RDA REPORT

Queens Bay Resort Condominiums
Lake Havasu, Arizona
Account 1290 - Version 004
August 9, 2005

RESERVE DATA ANALYSIS, INC.
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This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Associations Institute, various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and preparation of reserve analysis studies.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and each estimated useful life will approximate that of the norm per industry standards and/or manufacture specifications used. In some cases, estimates may have been used on assets which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and subsequent computations made in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Reserve Data Analysis, Inc., would like to thank you for using our services, and we invite you to call us at any time should you have any questions or comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide you with a revised study.

RESERVE DATA ANALYSIS, INC.

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PART I - INTRODUCTION

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

1. Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first option is to pass a "special assessment" to the membership in an amount required to cover the expenditure. Although not commonplace, there have been special assessments in the amount of $10,000 per member assessed in associations in Virginia and southern California. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure if necessary. However, an association operating on a special assessment basis cannot guarantee that an assessment, when needed, will be passed. Consequently, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated to maintain when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, can be devastating to an association's overall budget.

The second option is for the association to acquire a loan from a lending institution in order to effect the required repairs. In many cases, banks will lend money to an association using "future homeowner assessments" as collateral for the loan. With this method, not only is the current board of directors pledging the future assets of an association, they are also required to pay interest fees on the loan payback in addition to the original principal. In the case of a $150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest; whereas, if the association was setting aside reserves for this purpose, using the

vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof in order to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The third option, too often used, is simply to defer the required repair or replacement. This option can create an environment of declining property values due to the increasing deferred maintenance and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the Association by making it difficult or even impossible for potential buyers to obtain financing from lenders. Increasingly, many lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association, a prospective purchaser, or for an individual within such association.

The fourth, and only logical means that the board of directors has to ensure its ability to maintain the assets for which it is obligated, uniformly distributing the costs of the replacements over the entire membership, is by assessing an adequate level of reserves as part of the regular membership assessment. The community is not only comprised of present members, but also future members. Any decision by the board of directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

■ 2. The Reserve Study

There are two components of a reserve study – a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate in the future known as the "funding plan."

Reserve studies fit into one of three categories: 1) Full Study; 2) Update - with site inspection; and 3) Update - without site inspection.

- In a Full reserve study, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan."

- In an Update – with site inspection, the reserve provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both the "fund status" and "funding plan."

- In an Update – without site inspection, the reserve provider conducts life and valuation estimates to determine the "fund status" and "funding plan."

3. Developing a Component List

The budget process begins with an accurate inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense:

OPERATIONAL EXPENSES occur at least annually, no matter how large the expense, and can be effectively budgeted for each year. They are characterized as being reasonably predictable both in terms of frequency and cost. Operational expenses include all minor expenses which would not otherwise adversely affect an operational budget from one year to the next. Examples of Operational Expenses include:

Utilities:

- Electricity
- Gas
- Water
- Telephone
- Cable TV

Services:

- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

Administrative:

- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees

Repair Expenses:

- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

RESERVE EXPENSES are major expenses that occur other than annually and which must be budgeted for in advance in order to provide the necessary funds in time

for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets which have an indeterminable but potential liability which may be demonstrated as a likely occurrence. They are expenses that when incurred would have a significant affect on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance. Examples of Reserve Expenses include:

- Roof Replacements
- Painting
- Deck Resurfacing
- Fencing Replacement
- Street Slurry Coating
- Asphalt Overlays
- Pool Re-plastering
- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing
- Park & Play Equipment
- Equipment Replacement
- Interior Furnishings
- Lighting Replacement

BUDGETING IS NORMALLY EXCLUDED FOR repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses which may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Costs which are caused by acts of God, accidents or other occurrences which are more properly insured for, rather than reserved for, are also excluded.

■ 4. Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufacture quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

5. Funding Methods

From the simplest to most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash-flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based on the individual lives of the components under consideration.

The component method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserves over time. This method also allows for computations on individual components in the analysis. The RDA Summary and RDA Projection Reports are based upon the component methodology.

6. Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

- Full Funding — Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end

of three years, one would expect that three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. The formula is based on current replacement cost, and is a measure in time, independent of future inflationary or investment factors:

$$\text{Fully Funded Reserves} = \frac{\text{Age of Component}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

When an association's total accumulated reserves for all components meet this criteria, its reserves are "fully-funded."

- Baseline Funding (RDA Cash Flow Minimum Reports) — The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

- Threshold Funding (RDA Cash Flow Specific Reports) — This method is based on the baseline funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount.

- Statutory Funding — This method is based on local statutes. To use it, associations set aside a specific minimum amount of reserves as required by statutes.

