

PROPERTY INFORMATION

<i>PROPERTY NAME:</i>	Lucas Valley Homeowners Association		
<i>STREET ADDRESS:</i>	1201 Idylberry Road		
<i>CITY, STATE, ZIP:</i>	San Rafael, California		
<i>GOVERNING ENTITY:</i>	Board of Directors		
<i>YEAR CONSTRUCTED:</i>	1960	<i>NUMBER OF CONSTRUCTION PHASES:</i>	10
<i>NUMBER OF UNITS:</i>	538	<i>NUMBER OF RESIDENTIAL BUILDINGS:</i>	1

CONTACT INFORMATION

<i>CURRENT PROPERTY CONTACT:</i>	Ms. Janice Cunningham Lucas Valley Homeowners Assoc. 1201 Idylberry Road San Rafael, CA 94903 Phone: 415-472-3202 Email: lvha@lvha.net		
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RESERVE STUDY INFORMATION

<i>TYPE OF STUDY:</i>	New Site Inspection Study 2016		
<i>BEGINNING YEAR OF STUDY:</i>	2016		
<i>YEAR OF LAST PHYSICAL INSPECTION:</i>	2015		
<i>YEAR OF NEXT PHYSICAL INSPECTION:</i>	2018 (as required by the Davis-Stirling Act)		
<i>RESERVE STUDY PREPARER:</i>	Reserve Analysis Consulting, L.L.C. 1750 Bridgeway, Suite B106 • Sausalito, CA 94965 Sausalito, California 94965 Office Phone: (415) 332-7800 FAX: (415) 332-7801		
<i>PERFORMED BY:</i>	Jim Kelly Direct Phone: (415) 289-7445 Email: jimk@reserveanalysis.com		

RESERVE FUND FINANCIAL INFORMATION

<i>BUDGET YEAR ENDING DATE:</i>	12/31	2015	2016
<i>ANNUAL RESERVE CONTRIBUTION:</i>		\$96,000	\$150,000
<i>MONTHLY RESERVE CONTRIBUTION:</i>		\$8,000	\$12,500
<i>PER UNIT MONTHLY (AVG.) CONTRIBUTION:</i>		\$14.87	\$23.23
<i>TOTAL SPECIAL ASSESSMENT:</i>		N/A	N/A
<i>PER UNIT (AVG.) SPECIAL ASSESSMENT:</i>		N/A	N/A
<i>PROPOSED RESERVE FUND EXPENDITURES:</i>			(\$22,559)
<i>ESTIMATED YEAR ENDING BALANCE:</i>		\$914,554	\$1,054,749
<i>REQUESTED MINIMUM "THRESHOLD" FUTURE BALANCE:</i>			N/A

RESERVE PERCENT FUNDED CALCULATION

<i>AMOUNT NEEDED TO BE 100% FUNDED:</i>	\$1,198,784	\$1,219,670
<i>THEORETICAL PER UNIT UNDERFUNDED:</i>	\$528	\$307
<i>CALCULATED PERCENT FUNDED:</i>	76.29%	86.48%

RESERVE PROJECTED INTEREST & INFLATION

<i>"ASSUMED LONG-TERM INTEREST RATE":</i>	2.00%
<i>"ASSUMED LONG-TERM INFLATION RATE":</i>	3.00%

2.00 PROCEDURES & METHODOLOGIES

DAVIS-STIRLING ACT PROCEDURES & REQUIREMENTS

Current Davis-Stirling statutes 5300 & 5550 ((old 1365 & 1365.5)) require the Association to Review the Reserve Study on an annual basis and implement any necessary adjustments regarding component performance, replacement and/or deferral; as well as recalculation of financial figures based on that review and current financial data. Additionally, Statute 5550 ((old 1365.5)) continues to require a Site Inspection based Update of the complete Study at a minimum every three years. The Reserve Study is to include:

- Identification of the major components.
- Establishment of reasonable life expectancies and remaining life of all components.
- Projected estimated cost of all repair and replacements.
- Development of a 30 year Funding Plan which identifies date and amount of regular and special assessments.
- Calculation of Percent Funded and amount of per unit deficiency.
- Statement of methodology.
- Additionally, calculation of 5570 ((old 1365.2.5)) Reserve Summary and Disclosure Document.

