	-	-	4,306	-	-	-	-	-	-
POOL FILTER	-	-	-	-	-	-	-	-	-	1,696	-	-	-	-	-	-
POOL PUMP	-	-	-	874	-	-	-	-	-	1,044	-	-	-	-	-	1,246
POOL REPLASTER	-	-	-	6,556	-	-	-	-	-	-	-	-	-	8,811	-	-
POOL TILE/COPING	-	-	-	3,278	-	-	-	-	-	-	-	-	-	-	-	-
SPA HEATER	-	-	-	3,497	-	-	-	-	-	-	-	4,430	-	-	-	-
SPA FILTER	-	-	-	1,311	-	-	-	-	-	-	-	-	-	-	-	1,870
SPA PUMPS	-	-	-	1,748	-	-	-	-	-	2,088	-	-	-	-	-	2,493
SPA RETILE	-	-	-	-	-	-	-	6,149	-	-	-	-	-	-	-	-

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LUCALYPTUS GROVE HOA

**RESERVE COMPONENT
INVENTORY**

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
RESERVE COMPONENT	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
ROOFING															
COMPOSITION SHINGLE	-	-	-	-	-	-	-	-	-	-	-	444,258	-	-	-
COMP.S:7626,7630,7634	-	-	-	-	-	-	-	-	121,968	-	-	-	-	-	-
CARPOR METAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GUTTER & DOWNSPOUTS	-	57,850	-	-	-	-	-	-	-	-	-	-	-	-	-
PAINTING															
WOOD SIDING	-	-	-	-	-	267,882	-	-	-	-	-	319,866	-	-	-
WOOD & METAL TRIM	-	-	119,170	-	-	-	134,127	-	-	-	150,961	-	-	-	169,908
FRONT WOOD FENCE	-	-	10,215	-	-	-	-	-	12,197	-	-	-	-	-	14,564
CARPOR TS	-	-	-	-	-	133,941	-	-	-	-	-	159,933	-	-	-
METAL FENCE & RAIL	9,628	-	-	10,521	-	-	11,497	-	-	12,563	-	-	13,728	-	-
WOOD SIDING REPLACE	-	-	510,730	-	-	-	-	-	-	-	-	-	-	-	-
PAVING															
ASPHALT SLURRY/REPAIR	-	-	36,773	-	-	-	41,388	-	-	-	46,582	-	-	-	52,429
ASPHALT OVERLAY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DECKING															
STAIR LANDING RESEAL	-	-	17,705	-	-	-	19,927	-	-	-	22,429	-	-	-	25,244
STAIR LANDING RESURFACE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,974
PRIVACY / FENCING															
INTERCOM	-	-	-	-	-	-	-	-	-	-	-	-	-	8,955	-
GATE OPERATOR (SLIDE)	-	-	-	-	-	-	-	5,131	-	-	-	-	-	-	-
GATE OPERATOR (SLIDE)	-	-	-	-	-	-	4,982	-	-	-	-	-	-	-	-
SLIDE GATES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CARD READERS/BUZZERS	-	-	-	-	-	-	-	-	-	-	-	-	-	9,426	-
FRONT WOOD FENCE	-	-	-	-	32,510	-	-	-	-	-	-	-	-	-	-
METAL POOL FENCE 6'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STAIR RAILS 3.5'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPLIT-RAIL FENCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL AREA															
POOL HEATER	-	-	-	5,787	-	-	-	-	-	-	-	-	-	7,777	-
POOL FILTER	-	-	-	-	-	2,418	-	-	-	-	-	-	-	-	-
POOL PUMP	-	-	-	-	-	1,488	-	-	-	-	-	1,777	-	-	-
POOL REPLASTER	-	-	-	-	-	-	-	11,842	-	-	-	-	-	-	-
POOL TILE/COPING	-	-	-	-	-	-	-	5,921	-	-	-	-	-	-	-
SPA HEATER	-	-	-	5,611	-	-	-	-	-	-	-	7,108	-	-	-
SPA FILTER	-	-	-	-	-	-	-	-	-	-	-	2,666	-	-	-
SPA PUMPS	-	-	-	-	-	2,976	-	-	-	-	-	3,554	-	-	-
SPA RETILE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

10/27/2007

EUCALYPTUS GROVE HOA

RESERVE COMPONENT
INVENTORY

CURRENT FISCAL YEAR END: DECEMBER 31, 2007
NUMBER OF UNITS: 179

CATEGORY	UNIT	UNIT	REPAIR /	USEFUL	RMNG.	STRAIGHT-LINE	IDEAL	PROJECTED	DEFICIT		
RESERVE COMPONENT	QUANTITY	TYPE	REPLACE	LIFE	LIFE	ANNUAL	BALANCE	BALANCE	DEFICIT	REDUCTION	
			COST			CONTRIBUTION@F.Y.E.2007	@F.Y.E.2007	@F.Y.E.2007		ANNUAL	
										CONTRIBUTION	
CABANA											
BATH FLOOR & WALL TILE	650	SqFT	15.00	9,750	30	7	325	7,800	-	(7,800)	1,439
SAUNA HEATER	1	UNIT	2500	2,500	15	9	167	1,167	-	(1,167)	296
SAUNA & BATH REMODEL	1	ALLOW	5000	5,000	26	3	192	4,615	1,854	(2,762)	1,113
WATER HEATER	1	UNIT	2500	2,500	12	2	208	2,292	2,292	-	208
TERMITE FUMIGATION											
BLDG. 7606	1	ALLOW	6000	6,000	15	7	400	3,600	-	(3,600)	914
BLDG. 7630	1	ALLOW	6000	6,000	15	8	400	3,200	-	(3,200)	800
BLDG. 7634	1	ALLOW	6000	6,000	15	9	400	2,800	-	(2,800)	711
BLDG. 7620	1	ALLOW	6000	6,000	15	10	400	2,400	-	(2,400)	640
BLDG. 7632	1	ALLOW	6000	6,000	15	11	400	2,000	-	(2,000)	582
BLDG. 7602	1	ALLOW	6000	6,000	15	12	400	1,600	-	(1,600)	533
BLDG. 7610	1	ALLOW	6000	6,000	15	12	400	1,600	-	(1,600)	533
REMAINING BUILDINGS	6	ALLOW	6000	36,000	15	1	2,400	36,000	36,000	-	2,400
BRIDGE REPAIR	1	ALLOW	10000	10,000	15	10	667	4,000	-	(4,000)	1,067
TREE TRIMMING	1	ALLOW	15000	15,000	3	1	5,000	15,000	15,000	-	5,000
EXERCISE ROOM											
EQUIPMENT / REMODEL	1	ALLOW	6000	6,000	15	1	400	6,000	6,000	-	400
LIGHTING											
LARGE STREET FIXTURES	14	UNIT	1500	21,000	28	5	750	18,000	-	(18,000)	4,350
OTHER LIGHT FIXTURES OPERATING MAINTENANCE EXPENSE											
MAILBOXES											
MAILBOX PAGODA	200	UNIT	60	12,000	15	5	800	8,800	-	(8,800)	2,560
IRRIGATION CONTROLS & VALVES OPERATING MAINTENANCE EXPENSE											
PLUMBING, ELECTRICAL & WOOD REPLACEMENT OPERATING MAINTENANCE EXPENSE											
CONTINGENCY: 0%											
TOTALS:				1,519,275			123,171	897,764	401,680	(496,084)	209,291