■ 7. Distribution of Accumulated Reserves

The "Distribution of Accumulated Reserves Report" can be viewed and printed after performing the "RDA Summary Calculations," which is a "Component or Segregated Calculation Process," as opposed to the "Cash Flow Calculation Process," also available to the user in the program.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets which have predetermined (fixed) reserve balances. The user can "fix" the accumulated reserve balance within the program on the individual asset's detail page. If by error these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

$$\text{Fully Funded Reserves} = \frac{\text{Age of Component}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The RDA RESERVE MANAGEMENT SOFTWARE™ program performs the above calculations to the very month the component was placed-in-service. It also allows for the accumulation of the necessary reserves for the replacement to be available on the first day of the fiscal year it is scheduled to be replaced.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available are depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (schedule for replacement this fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjust the zero remaining life item to 1 year and that asset assumes its new grouping position alphabetically in the final printed report.

If at the completion of this task there are additional moneys which have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any underfunding over the longest remaining life of all the assets under consideration, thereby minimizing the impact of deficiency. For example, if the report indicates an underfunding of $50,000, this underfunding will be assigned to components with the longest remaining life possible in order to give more time to "replenish" the account. If the $50,000 underfunding were to be assigned to short remaining life items, the impact would be immediately felt.

If the reserves are underfunded, the monthly contribution requirements as outlined in this report can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes which may be under consideration.

8. Funding Reserves

Two contribution numbers are provided in the report, the "Monthly Membership Contribution" and the "Net Monthly Allocation." The association should contribute to reserves each month the "Monthly Membership Contribution" figure, when the interest earned on the reserves is left in the reserve accounts as part of the contribution. When interest is earned on the reserves, that interest must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the "Net Monthly Allocation" to reserves (this is the member contribution plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid the amount due will be taken directly from the association's operating accounts as the reserve accounts are allocated only those moneys net of taxes.

9. Users' Guide to Your Reserve Analysis Study

Part II of your RDA REPORT contains the reserve analysis study for your association. There are seven types of pages in the study as described below.

REPORT SUMMARY

The ***Report Summary*** lists all of the parameters which were used in calculating the report as well as the summary of your reserve analysis study.

INDEX REPORTS

The ***Distribution of Accumulated Reserves*** report lists all assets in remaining life order. It also identifies the ideal level of reserves which should have accumulated for the association as well as the actual reserves available.

The ***Asset Listing/Summary*** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

DETAIL REPORTS

The ***Detail Report*** itemizes each asset and lists all measurements, current and future costs and calculations for that asset. Provisions for percentage replacements, salvage values and one-time replacements can also be utilized.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufacture quality, usage, exposure to elements and maintenance history.

The ***Detail Report Index*** is an alphabetical listing of all assets together with the page number of the asset's detail report and asset number.

PROJECTIONS AND CHARTS

Thirty-year Projections as well as ***Charts and Graphs*** of projected data add to the usefulness of your reserve analysis study.

■ 10. Definitions

REPORT I.D. - Includes the REPORT DATE (ex. November 15, 1992), VERSION (ex. 001), and ACCOUNT NUMBER (ex. 9773). Please use this information when referencing your report. (Displayed on the summary page.)

BUDGET YEAR BEGINNING/ENDING - The budgetary year for which the report is prepared. For associations with fiscal years ending December 31, the monthly contribution figures indicated are for the 12 month period beginning 1/1/2X and ending 12/31/2X.

NUMBER OF UNITS/PHASES - If applicable, the number of units and/or phases included in this version of the report.

INFLATION - This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement and the total is used in calculating the monthly reserve contribution which will be necessary in order to accumulate the required funds in time for replacement.

ANNUAL CONTRIBUTION INCREASE - The percentage rate at which the association will increase its contribution to reserves at the end of each year until the year in which the asset is replaced. For example, in order to accumulate $10,000 in 10 years, you could set aside $1,000 per year. As an alternative, you could set aside $795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aid those associations that have not set aside appropriate reserves in the past by making the initial year's allocation less formidable.

INVESTMENT YIELD - The average interest rate anticipated by the association based upon its current investment practices.

TAXES ON YIELD - The estimated percentage of interest income which will be set aside for taxes.

ACCUMULATED RESERVE BALANCE - The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. Based upon information provided and not audited.

PERCENT FULLY FUNDED - The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

PHASE INCREMENT DETAIL/AGE - Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

MONTHLY CONTRIBUTION - The contribution to reserves required by the association each month.

INTEREST CONTRIBUTION - The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

NET MONTHLY ALLOCATION - The sum of the monthly contribution and interest contribution figures.

GROUP OR FACILITY NUMBER/CATEGORY NUMBER - The report may be prepared and sorted either by group or facility (location, building, phase, etc.) or by category (roofing, painting, etc.). Standard report printing format is by category.

PERCENTAGE OF REPLACEMENT - In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

PLACED-IN-SERVICE - The month and year that the asset was placed-in-service. - This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

ESTIMATED USEFUL LIFE - The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

ADJUSTMENT TO USEFUL LIFE - Once the useful life is determined it may be adjusted +/- by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

ESTIMATED REMAINING LIFE - This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

REPLACEMENT YEAR - The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

FIXED ACCUMULATED RESERVES - An optional figure which, if used, will override the normal process of allocating reserves to each asset.

FIXED MONTHLY CONTRIBUTION - An optional figure which, if used, will override all calculations and set the contribution at this amount.