SCOPE OF STUDY

The time frame covered by this analysis is from 2016 through 2045. These are the beginning and ending points for all repairs and replacements included in the 30 Year Funding Plan included in this study.

STATEMENT OF RESERVE STUDY METHODOLOGY

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 Homeowners Association's Board for approval. The following sources were used, when applicable, to make our determinations:

- Original plans and specifications
- Original contractors, current contractors and vendors
- Association maintenance staff
- Association management
- Association Board of Directors

While gathering this information there were some assumptions made regarding existing conditions, future conditions and additional circumstances that may occur that would 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 were based on industry standard experiences, and on the components being in reasonable and ordinary condition.

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's also assumed all components will receive reasonable maintenance for their remaining life.

Only components that 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 component's useful life is greater than one year, except in the case of variable ongoing repair of a major component
- The component has an identifiable expected cost and replacement cost.
- Inclusion in the Funding plan requires the component's remaining estimated useful life is less than 30 years.

The Reserve Study includes a 30 year component expenditure projection from which a Funding Plan was developed which proposes 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 premise of this replacement cost projection is to ensure a positive cash balance in the Reserve Fund Account that will enable the Association to fulfill its "obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less." It is equally important that a positive cash fund be maintained without relying on Special Assessments or overfunding of Reserves. The cost projections in this report are inflated based on an "assumed long-term inflation rate" based on a 30 year average and adjusted for local economies. The Funding Plan in this report includes an "assumed long-term interest rate" which is not to exceed "2% above the discount rate published by the Federal Reserve Bank of San Francisco." Both rates were reviewed in the Preliminary Draft and approved by the Board of Directors.