NET INTEREST ON RESERVE SAVINGS :	4%
INFLATION RATE :	3%
INCREASE TO ANNUAL RESERVE CONTRIBUTION:	3%

10/27/2007

EUCALYPTUS GROVE HOA

RESERVE COMPONENT
INVENTORY

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RESERVE COMPONENT	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CABANA																
BATH FLOOR & WALL TILE	-	-	-	-	-	-	-	11,991	-	-	-	-	-	-	-	-
SAUNA HEATER	-	-	-	-	-	-	-	-	-	3,262	-	-	-	-	-	-
SAUNA & BATH REMODEL	-	-	-	5,464	-	-	-	-	-	-	-	-	-	-	-	-
WATER HEATER	-	-	2,652	-	-	-	-	-	-	-	-	-	-	-	3,781	-
TERMITE FUMIGATION																
BLDG. 7606	-	-	-	-	-	-	-	7,379	-	-	-	-	-	-	-	-
BLDG. 7630	-	-	-	-	-	-	-	-	7,601	-	-	-	-	-	-	-
BLDG. 7634	-	-	-	-	-	-	-	-	-	7,829	-	-	-	-	-	-
BLDG. 7620	-	-	-	-	-	-	-	-	-	-	8,063	-	-	-	-	-
BLDG. 7632	-	-	-	-	-	-	-	-	-	-	-	8,305	-	-	-	-
BLDG. 7602	-	-	-	-	-	-	-	-	-	-	-	-	8,555	-	-	-
BLDG. 7610	-	-	-	-	-	-	-	-	-	-	-	-	8,555	-	-	-
REMAINING BUILDINGS	-	37,080	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BRIDGE REPAIR																
	-	-	-	-	-	-	-	-	-	-	13,439	-	-	-	-	-
TREE TRIMMING																
	-	15,450	-	-	16,883	-	-	18,448	-	-	20,159	-	-	22,028	-	-
EXERCISE ROOM																
EQUIPMENT / REMODEL	-	6,180	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIGHTING																
LARGE STREET FIXTURES	-	-	-	-	-	24,345	-	-	-	-	-	-	-	-	-	-
MAILBOXES																
MAILBOX PAGODA	-	-	-	-	-	13,911	-	-	-	-	-	-	-	-	-	-
CONTINGENCY: 0%																
TOTALS:	0	64,890	325,802	261,599	23,636	219,103	128,958	72,409	7,601	302,055	242,711	220,370	37,070	43,469	169,864	351,477

10/27/2007

EUCALYPTUS GROVE HOA

RESERVE COMPONENT INVENTORY

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
RESERVE COMPONENT	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
CABANA															
BATH FLOOR & WALL TILE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAUNA HEATER	-	-	-	-	-	-	-	-	5,082	-	-	-	-	-	-
SAUNA & BATH REMODEL	-	-	-	-	-	-	-	-	-	-	-	-	-	11,783	-
WATER HEATER	-	-	-	-	-	-	-	-	-	-	5,391	-	-	-	-
TERMITE FUMIGATION															
BLDG. 7606	-	-	-	-	-	-	11,497	-	-	-	-	-	-	-	-
BLDG. 7630	-	-	-	-	-	-	-	11,842	-	-	-	-	-	-	-
BLDG. 7634	-	-	-	-	-	-	-	-	12,197	-	-	-	-	-	-
BLDG. 7620	-	-	-	-	-	-	-	-	-	12,563	-	-	-	-	-
BLDG. 7632	-	-	-	-	-	-	-	-	-	-	12,940	-	-	-	-
BLDG. 7602	-	-	-	-	-	-	-	-	-	-	-	13,328	-	-	-
BLDG. 7610	-	-	-	-	-	-	-	-	-	-	-	13,328	-	-	-
REMAINING BUILDINGS	57,769	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BRIDGE REPAIR															
	-	-	-	-	-	-	-	-	-	20,938	-	-	-	-	-
TREE TRIMMING															
	24,071	-	-	26,303	-	-	28,742	-	-	31,407	-	-	34,319	-	-
EXERCISE ROOM															
EQUIPMENT / REMODEL	9,628	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIGHTING															
LARGE STREET FIXTURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAILBOXES															
MAILBOX PAGODA	-	-	-	-	21,673	-	-	-	-	-	-	-	-	-	-
CONTINGENCY: 0%															
TOTALS:	101,097	57,850	694,593	48,221	54,183	408,707	252,159	34,735	151,443	77,470	238,303	965,816	48,046	37,941	363,118

10/27/2007

EUCALYPTUS GROVE HOA

CURRENT FISCAL YEAR END: DECEMBER 31, 2007
 NUMBER OF UNITS: 179

RESERVE COMPONENT INVENTORY

CATEGORY	UNIT QUANTITY	UNIT TYPE	UNIT COST	REPAIR / REPLACE COST	USEFUL LIFE	RMNG. LIFE	STRAIGHT-LINE ANNUAL CONTRIBUTION	IDEAL BALANCE @F.Y.E.2007	PROJECTED BALANCE @F.Y.E.2007	DEFICIT REDUCTION ANNUAL CONTRIBUTION
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<u>BALANCE FORECAST TYPE</u>	<u>ANNUAL CONTRIBUTION</u>
CURRENT	
ANNUAL CONTRIBUTION	211,544
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STRAIGHT-LINE	
ANNUAL CONTRIBUTION	123,171
<hr/>	
DEFICIT REDUCTION	
ANNUAL CONTRIBUTION	209,291
<hr/>	
(CASH-FLOW) MINIMUM	
ANNUAL CONTRIBUTION	115,679

10/27/2007

EUCALYPTUS GROVE HOA

RESERVE COMPONENT INVENTORY

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RESERVE COMPONENT	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022

BALANCE FORECAST TYPE

THIRTY-YEAR PROJECTED ANNUAL RESERVE BALANCES

CURRENT ANNUAL CONTRIBUTION	401,680	573,808	493,357	482,044	720,074	775,534	932,665	1,161,490	1,473,535	1,505,917	1,608,572	1,746,820	2,086,525	2,442,521	2,693,340	2,778,737
STRAIGHT-LINE ANNUAL CONTRIBUTION	401,680	480,962	301,167	183,667	308,307	242,799	270,988	362,484	528,380	405,343	342,833	305,675	459,215	617,743	659,224	522,820
DEFICIT REDUCTION ANNUAL CONTRIBUTION	401,680	571,441	488,458	474,438	709,578	761,955	915,799	1,141,124	1,449,443	1,477,864	1,576,309	1,710,086	2,045,046	2,396,009	2,641,491	2,721,235
(CASH-FLOW) MINIMUM ANNUAL CONTRIBUTION	401,680	473,091	284,875	158,372	273,400	197,637	214,894	294,749	448,255	312,042	235,530	183,503	321,261	463,049	486,784	331,576

10/27/2007

EUCALYPTUS GROVE HOA

RESERVE COMPONENT INVENTORY

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
RESERVE COMPONENT	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037

BALANCE FORECAST TYPE

THIRTY-YEAR PROJECTED ANNUAL RESERVE BALANCES

CURRENT

ANNUAL CONTRIBUTION	3,133,023	3,555,981	3,357,078	3,820,537	4,307,805	4,464,642	4,799,472	5,381,872	5,881,300	6,489,318	6,971,160	6,744,172	7,458,609	8,226,741	8,709,172
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STRAIGHT-LINE

ANNUAL CONTRIBUTION	642,220	816,556	354,617	539,916	733,154	579,315	586,013	821,973	955,768	1,178,029	1,253,022	597,080	859,397	1,151,138	1,131,749
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DEFICIT REDUCTION

ANNUAL CONTRIBUTION	3,069,534	3,486,154	3,280,546	3,736,916	4,216,689	4,365,607	4,692,073	5,265,642	5,755,751	6,353,936	6,825,407	6,587,485	7,290,398	8,046,388	8,516,028
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(CASH-FLOW) MINIMUM

