

**CONTACT INFORMATION**

CONTACT: Board of Directors  
 ASSOCIATION NAME: Diablo View 3 Yr Update 2005  
 ADDRESS: Sweetwater Drive  
 CITY, STATE, ZIP: Martinez, CA  
 PHONE NUMBER:

**PROPERTY INFORMATION**

BEGINNING YEAR OF STUDY: 2006 NUMBER OF UNITS IN PROJECT: 203  
 YEAR CONSTRUCTED: 1984 NUMBER OF BUILDINGS ANALYZED:  
 NUMBER OF CONSTRUCTION PHASES: 5 YEAR ENDING DATE: 12/31  
 YEAR OF LAST PHYSICAL INSPECTION: 2005  
 PERFORMED BY: Reserve Analysis Financial Planning, L.L.C.  
 YEAR OF NEXT PHYSICAL INSPECTION: 2008 (as required by the Davis-Stirling Act - 1997)  
 COMPLETE SET PLANS AVAILABLE: YES  NO   
 MAINTENANCE RECORDS AVAILABLE: YES  NO   
 RESERVE STUDY PREPARER: Reserve Analysis Financial Planning, L.L.C.  
 4000 Bridgeway, Suite 105  
 Sausalito, California 94965  
 Jim Kelly (415) 289-7445  
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 CURRENT PROPERTY MANAGER: Ms. Caroline McCormick, CCAM, CMCA  
 Association Communications, Inc.  
 1460 Washington Blvd., #A203  
 Concord, CA 94521-  
 (925) 672-2221  
 CURRENT ACCOUNTANT:

**RESERVE ACCOUNT INFORMATION**

2006 PROJECTED BEGINNING YEAR BALANCE: \$78,851 2006 CURRENT RETURN ON ACCOUNT: 3.27%  
 REQUESTED MINIMUM RESERVE BALANCE: \$0 2006 PROJECTED REPLACEMENT EXPENSES: \$45,675  
 CURRENT CALCULATED PERCENT FUNDED: 59.71% 2006 PROJECTED EXPENDITURE/CASH RATIO: 100%  
 2005 ANNUALLY TO RESERVE FUND: \$29,232 2006 ANNUAL CONTRIBUTION: \$32,740  
 2005 MONTHLY TO RESERVE FUND: \$2,436 2006 MONTHLY CONTRIBUTION: \$2,728  
 2005 UNIT PER MONTH TO RESERVE FUND: \$12.00 2006 UNIT PER MONTH CONTRIBUTION: \$13.44  
 2005 LAST YEARS SPECIAL ASSESSMENT: \$0 2006 TOTAL SPECIAL ASSESSMENT: \$0  
 TOTAL VALUE OF COMPONENTS: \$366,095

**LEGAL REQUIREMENTS**

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

**SCOPE OF STUDY**

The time frame covered by this analysis is from 2006 through 2035. These are the beginning and ending points for all repairs and funding calculations included in this study.

**STATEMENT OF RESERVE STUDY METHODOLOGY**

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

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

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

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

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

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

The component maintenance is the responsibility of the Association.

The component is not covered by the Association's Annual Operating Budget.

The components estimated useful life is greater than one year.

The components remaining estimated useful life is less than 30 years. (Provided its performing to standards)

The replacement cost of all components included in this report is based on current repair or replacement costs.

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

### 3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED REQUIREMENT

**STEPS FOR DETERMINING PERCENT FUNDED:**

Step 1: Calculate for each component a required contribution on a "straight-line" funding methodology.

(total component cost divided by the life expectancy of the component)

Step 2: Calculate the required dollars in Reserves for each component.

(required annual contribution multiplied by the components life in service)

Step 3: Total the required dollars for each component to arrive at "required dollars in bank".

Step 4: Divide actual dollars in bank by required dollars in bank to arrive at percent funded calculation.

This report includes, but is not limited to\*, reserve calculations made using the formula described in paragraph (4) of sub-division (b) of section 1365.2.5 of the Davis-Stirling Act.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. **This shall not be construed to require the board to fund reserves in accordance with this calculation.**

\* The future funding requirements shown on page 9:00 A & B of this Reserve study are derived by cash flow funding calculations.