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED CALCULATION

Code #	Component Description	2015 End Req'd in Bank	Year New	Usefl Life	Rmng. (2016)	Current Cost	Annual Allocation	2016 End Req'd in Bank
1.00	ASPHALT							
1.01	Asphalt Sealing	\$0	2023	5	7	\$3,346	\$669	\$0
1.02	Striping	\$74	2018	5	2	\$186	\$37	\$112
1.03	Painted Curb	\$450	2018	5	2	\$1,125	\$225	\$675
1.04	Asphalt Repairs	\$0	2023	5	7	\$500	\$100	\$0
1.05	Asphalt Replacement	\$65,527	2018	50	2	\$69,710	\$1,394	\$66,922
	Category Sub-Total	\$66,052				\$74,867	\$2,426	\$67,708
2.00	CONCRETE							
2.01	Concrete Repair Allowance (annual)	\$750	2016	1	1	\$750	\$750	\$750
2.02	Swimming Pool Decking	\$34,770	2018	60	2	\$36,600	\$610	\$35,380
2.03	Wading Pool Decking	\$5,472	2018	60	2	\$5,760	\$96	\$5,568
2.04	ADA & Landscape Remodel	\$242,500	2018	100	2	\$250,000	\$2,500	\$245,000
	Category Sub-Total	\$283,492				\$293,110	\$3,956	\$286,698
3.00	RETAINING WALLS							
3.01	Wood @ ADA Ramp	\$6,475	2001	40	25	\$18,500	\$463	\$6,938
3.02	Wood @ Tot Lot	\$8,745	1985	40	9	\$11,660	\$292	\$9,037
3.03	Wood @ Pool	\$189	2007	35	26	\$825	\$24	\$212
3.04	Wood @ Pool (w/bench)	\$651	2007	35	26	\$2,850	\$81	\$733
	Category Sub-Total	\$16,060				\$33,835	\$859	\$16,919
4.00	FENCING							
4.01	Wood & Wire @ Pool	\$10,296	2018	30	2	\$11,440	\$381	\$10,677
4.02	Wood & Wire @ Tot Lot	\$427	2010	30	24	\$2,560	\$85	\$512
4.03	Wood & Wire @ Tot Lot	\$2,088	2016	30	30	\$2,160	\$72	\$0
4.04	Wood & Wire @ ADA Ramp	\$2,763	2001	30	15	\$5,920	\$197	\$2,960
4.05	Wood @ Stables (allowance)	\$500	2014	10	8	\$5,000	\$500	\$1,000
4.06	Wood @ Pool	\$5,798	1990	30	4	\$6,958	\$232	\$6,030
4.07	Wood Rail @ Creek	\$750	1990	30	4	\$900	\$30	\$780
4.08	Wood Rail @ Park	\$225	2012	30	26	\$2,250	\$75	\$300
4.09	Wood Panels @ Lucas Valley Road	\$41	2014	30	28	\$1,238	\$41	\$83
4.10	Wood Panels @ Lucas Valley Road	\$4,125	1985	30	-1	\$4,125	\$138	\$0
4.11	Wood Picket @ Creek	\$653	2005	30	19	\$1,960	\$65	\$719
4.12	Iron Handrails (clubhouse)	\$960	1985	75	44	\$2,400	\$32	\$992
4.13	Cyclone @ Creek	\$3,996	1985	50	19	\$6,660	\$133	\$4,129
4.14	Cyclone @ Tennis Courts (Mt Diablo)	\$17,940	1985	50	19	\$29,900	\$598	\$18,538
4.15	Cyclone @ Tennis Courts (Mt Tallac)	\$17,940	1985	50	19	\$29,900	\$598	\$18,538
	Category Sub-Total	\$68,502				\$113,370	\$3,178	\$65,258
5.00	ELECTRICAL							
5.01	Security Lights (remodel)	\$5,486	2018	35	2	\$6,000	\$171	\$5,657
5.02	Wood Lamp Post (park)	\$300	1985	35	4	\$350	\$10	\$310
5.03	Ceiling Fixtures (restrooms)	\$31	2014	40	38	\$1,250	\$31	\$63
5.04	Exit w/Flasher (restrooms)	\$10	2014	20	18	\$200	\$10	\$20
5.05	Emergency Flashers (restrooms)	\$11	2014	20	18	\$225	\$11	\$23
5.06	Clubhouse Light Fixtures (remodel)	\$9,000	2018	30	2	\$10,000	\$333	\$9,333
	Category Sub-Total	\$14,838				\$18,025	\$567	\$15,405
6.00	SWIMMING POOL							
6.01	Replaster (w/tile)	\$9,975	2012	15	11	\$49,876	\$3,325	\$13,300
6.02	Coping	\$508	2012	45	41	\$7,625	\$169	\$678
6.03	Tile	\$498	2012	45	41	\$7,475	\$166	\$664
6.04	Deck Joint Seal	\$2,745	2016	10	10	\$3,050	\$305	\$0
6.05	Filters	\$4,800	2007	15	6	\$9,000	\$600	\$5,400
6.06	Filter Pump (5hp)	\$667	2010	15	9	\$2,000	\$133	\$800
6.07	Heater	\$6,630	2002	15	1	\$7,650	\$510	\$7,140
6.08	Heaters	\$1,020	2014	15	13	\$15,300	\$1,020	\$2,040
6.09	Chlorinators	\$300	2012	10	6	\$1,000	\$100	\$400
6.10	Power Monitor (Emotron)	\$150	2012	20	16	\$1,000	\$50	\$200
6.11	Covers	\$710	2014	10	8	\$7,100	\$710	\$1,420
6.12	Handrail	\$35	2012	30	26	\$350	\$12	\$47
6.13	Ladders	\$60	2012	30	26	\$600	\$20	\$80