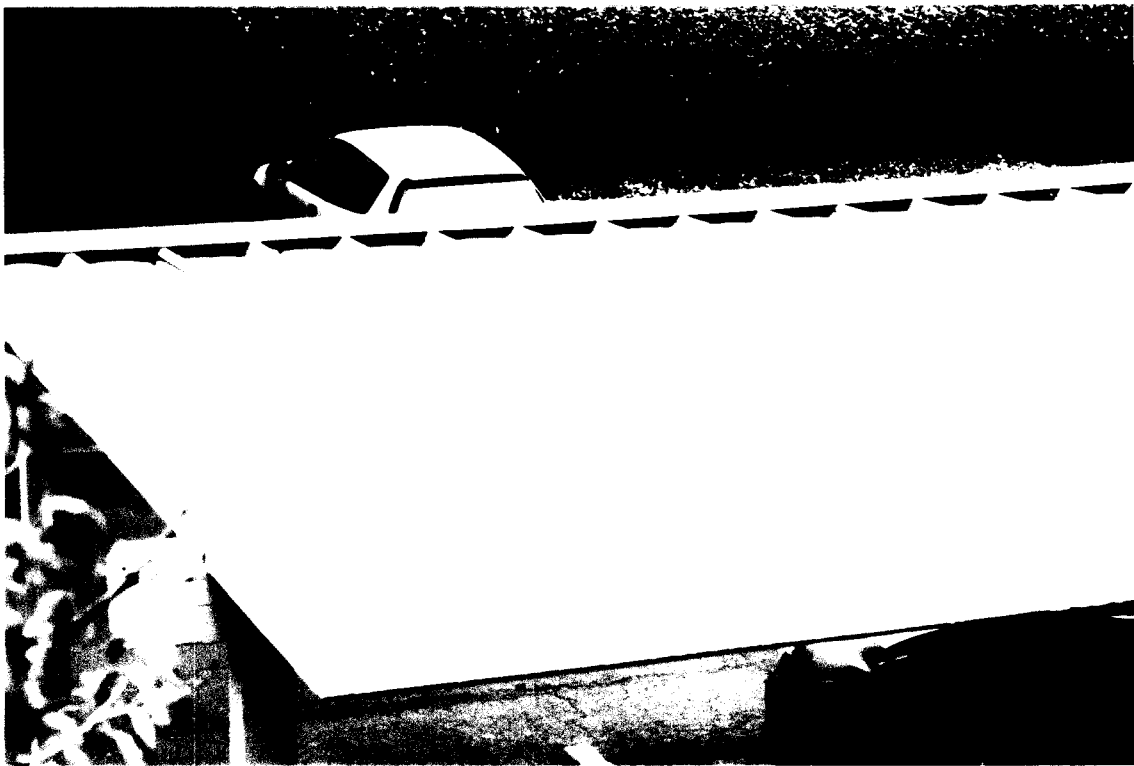
ANNUAL CONTRIBUTION	431,064	584,323	100,085	261,803	430,115	249,939	228,820	435,411	538,209	727,768	768,271	75,964	299,953	551,308	489,378
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J.D. BROOKS