Code #	Component Description	Year New	Useful Life	Remaining Life	Total Cost	Annual Contrib.	Total Req'd in Bank
1.00	<b>BIKE PATH</b>						
1.01	Asphalt Sealing	2001	5	0	\$7,500	\$1,500	\$7,500
1.02	Asphalt Replacement	1984	25	3	\$22,560	\$902	\$19,853
2.00	<b>CONCRETE</b>						
2.01	Replacement Allowances	2005	1	0	\$500	\$500	\$500
2.02	Drainage Gutter Repairs	2002	10	6	\$13,000	\$1,300	\$5,200
3.00	<b>SIGNAGE</b>						
3.01	Entrance Signs	1995	30	19	\$2,000	\$67	\$733
3.02	Repaint Sign	2005	5	4	\$300	\$60	\$60
3.03	Spotlights @ Entry	1995	20	9	\$300	\$15	\$165
3.02	Miscellaneous Sign Replacement	2005	5	4	\$500	\$100	\$100
4.00	<b>RETAINING WALLS</b>						
4.01	Wood	2006	25	25	\$7,450	\$298	\$7,450
4.02	Log @ Tot Lot	1984	50	28	\$1,450	\$29	\$638
4.03	Keystone	2004	65	63	\$960	\$15	
4.04	Masonry @ Property Line	1984	65	43	\$15,450	\$238	
5.00	<b>FENCING</b>						
5.01	Replacement	2000	15	9	\$18,750	\$1,250	\$7,500
5.02	Replacement	2001	15	10	\$18,750	\$1,250	\$6,250
5.03	Replacement	2002	15	11	\$14,000	\$933	\$3,733
5.04	Replacement	2003	15	12	\$110,000	\$7,333	\$22,000
5.05	Replacement	2004	15	13	\$49,000	\$3,267	\$6,533
5.05	Replacement	2006	15	15	\$10,000	\$667	\$10,000
5.06	Fence Post Replacement	2006	1	1	\$2,000	\$2,000	\$2,000
6.00	<b>IRRIGATION &amp; LANDSCAPE</b>						
6.01	Irrigation Controller (18 Station)	1998	15	7	\$2,500	\$167	\$1,333
6.02	Irrigation Controller (18 Station)	2005	15	14	\$1,250	\$83	\$83
6.03	Irrigation Controller (4 Station)	2000	15	9	\$750	\$50	\$300
6.04	Controller Cabinet	2005	40	39	\$500	\$13	
6.04	Irrigation Repair Allowance	2006	1	1	\$1,000	\$1,000	\$1,000
6.05	Backflow Preventers - 1"	2004	30	28	\$2,100	\$70	\$140
6.06	Backflow Preventers - 1"	1984	30	8	\$2,100	\$70	\$1,540
6.07	Backflow Preventers - 1.5"	2005	30	29	\$3,300	\$110	\$110
6.08	Backflow Preventers - 1.5"	1995	30	19	\$1,650	\$55	\$605
6.09	Landscape Enhancement	2006	1	1	\$5,000	\$5,000	\$5,000
6.10	Landscape Renewal	2006	5	5	\$2,000	\$400	\$2,000
6.11	Tree Care	2006	1	1	\$7,500	\$7,500	\$7,500
7.00	<b>COMMON AREA</b>						
7.01	Bench	1984	25	3	\$550	\$22	\$484
7.02	Bench	2006	25	25	\$550	\$22	\$550
7.03	Picnic Tables (tot lot)	1984	25	3	\$1,100	\$44	\$968

**3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED REQUIREMENT**

**STEPS FOR DETERMINING PERCENT FUNDED:**

Step 1: Calculate for each component a required contribution on a "straight-line" funding methodology.  
 (total component cost divided by the life expectancy of the component)

7.04	Picnic Tables (open space)	2004	35	33	\$750	\$21	
7.05	Trash Can Holder (tot lot)	1984	25	3	\$250	\$10	\$220
7.06	Trash Can Holder (open space)	2004	25	23	\$500	\$20	\$40
7.07	Tot Lot Replacement	2002	15	11	\$35,000	\$2,333	\$9,333
7.08	Barbeque Grill	2005	30	29	\$300	\$10	\$10
7.09	Poop Stations	2004	15	13	\$225	\$15	\$30
7.10	Spring Riders	2004	10	8	\$3,000	\$300	\$600

Total Value of Components:	<u>\$366,345</u>	
Annual Component Contribution:	<u>\$39,039</u>	
Total Dollars Required:		<u>\$132,063</u>
Actual Dollars In Reserve Fund:		\$78,851
Percent Funded:		<u>59.71%</u>
(Actual dollars/Total dollars Required)		

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

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

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

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

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

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

**Diablo View 3 Yr Update 2005  
For Budget Year: 2006  
ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY**

Sec. 2. Section 1365.2.5

(a)

- (1) The current average Reserve contribution for 2005 is \$12.00 per unit per month.  
The proposed average Reserve contribution for 2006 is \$13.44 per unit per month.  
Assessments that vary by size or unit type are determined by the association's governing documents and are found in the association's Pro Forma Operating Budget.

The total current annual assessment per unit/lot is \$432.00

The total projected annual assessment per unit/lot is \$\_\_\_\_\_.

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

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

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

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

**Yes\***

**No**

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

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

Year Due:	\$ Per unit per year	Average \$ Per unit per month
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- (5) The following major components, which are included in the component list, are NOT included in the existing reserve fund calculations:

Code #	Major Component	Remaining Useful Life	Reason Not Included
4.03	Keystone	63	Not in time scope of study.
4.04	Masonry @ Property Line	43	Not in time scope of study.
6.04	Controller Cabinet	39	Not in time scope of study.
7.04	Picnic Tables (open space)	33	Not in time scope of study.

- (6) As of the last reserve study or update, as dated below, the projected beginning balance in the

## **Diablo View 3 Yr Update 2005**

### **For Budget Year: 2006**

reserve fund is \$78,851.

Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Davis-Stirling Act, the required amount in the reserve fund is \$132,063.

**NOTE:** The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change.

(b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 1365.5.

Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

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

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

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