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED CALCULATION

Code #	Component Description	2015 End Req'd in Bank	Year New	Usefl Life	Rmng. (2016)	Current Cost	Annual Allocation	2016 End Req'd in Bank
6.14	Pool Cleaner (Duramax RC)	\$0	2015	10	9	\$2,500	\$250	\$250
6.15	Covers	\$710	2014	10	8	\$7,100	\$710	\$1,420
6.16	Lifeguard Chair	\$340	2007	20	11	\$850	\$43	\$383
6.17	Furniture Allowance	\$1,500	2012	10	6	\$5,000	\$500	\$2,000
Category Sub-Total		\$30,649				\$127,476	\$8,623	\$36,222
7.00	WADING POOL							
7.01	Replaster	\$3,929	2018	15	2	\$4,911	\$327	\$4,256
7.02	Coping	\$1,680	2018	45	2	\$1,800	\$40	\$1,720
7.03	Tile	\$1,587	2018	45	2	\$1,700	\$38	\$1,624
7.04	Deck Joint Seal	\$504	2018	10	2	\$720	\$72	\$576
7.05	Filter	\$367	2013	15	12	\$2,750	\$183	\$550
7.06	Filter Pump	\$250	2013	10	7	\$1,250	\$125	\$375
7.07	Heater	\$2,333	2005	15	4	\$3,500	\$233	\$2,567
7.08	Chlorinator	\$500	2005	10	-1	\$500	\$50	\$0
7.09	Wood Benches	\$914	2018	35	2	\$1,000	\$29	\$943
7.10	Trellis (w/bench)	\$3,696	2018	45	2	\$3,960	\$88	\$3,784
Category Sub-Total		\$15,760				\$22,091	\$1,185	\$16,395
8.00	CLUBHOUSE (EXTERIOR)							
8.01	Composition Roof	\$5,363	2001	30	15	\$11,492	\$383	\$5,746
8.02	Built Up Roof	\$1,086	2014	20	18	\$21,718	\$1,086	\$2,172
8.03	Skylights (3'x3')	\$1,800	1985	35	4	\$2,100	\$60	\$1,860
8.04	Skylights (domed)	\$857	1985	35	4	\$1,000	\$29	\$886
8.05	Backflow Valve	\$1,200	1997	7	-12	\$1,200	\$171	\$0
8.06	Painting	\$6,429	2016	7	7	\$7,500	\$1,071	\$0
Category Sub-Total		\$16,734				\$45,009	\$2,800	\$10,663
9.00	CLUBHOUSE (INTERIOR)							
9.01	Vinyl Flooring	\$7,855	2020	40	4	\$8,978	\$224	\$8,080
9.02	Carpet (office)	\$87	2014	15	13	\$1,300	\$87	\$173
9.03	Office Computer	\$135	2014	10	8	\$1,350	\$135	\$270
9.04	Security System (w/cameras)	\$1,000	2014	15	13	\$15,000	\$1,000	\$2,000
9.05	Movie Screen	\$188	2020	20	4	\$250	\$13	\$200
9.06	Doors (wood)	\$3,375	2020	50	4	\$3,750	\$75	\$3,450
9.07	Doors (louvered)	\$675	2020	50	4	\$750	\$15	\$690
9.08	Doors (Dutch)	\$675	2020	50	4	\$750	\$15	\$690
9.09	Doors (sliding glass)	\$5,333	2020	45	4	\$6,000	\$133	\$5,467
9.10	Furniture (storage)	\$3,423	1985	45	14	\$5,135	\$114	\$3,537
9.11	Furniture (office)	\$200	2014	25	23	\$5,000	\$200	\$400
9.12	Water Heater	\$1,071	2010	7	1	\$1,500	\$214	\$1,286
9.13	HVAC	\$2,143	2012	7	3	\$5,000	\$714	\$2,857
9.14	Painting	\$1,000	2020	7	4	\$3,500	\$500	\$1,500
9.15	Major Remodel	\$475,000	2020	100	4	\$500,000	\$5,000	\$480,000
Category Sub-Total		\$502,160				\$558,263	\$8,440	\$510,600
10.00	CLUBHOUSE (KITCHEN)							
10.01	Vinyl Flooring	\$975	2020	30	4	\$1,170	\$39	\$1,014
10.02	Lower Cabinets	\$8,889	2020	45	4	\$10,000	\$222	\$9,111
10.03	Upper Cabinets	\$5,333	2020	45	4	\$6,000	\$133	\$5,467
10.04	Countertop (tile)	\$5,164	2020	45	4	\$5,810	\$129	\$5,294
10.05	Range w/ Oven (6 burner)	\$4,375	2020	40	4	\$5,000	\$125	\$4,500
10.06	Range Hood w/ Fan	\$350	2020	40	4	\$400	\$10	\$360
10.07	Refrigerator/Freezer	\$800	2020	15	4	\$1,200	\$80	\$880
10.08	Refrigerator/Freezer	\$800	2020	15	4	\$1,200	\$80	\$880
10.09	Dishwasher	\$680	2020	25	4	\$850	\$34	\$714
10.10	Microwave	\$167	2020	15	4	\$250	\$17	\$183
10.11	Disposal	\$117	2020	15	4	\$175	\$12	\$128
10.12	Water Heater	\$840	2008	10	2	\$1,200	\$120	\$960
10.13	Major Remodel (plumbing & electrical)	\$47,500	2020	100	4	\$50,000	\$500	\$48,000
Category Sub-Total		\$75,990				\$83,255	\$1,501	\$77,491
11.00	CLUBHOUSE (RESTROOMS)							
11.01	Tile	\$496	2014	45	43	\$22,325	\$496	\$992