RESERVE STUDIES



ROOFING: Composition Shingle



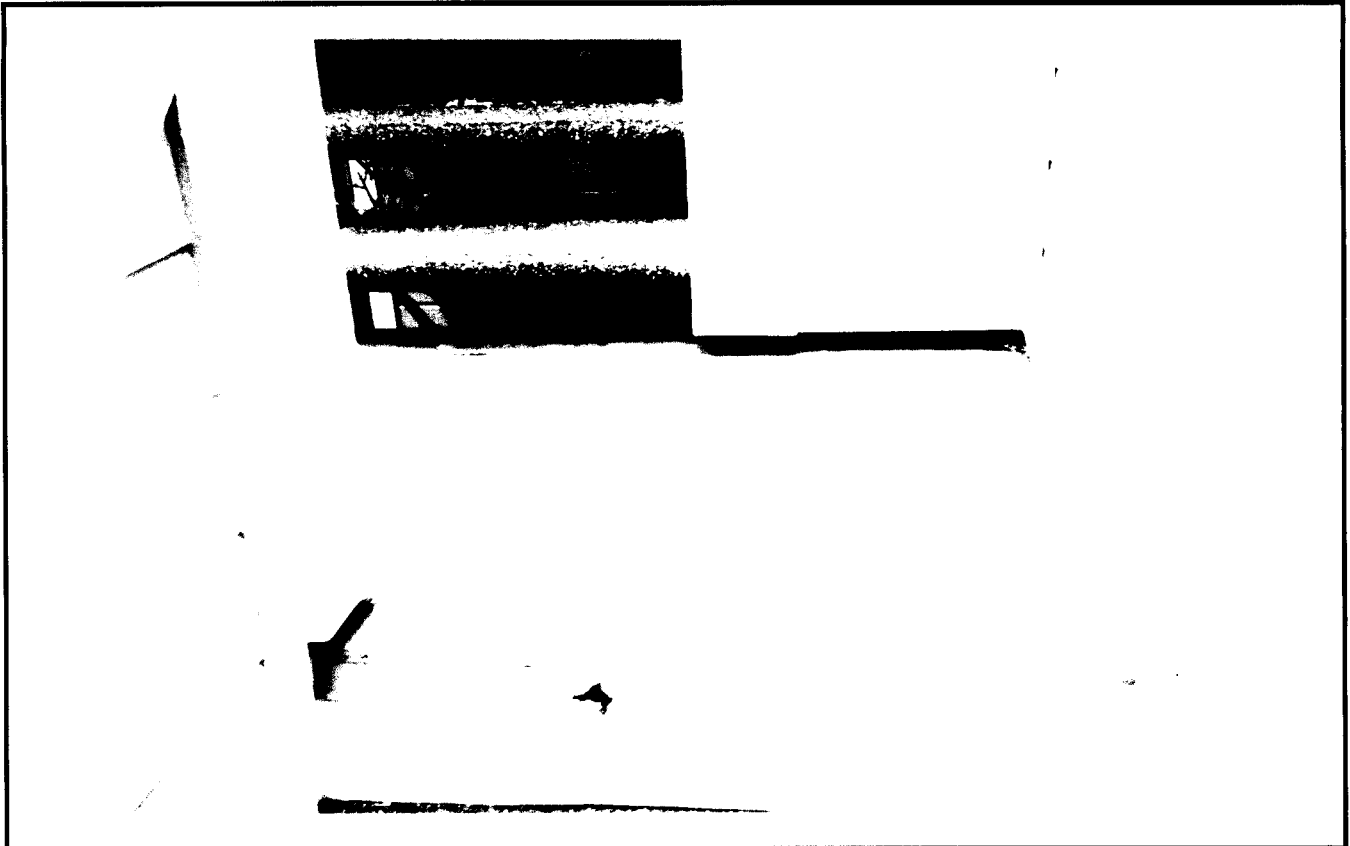
ROOFING: Carport Metal



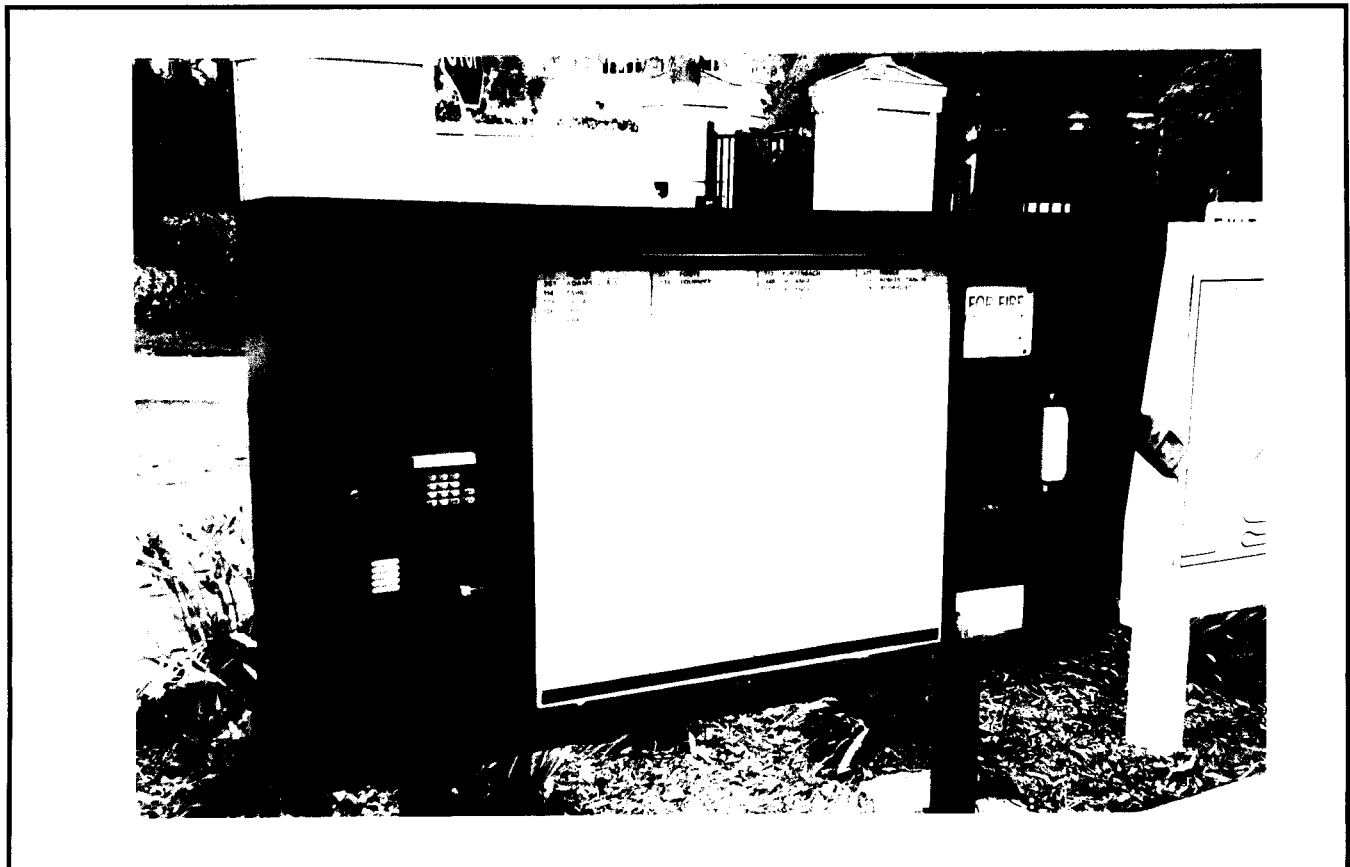
PAINTING: Wood Siding / Trim



PAVING: Asphalt Slurry / Overlayment



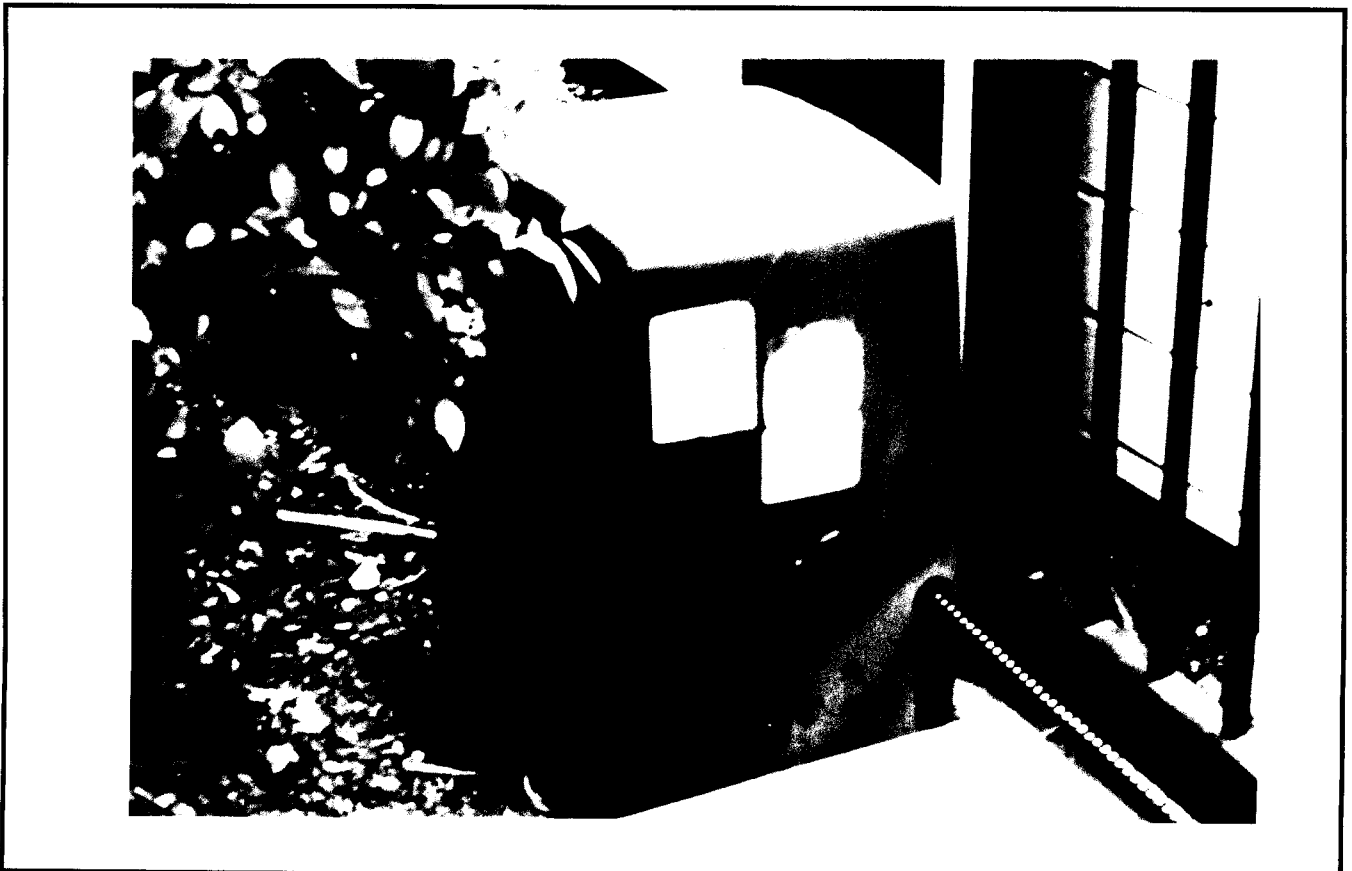
DECKING: Stair Landing ReSeal / ReSurface



