

**ASSOCIATION OF APARTMENT OWNERS OF PANIOLA HALE**

Section I: Statutory Replacement Reserve Funding - Estimated Cash Reserve Balances And Unfunded Liability  
 Effective 1/1/2010  
 Section 1

Iw 9/29/09

Assumption Table	
Interest Rate	1.00%
Inflation Rate	3.50%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>CASH FLOW METHOD:</b>										
CASH RECEIPTS										
1	Assessments	122,712	72,712	72,712	72,712	72,712	72,712	72,712	72,712	72,712
2	Special Assessment (completed 12/2009)									
3	Interest Earned, Net After Taxes, @ 1%	1,807	1,756	2,007	2,331	2,636	2,931	3,148	3,507	2,280
4	Total Cash Receipts	124,519	74,468	74,719	75,043	75,348	75,643	75,860	76,219	74,992
5	Less: Major Component Costs From Section II	-145,094	-64,129	-34,587	-50,141	-38,774	-53,078	-54,751	-25,175	-452,802
6	Net Increase (Decrease) In Cash	-20,575	10,339	40,132	24,902	36,574	22,565	21,109	51,044	-377,810
7	Cash Reserve Balances At Beginning Of Year (1)	191,871	171,296	181,635	221,767	246,669	283,243	305,808	326,917	418,022
8	Cash Reserve Balances At The End Of The Year (2)	171,296	181,635	221,767	246,669	283,243	305,808	326,917	377,961	40,211
<b>PERCENTAGE OF LIABILITY METHOD:</b>										
9	Estimated Total Liability	384,379	342,139	385,002	462,820	530,243	614,875	690,856	771,070	1,000,972
10	Less: Major Components Paid For In Current Year	-145,094	-64,129	-34,587	-50,141	-38,774	-53,078	-54,751	-25,175	-452,802
11	Net Liability at December 31	239,285	278,011	350,415	412,679	491,469	561,797	636,105	745,895	548,169
12	Less: Cash Balance at December 31	-171,296	-181,635	-221,767	-246,669	-283,243	-305,808	-326,917	-377,961	-40,211
13	Estimated Unfunded Liability, December 31	67,989	96,376	128,648	166,010	208,226	255,989	309,188	367,934	507,958
14	Percentage Funded (3)	71.59%	65.33%	63.29%	59.77%	57.63%	54.43%	51.39%	50.67%	49.09%
15	Percentage Unfunded	28.41%	34.67%	36.71%	40.23%	42.37%	45.57%	48.61%	49.33%	50.91%

(1) The cash balance at the beginning of the year is an estimate only. This amount may differ significantly due to unforeseen circumstances such as the cost of replacement greater than estimated, emergency expenditures, or actual replacement occurring earlier or later than scheduled.

(2) Under the "Cash-Flow Method", the Association must have cash balances at the end of each accounting year. This means that for a 20-year funding period, the Association must have sufficient cash on hand to pay for the replacement items each fiscal year. This must be done without relying on loans or special assessments, except in situations where the special assessment or loan is used to fund a specific reserve component item.

(3) Under the "Percentage of Liability Method", the Association must be funded at least 50%. However, there is no limitation on loans or special assessments.

For the coming year, the Association will use the Percentage Funding method.

This information is being provided as a supplementary schedule to the Association's operating budget. It is based upon information provided by the Association and/or by an independent appraisal company.

We have not verified, nor do we place any form of assurance on the accuracy of the replacement costs, estimated useful lives, and estimated remaining lives - DMI.

ASSOCIATION OF APARTMENT OWNERS OF PANIOLLO HALE

Section II: Statutory Reserve Funding - Estimated Cost of Replacement In Scheduled Year

Item Number	Major Component	Est. Useful Life	Est. Remain. Life	Est. Cost To Replace	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	Sewer Pump Emergency Generator	25	18	11,302										
2	Sewer Grinder Pump	12	5	11,302					12,970					
3	Sewer Station Controls	10	3	1,130			1,211							
4	Truck	12	6	26,061						30,952				
5	Skylights	25	14	17,374										
6	Fire Equipment 2 extinguishers per unit	12	10	5,086										6,932
7	Fire Equipment Hoses	10	2	6,195		6,412								
8	Golf Carts 2 each	5	4	4,761				5,279					6,269	
9	Golf Carts 1 each	5	5	2,381					2,732					3,244
10	Lighting Grounds & Grounds Additional	15	1	10,548	10,548									
11	Paddle Court Resurface/Restripe	10	4	2,940				3,259						
12	Paddle Court Chain Link Fence	25	4	6,825				7,567						
13	Rehab - Mnrs Unit Appliances, Furnishing	12	2	8,935		9,248								
14	Painting Wood surfaces	10	10	300,000										408,869
15	Bldg Repairs - Wood rails/Stairs	20	16	181,926										
16	Termite Treatments/Repairs	1	1	6,000	6,000	6,210	6,427	6,652	6,885	7,126	7,376	7,634	7,901	8,177

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Item Number	Major Component	Est. Useful Life	Est. Remain. Life	Est. Cost To Replace	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
17	Office Equipment	5	3	1,997			2,139					2,541		
18	Office Furniture	6	3	5,651			6,054						7,442	
19	Asphalt Overlay	30	18	91,529										
20	Asphalt - Seal, Stripe	5	2	26,337		27,259					32,375			
21	Electrical system updates	20	20	13,973										
22	Irrigation System	10	4	11,169				12,383						
23	Pool Furniture	10	1	4,871	4,871									
24	Pool Filter/Pump	12	10	7,763										10,579
25	Pool Retile	20	14	31,050										
26	Pool Deck	15	1	51,750	51,750									
27	Pool Fence	15	14	15,525										
28	Metal Roofing Repairs	50	37	35,285										
29	Parking Lot Light Fixtures	25	1	23,288	23,288									
30	Bar - B - Q's ( Existing )	8	3	3,506			3,755							
31	Bar - B - Q's Portable	6	5	1,035					1,188					
32	Water Pipes & Valves	20	1	33,638	33,638									
33	Roto-Rooter Equipment	20	18	5,175										
34	Window Replacement/Repair	1	1	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
35	Unscheduled Replacements	1	1	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Cost				981,308										
Estimated Replacement Cost In Scheduled Year					145,094	64,129	34,587	50,141	38,774	53,078	54,751	25,175	36,612	452,802