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED CALCULATION

Code #	Component Description	2015 End Req'd in Bank	Year New	Usefl Life	Rmng. (2016)	Current Cost	Annual Allocation	2016 End Req'd in Bank
11.02	Wall Covering (glass tile)	\$97	2014	45	43	\$4,375	\$97	\$194
11.03	Corian Counter (w/2 sinks)	\$111	2014	45	43	\$5,000	\$111	\$222
11.04	Auto Faucets	\$133	2014	15	13	\$2,000	\$133	\$267
11.05	Toilets (w/auto flush)	\$267	2014	45	43	\$12,000	\$267	\$533
11.06	Urinals (w/auto flush)	\$100	2014	45	43	\$4,500	\$100	\$200
11.07	Toilet Partitions	\$167	2014	45	43	\$7,500	\$167	\$333
11.08	Urinal Partitions	\$28	2014	25	23	\$700	\$28	\$56
11.09	Accessories	\$90	2014	30	28	\$2,700	\$90	\$180
11.10	ADA Chairs	\$33	2014	15	13	\$500	\$33	\$67
11.11	Diaper Changer	\$10	2014	20	18	\$200	\$10	\$20
11.12	Defibrillator	\$80	2014	15	13	\$1,200	\$80	\$160
11.13	Rubber Mats (DriDek)	\$152	2014	15	13	\$2,275	\$152	\$303
11.14	Water Heater (100 gallon)	\$500	2014	10	8	\$5,000	\$500	\$1,000
Category Sub-Total		\$2,264				\$70,275	\$2,264	\$4,528
12.00	TENNIS COURT (MT DIABLO)							
12.01	Seal & Stripe Court	\$6,720	2018	10	2	\$9,600	\$960	\$7,680
12.02	Resurface Court	\$46,250	2018	40	2	\$50,000	\$1,250	\$47,500
12.03	Equipment Shed	\$20	2014	25	23	\$500	\$20	\$40
12.04	Bulletin Board	\$8	2014	20	18	\$150	\$8	\$15
12.05	Drinking Fountain	\$48	2014	25	23	\$1,200	\$48	\$96
12.06	Security Locks	\$400	2011	15	10	\$1,500	\$100	\$500
12.07	Trellis	\$12,915	1985	40	9	\$17,220	\$431	\$13,346
12.08	Benches (wood replacement)	\$788	1985	40	9	\$1,050	\$26	\$814
12.09	Table (wood)	\$563	1985	40	9	\$750	\$19	\$581
12.10	Irrigation Controller	\$50	2014	20	18	\$1,000	\$50	\$100
12.11	Backflow Valve	\$34	2014	35	33	\$1,200	\$34	\$69
Category Sub-Total		\$67,795				\$84,170	\$2,945	\$70,740
13.00	TENNIS COURT (MT TALLAC)							
13.01	Seal & Stripe Court	\$7,680	2007	10	1	\$9,600	\$960	\$8,640
13.02	Resurface Court	\$10,000	2007	40	31	\$50,000	\$1,250	\$11,250
13.03	Equipment Shed	\$20	2014	25	23	\$500	\$20	\$40
13.04	Bulletin Board	\$8	2014	20	18	\$150	\$8	\$15
13.05	Drinking Fountain	\$1,200	1985	25	-6	\$1,200	\$48	\$0
13.06	Security Lock	\$200	2011	15	10	\$750	\$50	\$250
13.07	Wood Bench	\$10	2014	35	33	\$350	\$10	\$20
13.08	Wood Bench (w/planters)	\$900	2018	30	2	\$1,000	\$33	\$933
13.09	Backflow Valve	\$1,071	1985	35	4	\$1,250	\$36	\$1,107
Category Sub-Total		\$21,089				\$64,800	\$2,415	\$22,255
14.00	PARK (SHASTA MEMORIAL)							
14.01	Monument Sign (carved wood)	\$926	1988	35	7	\$1,200	\$34	\$960
14.02	Benches (wood replacement)	\$1,181	1988	40	12	\$1,750	\$44	\$1,225
14.03	Platform Bench (wood replacement)	\$203	1988	40	12	\$300	\$8	\$210
14.04	Platform Tables (wood replacement)	\$338	1988	40	12	\$500	\$13	\$350
14.05	Picnic Table (wood replacement)	\$338	1988	40	12	\$500	\$13	\$350
14.06	Drinking Fountain	\$675	1988	40	12	\$1,000	\$25	\$700
14.07	Irrigation Controller	\$1,000	1988	15	-13	\$1,000	\$67	\$0
14.08	Backflow Valve	\$926	1988	35	7	\$1,200	\$34	\$960
14.09	Backflow Enclosure (wood)	\$386	1988	35	7	\$500	\$14	\$400
14.10	Crushed Granite	\$1,500	2012	15	11	\$7,500	\$500	\$2,000
Category Sub-Total		\$7,471				\$15,450	\$751	\$7,155
15.00	COMMON AREA							
15.01	Dog Stations	\$150	2011	10	5	\$375	\$38	\$188
15.02	Trash Receptacles	\$75	2011	40	35	\$750	\$19	\$94
15.03	Backflow Valve (open space)	\$1,071	1985	35	4	\$1,250	\$36	\$1,107
15.04	Backflow Enclosure (cyclone)	\$210	1985	50	19	\$350	\$7	\$217
15.05	Tot Lot Structure	\$3,600	2010	25	19	\$18,000	\$720	\$4,320
15.06	Tot Lot Bark	\$2,839	2010	7	1	\$3,974	\$568	\$3,407
15.07	Storage Sheds	\$1,833	2004	30	18	\$5,000	\$167	\$2,000
15.08	Tack Room Structure Repairs	\$150	2014	10	8	\$1,500	\$150	\$300