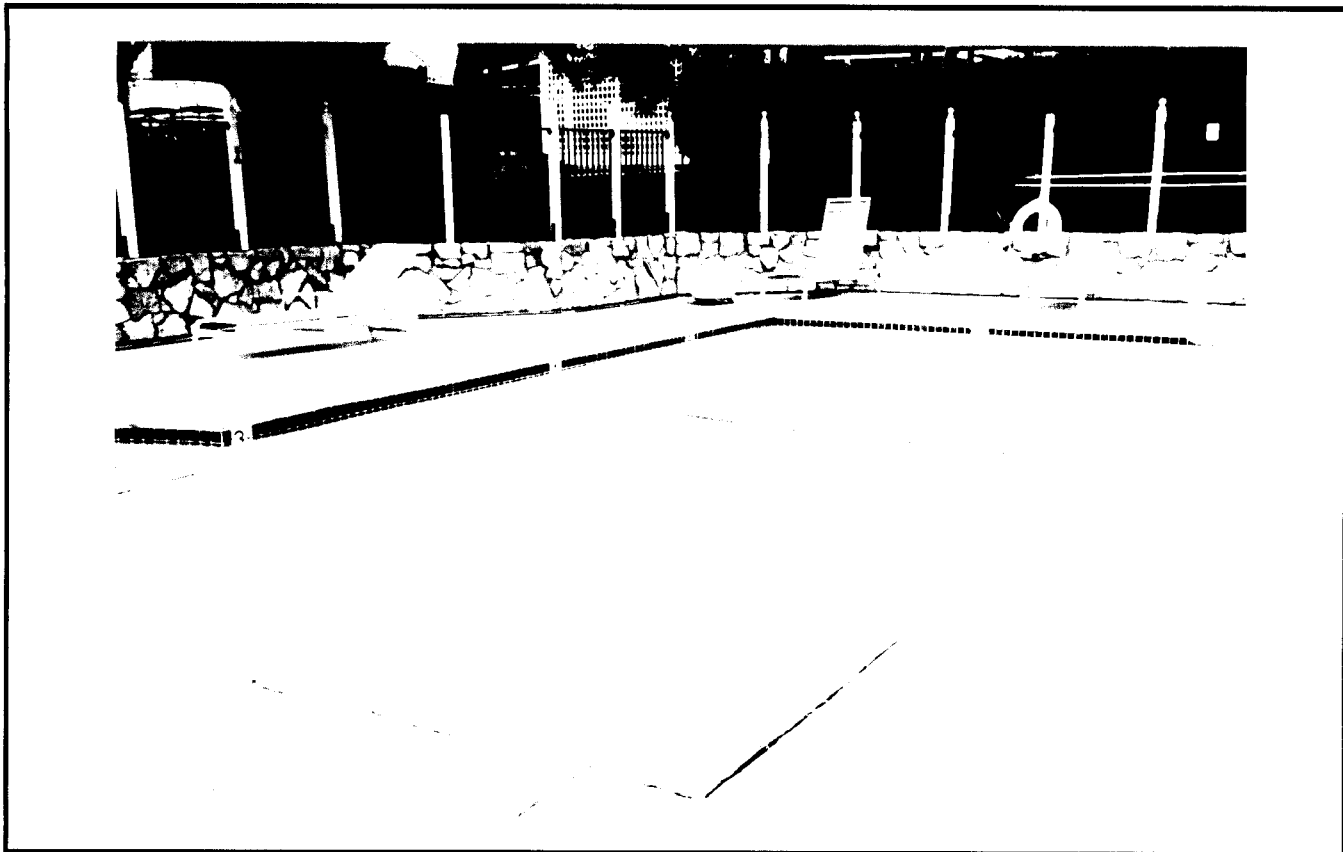
PRIVACY/FENCING: Intercom



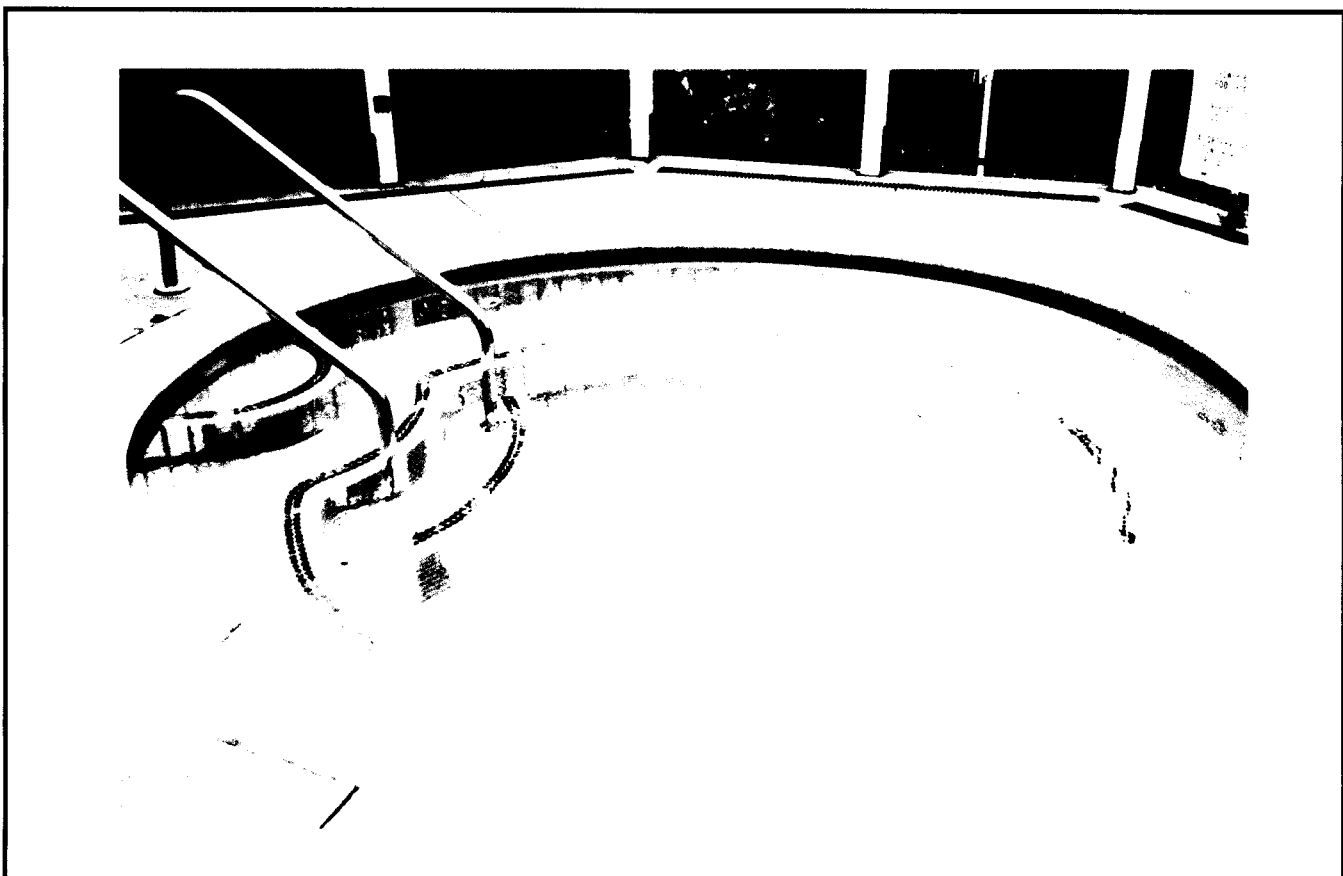
PRIVACY/FENCING: Slide Gate



PRIVACY/FENCING: Gate Operator



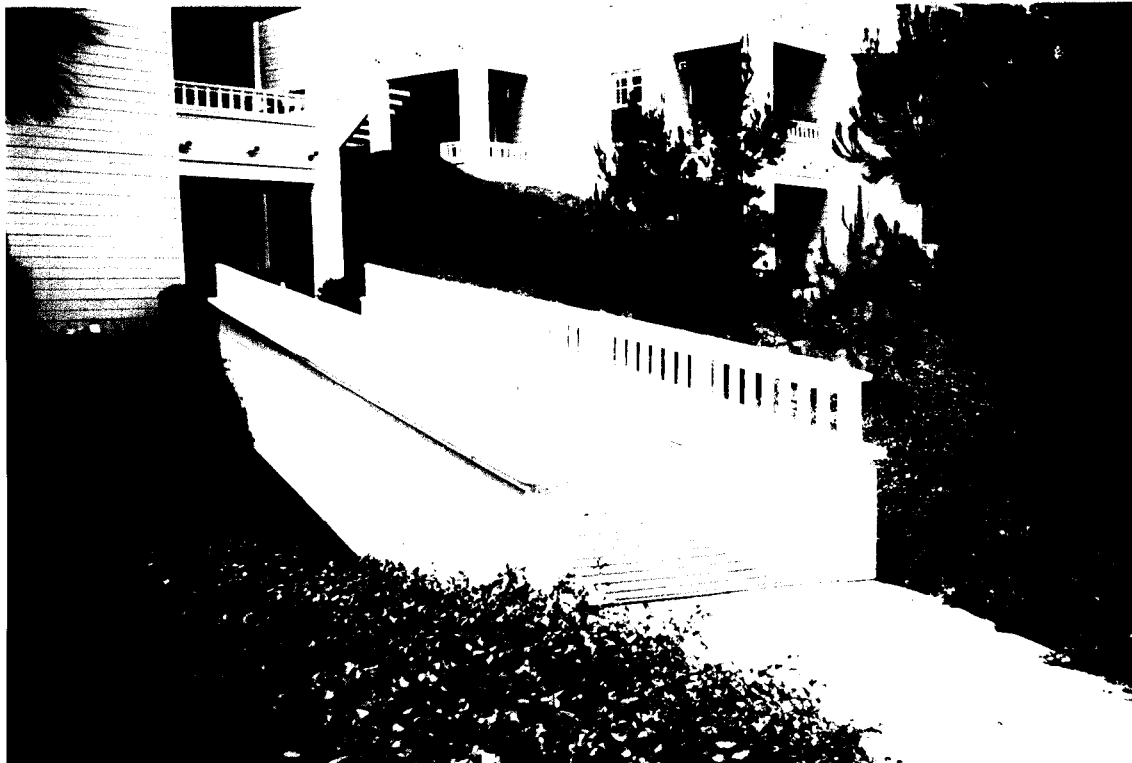
POOL AREA: Pool Replaster



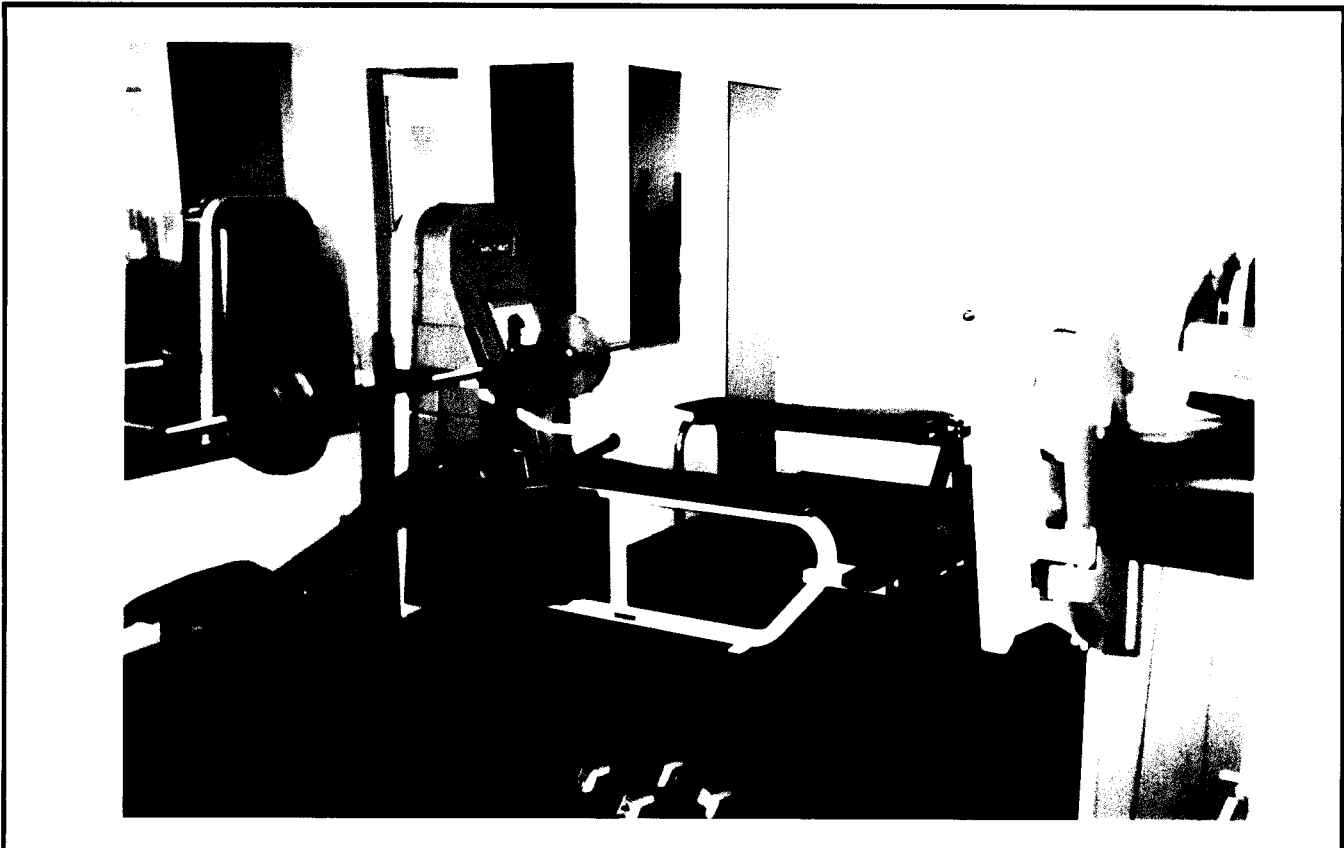
POOL AREA: Spa Replaster



CABANA: Sauna & Bath Remodel



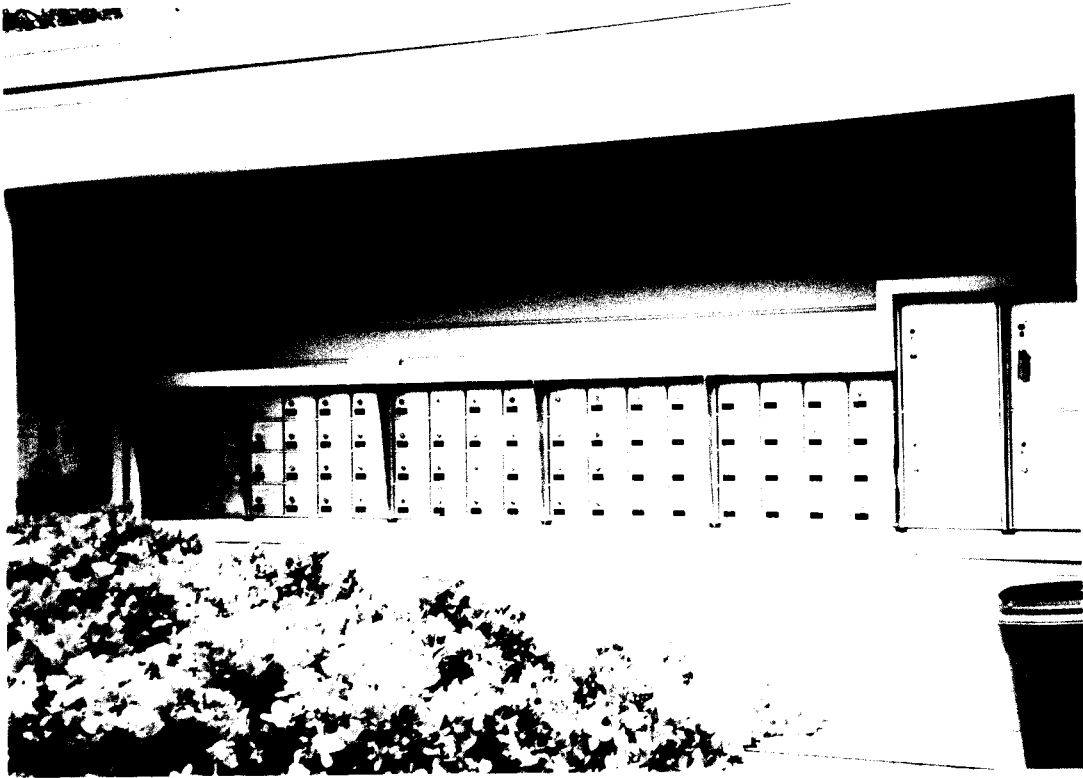
BRIDGE REPAIR: Repairs Allowance



EXERCISE ROOM: Equipment / Remodel



LIGHTING: Large Street Fixtures



MAILBOXES: Pagoda Cluster Boxes

ROOFING

Composition Shingle

Quantity: 10 Bldg.
 Estimated Total Cost to Replace: \$ 200,000
 Useful Life: 25
 Remaining Life: 2
 Straight-Line Annual Contribution: \$ 8,000
 Cost Source: Recent Association Expense

Comp.S:7626,7630,7634

Quantity: 3 Bldg.
 Estimated Total Cost to Replace: \$ 60,000
 Useful Life: 25
 Remaining Life: 24
 Straight-Line Annual Contribution: \$ 2,400
 Cost Source: Recent Association Expense

Carport Metal

Quantity: 30,000 SqFt
 Estimated Total Cost to Replace: \$ 150,000
 Useful Life: 30
 Remaining Life: 11
 Straight-Line Annual Contribution: \$ 5,000
 Cost Source: JDB Cost Database

Gutter & Downspouts

Quantity: 7,000 LnFt
 Estimated Total Cost to Replace: \$ 35,000
 Useful Life: 20
 Remaining Life: 17
 Straight-Line Annual Contribution: \$ 1,750
 Cost Source: Recent Association Expense

PAINTING

Wood Siding

Quantity: 120,000 SqFt
 Estimated Total Cost to Replace: \$ 144,000
 Useful Life: 6
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 24,000
 Cost Source: Recent Association Expense

