VILLAGE HOMES NORTH HOMEOWNERS' ASSOCIATION

REPLACEMENT RESERVE FUND ANALYSIS

DECEMBER 31, 2004

SCHEDULE OF RESERVE LIABILITY FUNDED PERCENTAGE

REPLACEMENT COMPONENT	ESTIMATED USEFUL LIFE	REMAINING USEFUL LIFE	EFFECTIVE CURRENT AGE	PROJECTED FUNDING REQUIREMENT	12/31/04 FUNDING REQUIREMENT
PAINT	5	1	4	480.00	1,920.00
EXTERIOR LIGHTING	20	12	8	300.00	2,400.00
POOL/SPA:					
COMPONENTS	10	2	8	800.00	6,400.00
REPLASTER/RETILE	10	3	7	1,050.00	7,350.00
WROUGHT IRON RAILING	20	10	10	250.00	2,500.00
WROUGHT IRON PAINT	4	1	3	375.00	1,125.00
POOL FURNITURE	5	3	2	700.00	1,400.00
LANDSCAPING - CONTINGENCY	10	6	4	3,000.00	12,000.00
ENTRY SIGNS	25	18	7	200.00	1,400.00
PATIO STRUCTURES	20	10	10	400.00	4,000.00
PLAY EQUIPMENT	15	11	4	1,000.00	4,000.00
SLUMP STONE WALL	10	10	0	300.00	-
				8,855.00	44,495.00

% Reserve Liability Funded as of December 31, 2004 is : 88.45%

VILLAGE HOMES NORTH HOMEOWNERS' ASSOCIATION

REPLACEMENT RESERVE FUND ANALYSIS

DECEMBER 31, 2004

SCHEDULE OF RESERVE FUND ALLOCATIONS

REPLACEMENT COMPONENT	12/31/04 FUND BALANCE	REALLOCATION ADJUSTMENTS	12/31/04 ADJUSTED FUND BALANCE
PAINT	(1,049.73)	3,449.73	2,400.00
EXTERIOR LIGHTING	2,860.21	(2,860.21)	-
POOL/SPA:			
COMPONENTS	4,131.83	3,868.17	8,000.00
REPLASTER/RETILE	5,423.02	5,076.98	10,500.00
WROUGHT IRON RAILING	1,383.46	(1,383.46)	-
WROUGHT IRON PAINT	415.04	1,084.96	1,500.00
POOL FURNITURE	3,835.15	(335.15)	3,500.00
LANDSCAPING - CONTINGENCY	1,966.75	11,491.26	13,458.01
ENTRY SIGNS	920.95	(920.95)	-
PATIO STRUCTURES	2,247.25	(2,247.25)	-
PLAY EQUIPMENT	5,955.57	(5,955.57)	-
SLUMP STONE WALL	-	-	-
CONTINGENCY	11,268.50	(11,268.50)	-
	39,358.01	-	39,358.01

VILLAGE HOMES NORTH HOMEOWNERS' ASSOCIATION, INC.

REPLACEMENT RESERVE FUND ANALYSIS

DECEMBER 31, 2004

CONCLUSION AND RECOMMENDATIONS

Based upon our review of the current replacement reserve funding program of your association, we conclude that the current level of funding being transferred into your replacement reserve fund on a monthly basis is SUFFICIENT to meet the ongoing needs of your association to provide for the anticipated replacement costs of your common area components (and in order to preserve maximum property values for all homeowners within the association). The Reserve Study calculates that the current annual level of funding to the replacement reserve should be decreased to $6,498.42 from the current (budgeted) level of $6,504. This represents a decrease of $5.58. Please note that the funding level calculated in this study is a minimum requirement to meet your anticipated future needs. There is no prohibition against selecting an annual funding level higher than the minimum level suggested herein. Selection of a higher annual funding level would provide an even greater margin of safety for the association since many of the assumptions contained within this study are subject to variation.

Additional support for this conclusion has been based upon the calculation of the Reserve Liability Funded Percentage as of December 31, 2004 which is 88.45%. This is a satisfactory accrual of replacement funds for an association with your particular funding requirements and current age.

Along with this conclusion, we note and strongly recommend that several changes be implemented as soon as possible in the inventory of your reserve components. All reallocations of reserve fund balances, additions of new component categories and deletions of discontinued categories should be carried out in accordance with the Schedule of Reserve Fund Allocations shown on Page 5.

We also take this opportunity to remind you that updates to this Reserve Study should be obtained annually to insure that your reserve fund calculations remain accurate. The cost of repairs and replacements are constantly changing and the accuracy of your replacement reserve cost data should never be allowed to become outdated.

Village Homes North Homeowners Association

Assessment and Reserve Funding Disclosure Summary
(Civil Code § 1365.2.5)

(1) The current assessment per unit is $78.00 per month and the portion allocated to reserves per unit is $16.33 per month.

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

Date assessment is due	Amount per unit per month (if assessments are variable, see note immediately below)	Purpose of the assessment
Not Applicable		
	Total:	

(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 **X** No ☐

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

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

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

Major component	Useful remaining life in years	Reason this major component was not included
None		

(6) As of the last reserve study or update, the current balance in the reserve fund is $39,358.00. Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the required amount in the reserve fund is $44,495.00.

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.
DISCLAIMER: The information contained in this disclosure is a PROJECTION ONLY. Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as (i) future inflation rates, (ii) levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement while others may cost more.