3.00 RESERVE STUDY COMPONENT SCHEDULE & PERCENT FUNDED CALCULATION

Code #	Component Description	2015 End Req'd in Bank	Year New	Usefl Life	Rmng. (2016)	Current Cost	Annual Allocation	2016 End Req'd in Bank
Category Sub-Total		\$9,929				\$31,199	\$1,703	\$11,632
				Total Value of Components:		\$1,635,196		
				Annual Straight-Line Allocation:			\$43,614	
		2015 End						2016 End
Total Dollars Necessary to be 100% Funded:		\$1,198,784						\$1,219,670
Actual Dollars In Reserve Fund:		\$914,554						\$1,054,749
Current Fund Deficiency:		\$284,230						\$164,922
Current Per Unit Deficiency:		\$528						\$307
Percent Funded:		76.29%						86.48%

(Actual dollars/Total Dollars Necessary)

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 component's 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 section 5570(b)(4) ((old 1365.2.5(b)(4)) 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 levels developed in the Funding Plan of this Reserve Study are derived through cash flow funding calculations.

PROPERTY DESCRIPTION & COMPONENT INCLUSION:

Lucas Valley Homeowners Association is a 538-member association located in San Rafael, California. The Association is responsible for 1 residential building that was originally built in 10 phases in 1960. The Association is responsible for all components as the Board of Directors has interpreted the CC&Rs. For specific component inclusion based on that interpretation please refer to the Component Data or Schedule Sections.

5300(b)(4) - COMPONENT CONDITION:

The property is composed of a variety of components that are in a range of conditions due to their various ages and expected lives. The projections in this Reserve Study intend to maintain these components at an appropriate condition in the future; however, it is the Board's responsibility to investigate and cause the actual maintenance, repair and replacement projects at the appropriate time(s).

Per Davis-Stirling Section 5500 ((old 1365.5)), on a quarterly basis the Board will review actual reserve expenses compared to the year's proposed reserve expenses. Depending on each component's condition and available information at that time, the Board will determine to undertake repair and replacement projects as appropriate. Please refer to the Sections of Component Data and/or Component Schedule for specific details on component ages, expected lives, and remaining lives. A component with a negative remaining life does not necessarily mean the component is being deferred, but rather signifies that the component is past its statistically average life and will be reviewed annually until it is appropriate for replacement. If the Board has specifically determined to defer or not undertake a component's repair or replacement, that decision and its justification is required to be in meeting minutes and disclosed separately in the Annual Budget Report.

5300(b)(3,5,6,7,8) - FUNDING PLAN ANALYSIS & CALCULATIONS:

5300(b)(3) - "the association shall provide the full reserve study plan upon request."

Specific Details regarding the following statements can be viewed in the "30 YEAR FUNDING PLAN" (included with this Reserve Summary).