Wood & Metal Trim

Quantity: 35,000 SqFt
 Estimated Total Cost to Replace: \$ 70,000
 Useful Life: 4
 Remaining Life: 2
 Straight-Line Annual Contribution: \$ 17,500
 Cost Source: Recent Association Expense

Front Wood Fence

Quantity: 600 LnFt
 Estimated Total Cost to Replace: \$ 6,000
 Useful Life: 6
 Remaining Life: 6
 Straight-Line Annual Contribution: \$ 1,000
 Cost Source: Recent Association Expense

Carports

Quantity: 60,000 SqFt
 Estimated Total Cost to Replace: \$ 72,000
 Useful Life: 6
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 12,000
 Cost Source: Recent Association Expense

Metal Fence & Rail

Quantity: 4,000 SqFt
 Estimated Total Cost to Replace: \$ 6,000
 Useful Life: 3
 Remaining Life: 1
 Straight-Line Annual Contribution: \$ 2,000
 Cost Source: Recent Association Expense

Wood Siding Replace

Quantity: 1 Allow
 Estimated Total Cost to Replace: \$ 300,000
 Useful Life: 20
 Remaining Life: 18
 Straight-Line Annual Contribution: \$ 15,000
 Cost Source: Recent Association Expense

PAVING

Asphalt Slurry/Repair

Quantity: 120,000 SqFt
 Estimated Total Cost to Replace: \$ 21,600
 Useful Life: 4
 Remaining Life: 2
 Straight-Line Annual Contribution: \$ 5,400
 Cost Source: Recent Association Expense

Asphalt Overlay

Quantity: 120,000 SqFt
 Estimated Total Cost to Replace: \$ 156,000
 Useful Life: 28
 Remaining Life: 5
 Straight-Line Annual Contribution: \$ 5,571
 Cost Source: JDB Cost Database

DECKING

Stair Landing ReSeal

Quantity: 5,200 SqFt
 Estimated Total Cost to Replace: \$ 10,400
 Useful Life: 4
 Remaining Life: 2
 Straight-Line Annual Contribution: \$ 2,600
 Cost Source: JDB Cost Database

Stair Landing ReSurface

Quantity: 5,200 SqFt
 Estimated Total Cost to Replace: \$ 41,600
 Useful Life: 20
 Remaining Life: 10
 Straight-Line Annual Contribution: \$ 2,080
 Cost Source: JDB Cost Database

PRIVACY / FENCING

Intercom

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 3,800
 Useful Life: 15
 Remaining Life: 14
 Straight-Line Annual Contribution: \$ 253
 Cost Source: Recent Association Expense

Gate Operator (Slide)

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 2,600
 Useful Life: 10
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 260
 Cost Source: JDB Cost Database

Gate Operator (Slide)

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 2,600
 Useful Life: 10
 Remaining Life: 2
 Straight-Line Annual Contribution: \$ 260
 Cost Source: JDB Cost Database

Slide Gates

Quantity: 2 Unit
 Estimated Total Cost to Replace: \$ 6,000
 Useful Life: 25
 Remaining Life: 15
 Straight-Line Annual Contribution: \$ 240
 Cost Source: JDB Cost Database

Card Readers/Buzzers

Quantity: 4 Unit
 Estimated Total Cost to Replace: \$ 4,000
 Useful Life: 15
 Remaining Life: 14
 Straight-Line Annual Contribution: \$ 267
 Cost Source: Recent Association Expense

Front Wood Fence

Quantity: 600 LnFt
 Estimated Total Cost to Replace: \$ 18,000
 Useful Life: 20
 Remaining Life: 20
 Straight-Line Annual Contribution: \$ 900
 Cost Source: Recent Association Expense

Metal Pool Fence 6'

Quantity: 175 LnFt
 Estimated Total Cost to Replace: \$ 6,125
 Useful Life: 30
 Remaining Life: 7
 Straight-Line Annual Contribution: \$ 204
 Cost Source: JDB Cost Database

Stair Rails 3.5'

Quantity: 500 LnFt
 Estimated Total Cost to Replace: \$ 11,000
 Useful Life: 30
 Remaining Life: 7
 Straight-Line Annual Contribution: \$ 367
 Cost Source: JDB Cost Database

Split-Rail Fence

Quantity: 450 LnFt
 Estimated Total Cost to Replace: \$ 5,400
 Useful Life: 35
 Remaining Life: 12
 Straight-Line Annual Contribution: \$ 154
 Cost Source: JDB Cost Database

POOL AREA

Pool Heater

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 3,300
 Useful Life: 10
 Remaining Life: 9
 Straight-Line Annual Contribution: \$ 330
 Cost Source: Recent Association Expense

Pool Filter

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 1,300
 Useful Life: 12
 Remaining Life: 9
 Straight-Line Annual Contribution: \$ 108
 Cost Source: Recent Association Expense

Pool Pump

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 800
 Useful Life: 6
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 133
 Cost Source: JDB Cost Database

Pool Replaster

Quantity: 1,000 SqFt
 Estimated Total Cost to Replace: \$ 6,000
 Useful Life: 10
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 600
 Cost Source: Recent Association Expense

Pool Tile/Coping

Quantity: 100 LnFt
 Estimated Total Cost to Replace: \$ 3,000
 Useful Life: 20
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 150
 Cost Source: JDB Cost Database

Spa Heater

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 3,200
 Useful Life: 8
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 400
 Cost Source: Recent Association Expense

Spa Filter

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 1,200
 Useful Life: 12
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 100
 Cost Source: JDB Cost Database

Spa Pumps

Quantity: 2 Unit
 Estimated Total Cost to Replace: \$ 1,600
 Useful Life: 6
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 267
 Cost Source: JDB Cost Database

Spa Retile

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 5,000
 Useful Life: 30
 Remaining Life: 7
 Straight-Line Annual Contribution: \$ 167
 Cost Source: Allowance

CABANA

Bath Floor & Wall Tile

Quantity: 650 SqFt
 Estimated Total Cost to Replace: \$ 9,750
 Useful Life: 30
 Remaining Life: 7
 Straight-Line Annual Contribution: \$ 325
 Cost Source: JDB Cost Database

Sauna Heater

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 2,500
 Useful Life: 15
 Remaining Life: 9
 Straight-Line Annual Contribution: \$ 167
 Cost Source: JDB Cost Database

Sauna & Bath Remodel

Quantity: 1 Allow
 Estimated Total Cost to Replace: \$ 5,000
 Useful Life: 26
 Remaining Life: 3
 Straight-Line Annual Contribution: \$ 192
 Cost Source: Allowance

Water Heater

Quantity: 1 Unit
 Estimated Total Cost to Replace: \$ 2,500
 Useful Life: 12
 Remaining Life: 2
 Straight-Line Annual Contribution: \$ 208
 Cost Source: Recent Association Expense

TERMITE FUMIGATION

All Buildings

Quantity: 13 Allow
 Estimated Total Cost to Replace: \$ 78,000
 Useful Life: 15
 Remaining Life: 1-12
 Straight-Line Annual Contribution: \$ 5,200
 Cost Source: Allowance

BRIDGE REPAIR

Quantity: 1 Allow
 Estimated Total Cost to Replace: \$ 10,000
 Useful Life: 15
 Remaining Life: 10
 Straight-Line Annual Contribution: \$ 667
 Cost Source: Allowance

TREE TRIMMING

Quantity: 1 Allow
 Estimated Total Cost to Replace: \$ 15,000
 Useful Life: 3
 Remaining Life: 1
 Straight-Line Annual Contribution: \$ 5,000
 Cost Source: Allowance

EXERCISE ROOM

Equipment / Remodel

Quantity: 1 Allow
 Estimated Total Cost to Replace: \$ 6,000
 Useful Life: 15
 Remaining Life: 1
 Straight-Line Annual Contribution: \$ 400
 Cost Source: Allowance

LIGHTING

Large Street Fixtures

Quantity: 14 Unit
 Estimated Total Cost to Replace: \$ 21,000
 Useful Life: 28
 Remaining Life: 5
 Straight-Line Annual Contribution: \$ 750
 Cost Source: JDB Cost Database

MAILBOXES

Mailbox Pagoda

Quantity:	200	Unit
Estimated Total Cost to Replace:	\$ 12,000	
Useful Life:	15	
Remaining Life:	5	
Straight-Line Annual Contribution:	\$ 800	
Cost Source:	JDB Cost Database	

DAVIS-STIRLING ACT

Civil Code 1365. Financial Records and Reporting

Unless the governing documents impose more stringent standards, the association shall prepare and distribute to all of its members the following documents:

(a) A pro forma operating budget, which shall include all of the following:

(1) The estimated revenue and expenses on an accrual basis.