5300(b)(5) - If applicable, the amount and commencement date of Board determined or anticipated special assessments will be shown and if a vote of the membership is required.

5300(b)(6) - The mechanism(s) by which the board will fund the reserves, including assessments, borrowing, and/or use of other assets. Refer to 5300(b)(4) above for deferral/selected repair/replacements.

5300(b)(7) - Procedures & methodology used for these calculations can be found in section "Procedures & Methodologies" (included with this Reserve Summary).

5300(b)(8) - If applicable, details regarding outstanding loans can be found in the 5570 "Reserve Summary and Disclosure" (included with this summary) and/or separately in the Annual Budget Report.

The Reserve Study is a SERIES OF PROJECTIONS, and consequently the estimated lives and costs of components will likely CHANGE OVER TIME depending on a variety of factors such as future inflation rates, the level of preventative maintenance completed by future boards, unknown material defects, changes in technology, efficiency, and/or government regulations.

The Reserve Study is an evolving document that represents a moment in time covering a 30 year period. As required by The Davis-Stirling Act, we recommend that the Association review and update this Reserve Analysis on an annual basis to make adjustments for component expenditures and fluctuations in annual revenue, interest, and inflation.

2015 Average unit per month reserve contribution *1 = \$14.87

2015 Total annual reserve contribution *1 = \$96,000

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 1ST 10 YEARS	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Projected Beginning Fund Balance *1	\$914,554	\$1,054,749	\$1,193,797	\$833,144	\$988,499	\$405,867	\$561,285	\$700,003	\$835,888	\$953,155
Contribution % increase over previous yr.	56.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contribution avg. unit/month \$ increase	\$8.36	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contribution avg. per unit/month	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23
Reserve Contribution - Annual	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$1,064,554	\$1,204,749	\$1,343,797	\$983,144	\$1,138,499	\$555,867	\$711,285	\$850,003	\$985,888	\$1,103,155
Projected Expenditures - inflated	-\$22,559	-\$25,388	-\$520,727	-\$6,597	-\$737,540	-\$1,369	-\$19,747	-\$24,222	-\$44,259	-\$49,225
Balance after expenditures	\$1,041,995	\$1,179,361	\$823,069	\$976,547	\$400,960	\$554,498	\$691,538	\$825,781	\$941,630	\$1,053,931
Interest on balance after tax	\$12,754	\$14,435	\$10,074	\$11,953	\$4,908	\$6,787	\$8,464	\$10,108	\$11,526	\$12,900
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	86.48%	93.54%	96.43%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Projected Year Ending Balance *3	\$1,054,749	\$1,193,797	\$833,144	\$988,499	\$405,867	\$561,285	\$700,003	\$835,888	\$953,155	\$1,066,831

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 2ND 10 YEARS	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Projected Beginning Fund Balance *1	\$1,066,831	\$1,215,227	\$1,275,896	\$1,406,636	\$1,515,870	\$1,662,813	\$1,793,586	\$1,941,110	\$2,086,721	\$2,155,636
Contribution % increase over previous yr.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contribution avg. unit/month \$ increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contribution avg. per unit/month	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23
Reserve Contribution - Annual	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$1,216,831	\$1,365,227	\$1,425,896	\$1,556,636	\$1,665,870	\$1,812,813	\$1,943,586	\$2,091,110	\$2,236,721	\$2,305,636
Projected Expenditures - inflated	-\$16,298	-\$104,759	-\$36,269	-\$59,096	-\$23,164	-\$40,915	-\$25,948	-\$29,622	-\$107,151	-\$177,389
Balance after expenditures	\$1,200,532	\$1,260,468	\$1,389,627	\$1,497,541	\$1,642,706	\$1,771,898	\$1,917,638	\$2,061,488	\$2,129,570	\$2,128,247
Interest on balance after tax	\$14,695	\$15,428	\$17,009	\$18,330	\$20,107	\$21,688	\$23,472	\$25,233	\$26,066	\$26,050
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Projected Year Ending Balance *3	\$1,215,227	\$1,275,896	\$1,406,636	\$1,515,870	\$1,662,813	\$1,793,586	\$1,941,110	\$2,086,721	\$2,155,636	\$2,154,297