(2) A summary of the association's reserves based upon the most recent review or study conducted pursuant to Section 1365.5, based only on assets held in cash or cash equivalents, which shall be printed in boldface type and include all of the following:

(A) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.

(B) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.

(ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(iii) If applicable, the amount of funds received from either a compensatory damage award or settlement to an association from any person or entity for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared as separate line items under cash reserves pursuant to clause (ii). Instead of complying with the requirements set forth in this clause, an association that is obligated to issue a review of their financial statement pursuant to subdivision (b) may include in the review a statement containing all of the information required by this clause.

(C) The percentage that the amount determined for purposes of clause (ii) of subparagraph (B) equals the amount determined for purposes of clause (i) of subparagraph (B).

(D) The current deficiency in reserve funding expressed on a per unit basis. The figure shall be calculated by subtracting the amount determined for purposes of clause (ii) of subparagraph (B) from the amount determined for purposes of clause (i) of subparagraph (B) and then dividing the result by the number of separate interests within the association, except that if assessments vary by the size or type of ownership interest, then the association shall calculate the current deficiency in a manner that reflects the variation.

(3) A statement as to all of the following:

(A) Whether the board of directors of the association has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

(B) Whether the board of directors of the association, consistent with the reserve funding plan adopted pursuant to subdivision (e) of Section 1365.5, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.

(C) The mechanism or mechanisms by which the board of directors will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.

(D) Whether the association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.

(4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain. The report shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Section 1365.2.5, and may not assume a rate of return on cash reserves in excess of 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made. The summary of the association's reserves disclosed pursuant to paragraph (2) shall not be admissible in evidence to show improper financial management of an association, provided that other relevant and competent evidence of the financial condition of the association is not made inadmissible by this provision. Notwithstanding a contrary provision in the governing documents, a copy of the operating budget shall be annually distributed not less than 30 days nor more than 90 days prior to the beginning of the association's fiscal year.

(b) Commencing January 1, 2009, a summary of the reserve funding plan adopted by the board of directors of the association, as specified in paragraph (4) of subdivision (e) of Section 1365.5. The summary shall include notice to members that the full reserve study plan is available upon request, and the association shall provide the full reserve plan to any member upon request.

(c) A review of the financial statement of the association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

(d) Instead of the distribution of the pro forma operating budget required by subdivision (a), the board of directors may elect to distribute a summary of the pro forma operating budget to all of its members with a written notice that the pro forma operating budget is available at the business office of the association or at another suitable location within the boundaries of the development, and that copies will be provided upon request and at the expense of the association. If any member requests that a copy of the pro forma operating budget required by subdivision (a) be mailed to the member, the association shall provide the copy to the member by first-class United States mail at the expense of the association and delivered within five days. The written notice that is distributed to each of the association members shall be in at least 10-point boldface type on the front page of the summary of the budget.

(e) A statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its members shall be annually delivered to the members not less than 30 days nor more than 90 days immediately preceding the beginning of the association's fiscal year.

(f)

(1) A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies, which shall be distributed not less than 30 days nor more than 90 days preceding the beginning of the association's fiscal year, that includes all of the following information about each policy:

(A) The name of the insurer.

(B) The type of insurance.

(C) The policy limits of the insurance.

(D) The amount of deductibles, if any.

(2) The association shall, as soon as reasonably practicable, notify its members by first-class mail if any of the policies described in paragraph (1) have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the association receives any notice of nonrenewal of a policy described in paragraph (1), the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.

(3) To the extent that any of the information required to be disclosed pursuant to paragraph (1) is specified in the insurance policy declaration page, the association may meet its obligation to disclose that information by making copies of that page and distributing it to all of its members.

(4) The summary distributed pursuant to paragraph (1) shall contain, in at least 10-point boldface type, the following statement:

"This summary of the association's policies of insurance provides only certain information, as required by subdivision (f) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

Updated 5/11/2007

Civil Code 1365.2.5. Assessment and Reserve Funding Disclosure Summary

(a) The disclosures required by this article with regard to an association or a property shall be summarized on the following form:

Assessment and Reserve Funding Disclosure Summary

(1) The current regular assessment per ownership interest is \$_____ per _____. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page _____ of the attached summary.

(2) Additional regular or special 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:

Amount per Ownership	Interest per Month or Year (if assessments are variable see note immediately below)	Date Assessment Will be Due	Purpose of the Assessment
Total:			

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page _____ of the attached 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 that have not yet been approved by the board or the members

Amount per ownership interest per month or year	Approximate date assessment will be due
Total:	

(5) All major components are included in the reserve study and are included in its calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is \$_____, based in whole or in part on the last reserve study or update prepared by _____ as of _____ (month), _____ (year). The projected reserve fund cash balance at the end of the current fiscal year is \$_____, resulting in reserves being _____ percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$_____. (See attached explanation)

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the

next five budget years is \$_____, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$_____, leaving the reserve at _____ 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 \$_____, leaving the reserve at _____ percent funding. 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.

Updated 5/11/2007

Civil Code 1365.5. Financial Duties of Board; Reserve Transfers

(a) Unless the governing documents impose more stringent standards, the board of directors of the association shall do all of the following:

- (1) Review a current reconciliation of the association's operating accounts on at least a quarterly basis.
- (2) Review a current reconciliation of the association's reserve accounts on at least a quarterly basis.
- (3) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.
- (4) Review the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts.
- (5) Review an income and expense statement for the association's operating and reserve accounts on at least a quarterly basis.

(b) The signatures of at least two persons, who shall be members of the association's board of directors, or one officer who is not a member of the board of directors and a member of the board of directors, shall be required for the withdrawal of moneys from the association's reserve accounts.

(c)

(1) The board of directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

(2) However, the board may authorize the temporary transfer of moneys from a reserve fund to the association's general operating fund to meet short-term cashflow requirements or other expenses, if the board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in Section 1363.05. The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered. If the board authorizes the transfer, the board shall issue a written finding, recorded in the board's minutes, explaining the reasons that the transfer is needed, and describing when and how the moneys will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the common interest development, temporarily delay the restoration. The board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is subject to the limitation imposed by Section 1366. The board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

(d) When the decision is made to use reserve funds or to temporarily transfer moneys from the reserve fund to pay for litigation, the association shall notify the members of the association of that decision in the next available mailing to all members pursuant to Section

5016 of the Corporations Code, and of the availability of an accounting of those expenses. Unless the governing documents impose more stringent standards, the association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by members of the association at the association's office.

(e) 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 that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association, excluding the association's reserve account for that period. The board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review. The study required by this subdivision shall at a minimum include:

(1) Identification of the major components that the association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years.

(2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.

(3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1).

(4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

(5) A reserve funding plan that indicates how the association plans to fund the contribution identified in paragraph (4) to meet the association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan shall be adopted by the board of directors at an open meeting before the membership of the association as described in Section 1363.05. If the board of directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in Section 1366.

(f) As used in this section, "reserve accounts" means both of the following:

(1) Moneys that the association's board of directors has identified for use to defray the future repair or replacement of, or additions to, those major components that the association is obligated to maintain.

(2) The funds received, and not yet expended or disposed of, from either a compensatory damage award or settlement to an association from any person or entity for injuries to property, real or personal, arising from any construction or design defects. These funds shall be separately itemized from funds described in paragraph (1).

(g) As used in this section, "reserve account requirements" means the estimated funds that the association's board of directors has determined are required to be available at a specified

point in time to repair, replace, or restore those major components that the association is obligated to maintain.

(h) This section does not apply to an association that does not have a "common area" as defined in Section 1351.

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