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 3RD 10 YEARS	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Beginning Fund Balance *1	\$2,154,297	\$2,324,247	\$2,449,071	\$2,584,244	\$2,749,567	\$2,912,242	\$3,040,584	\$3,066,893	\$3,232,878	\$3,234,579
Contribution % increase over previous yr.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contribution avg. unit/month \$ increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contribution avg. per unit/month	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23	\$23.23
Reserve Contribution - Annual	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Does increase require membership vote?										
Proposed avg. special assess per unit										
Special Assessment - Total Proposed										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$2,304,297	\$2,474,247	\$2,599,071	\$2,734,244	\$2,899,567	\$3,062,242	\$3,190,584	\$3,216,893	\$3,382,878	\$3,384,579
Projected Expenditures - inflated	-\$8,155	-\$54,790	-\$46,076	-\$17,925	-\$22,540	-\$58,424	-\$160,776	-\$23,107	-\$187,411	-\$23,691
Balance after expenditures	\$2,296,142	\$2,419,457	\$2,552,995	\$2,716,319	\$2,877,027	\$3,003,817	\$3,029,808	\$3,193,786	\$3,195,466	\$3,360,888
Interest on balance after tax	\$28,105	\$29,614	\$31,249	\$33,248	\$35,215	\$36,767	\$37,085	\$39,092	\$39,113	\$41,137
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Projected Year Ending Balance *3	\$2,324,247	\$2,449,071	\$2,584,244	\$2,749,567	\$2,912,242	\$3,040,584	\$3,066,893	\$3,232,878	\$3,234,579	\$3,402,025

**ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY
For the Budget Year 2016 ending 12/31/16**

Per Davis-Stirling Statute 5570 ((old 1365.2.5)) Disclosure Form

(1) The 2015 budgeted regular assessment per ownership interest is avg. \$ 65.07 per month.
The 2016 budgeted assessment per ownership interest can be found in the Annual Budget Report.
Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found in the attached Annual Budget Report.

(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:

Date assessment will be due	Amount per ownership interest per year:	Purpose of assessment
N/A	N/A	N/A
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL	_____	_____

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found in the attached Annual Budget Report. These assessments might be for purposes outside the scope of the current Reserve Study and have been included by the party preparing the Association's Annual Budget 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

(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.

Approximate date assessment will be due: _____ **Amount per ownership interest per year:** _____

(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 5570 ((old 1365.2.5)), the estimated amount required in the reserve fund at the end of the 2015 fiscal year is \$ **1,198,784** based in whole or in part on the last reserve study or update prepared by **Reserve Analysis Consulting, LLC** as of **June, 2016**. The projected reserve fund cash balance at the end of the current fiscal year is \$ **914,554** , resulting in reserves being **76.29%** funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$ N/A .

Lucas Valley Homeowners Association

(7.a.) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$*1 See Below, and the projected reserve fund cash balance in each of those years, **taking into account only assessments already approved** and other known revenues, is \$*2 See Below, leaving the reserve at *3 See Below percent funding.

Budget Year	2016	2017	2018	2019	2020
*1 Estimated Amount Req'd in Fund to be 100%	\$1,219,670	\$1,276,212	\$864,021	\$931,317	\$305,925
*2 Reserve Balance (w/PREV. APPROVED DUES ONLY)	\$1,000,088	\$1,083,806	\$667,146	\$765,808	\$125,790
*3 Estimated Percent Funded	82.00%	84.92%	77.21%	82.23%	41.12%

(7.b.) **If the Reserve Funding Plan approved by the Association is implemented**, the projected reserve fund cash balance in each of those years will be \$*4 See Below leaving the reserve at *5 See Below percent funding.

Budget Year	2016	2017	2018	2019	2020
*1 Estimated Amount Req'd in Fund to be 100%	\$1,219,670	\$1,276,212	\$864,021	\$931,317	\$305,925
*4 Reserve Balance (IF FUND PLAN IMPLEMENTED)	\$1,054,749	\$1,193,797	\$833,144	\$988,499	\$405,867
*5 Estimated Percent Funded	86.48%	93.54%	96.43%	100.00%	100.00%

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. **At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3 percent per year.**

(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 5550 ((old 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 5570 subdivision (a) shall accompany each Annual Budget Report or summary thereof that is delivered pursuant to section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision 5570 (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.

Further Notes: Please read the Requirements & Methodology in Section 2.00 and the Narrative Statements in Section 4.00 of this Financial Summary for important details concerning this Reserve Study's development.