SALVAGE VALUE - The salvage value of the asset at the time of replacement, if applicable.

ONE-TIME REPLACEMENT - Notation if the asset is to be replaced on a one-time basis.

CURRENT REPLACEMENT COST - The estimated replacement cost effective as of the beginning of the fiscal year for which the report is being prepared.

FUTURE REPLACEMENT COST - The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

COMPONENT INVENTORY - The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents and discussion with appropriate association representative(s).

11. A Multi-Purpose Tool

Your RDA REPORT is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your RDA reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- A reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your RDA REPORT is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your RDA REPORT is a tool which can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components which the association is obligated to maintain.
- Since the RDA reserve analysis study includes precise measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

Queens Bay Resort Condominiums
Lake Havasu, Arizona
CFS Reserve Analysis Report Summary

Report Date	August 9, 2005
Version	004
Account Number	1290
Budget Year Beginning	1/ 1/06
Ending	12/31/06
Total Units Included	170
Phase Development	1 of 1

Parameters:

Inflation	3.00%
Annual Contribution Increase	3.00%
Investment Yield	2.00%
Taxes on Yield	30.00%
Contingency	3.00%

Reserve Fund Balance as of 1/ 1/06: $111,000.00

Project Profile & Introduction

Unless otherwise indicated in this report, we have used 1992 as the basis for aging the original components examined in this analysis.

The reserve balance was provided by the client, and is the anticipated amount that will be available on January 1, 2006.

Calculation Method: Cash Flow Specific
Funding Strategy: Threshold
RDA Reports: May 1999. Updated September 2002. Updated w/site inspection August 2005.

Cash Flow Specific Summary of Calculations

Monthly Contribution to Reserves Required: ($26.24 per unit per month)	$4,460.00
Average Net Monthly Interest Contribution This Year:	134.69
Net Monthly Allocation to Reserves 1/ 1/06 to 12/31/06: ($27.03 per unit per month)	$4,594.69

Queens Bay Resort Condominiums
Distribution of Accumulated Reserves

REPORT DATE: August 9, 2005
VERSION: 004
ACCOUNT NUMBER: 1290

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Floor Cover - Tile, Unfunded	0	0.00	0.00
Fountain - Unfunded	0	0.00	0.00
Gate Operator	0	3,000.00	3,000.00
Granite Replenishment - Unfunded	0	0.00	0.00
Paint - Stucco, Exterior	0	17,760.00	17,760.00
Paint - Unfunded	0	0.00	0.00
Pool - Pumps/Motors, Unfunded	0	0.00	0.00
Roofs - Metal, Carports, Unfunded	0	0.00	0.00
Roofs - Flat, Repaint	1	6,097.83	6,097.83
Spa - Heater (A)	1	1,680.00	1,680.00
HVAC - Common Areas	2	28,000.00	28,000.00
Irrigation Controllers	2	1,133.13	1,133.13
Parking - Asphalt Seal Coat/Repair	2	11,599.20	11,599.20
Vehicle - Golf Cart	2	1,777.17	1,777.17
Appliances - Vacuum	3	1,425.00	1,425.00
Paint - Stucco Walls	3	2,513.70	2,513.70
Pool - Furniture	3	2,285.71	2,285.71
Patio Deck - Resurface	4	459.00	459.00
Pool - Filters	4	1,944.44	1,944.44
Paint - Carport Support Structures	5	3,975.00	3,975.00
Paint - Doors & Metal Balconies	5	10,112.90	10,112.90
Floor Cover - Carpet, Outdoor	6	17,152.54	14,003.91
Paint - Elevator Caps	6	1,568.09	0.00
Patio - Furniture	6	342.86	0.00
Spa - Heater (B)	6	720.00	0.00
Floor Cover - Carpet, Interior	8	6,478.87	0.00
Lighting - Bollard Fixtures	8	1,527.27	0.00
Lighting - Parking Area	8	4,836.36	0.00
Pool - Heater	9	240.00	0.00
Floor Cover - Carpet, Lobby	10	757.14	0.00
Keypad	10	125.00	0.00
Elevators - Cab Refurbishing	11	11,200.00	0.00

Queens Bay Resort Condominiums
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Spa - Filters	12	700.00	0.00
Elevators - Modernization	16	74,666.67	0.00
Roofs - Built-Up, Replace	16	48,109.83	0.00
Parking - Asphalt Rehabilitation	17	65,479.35	0.00
Furniture - Lobby, Replace	18	1,779.66	0.00
Pool - Pebble Tec, Resurface	24	586.00	0.00
Spa - Resurface & Retile (A)	24	96.00	0.00
Spa - Resurface & Retile (B)	24	96.00	0.00
Restroom Fixtures	26	237.71	0.00
Fencing - Wrought Iron, Pool Area	29	280.83	0.00
Total Asset Summary:		330,743.26	107,766.99
Contingency @ 3.00%:		9,922.30	3,233.01
Grand Total:		340,665.56	111,000.00
Excess Reserves Not Used:			0.00

Percent Fully Funded: 33%

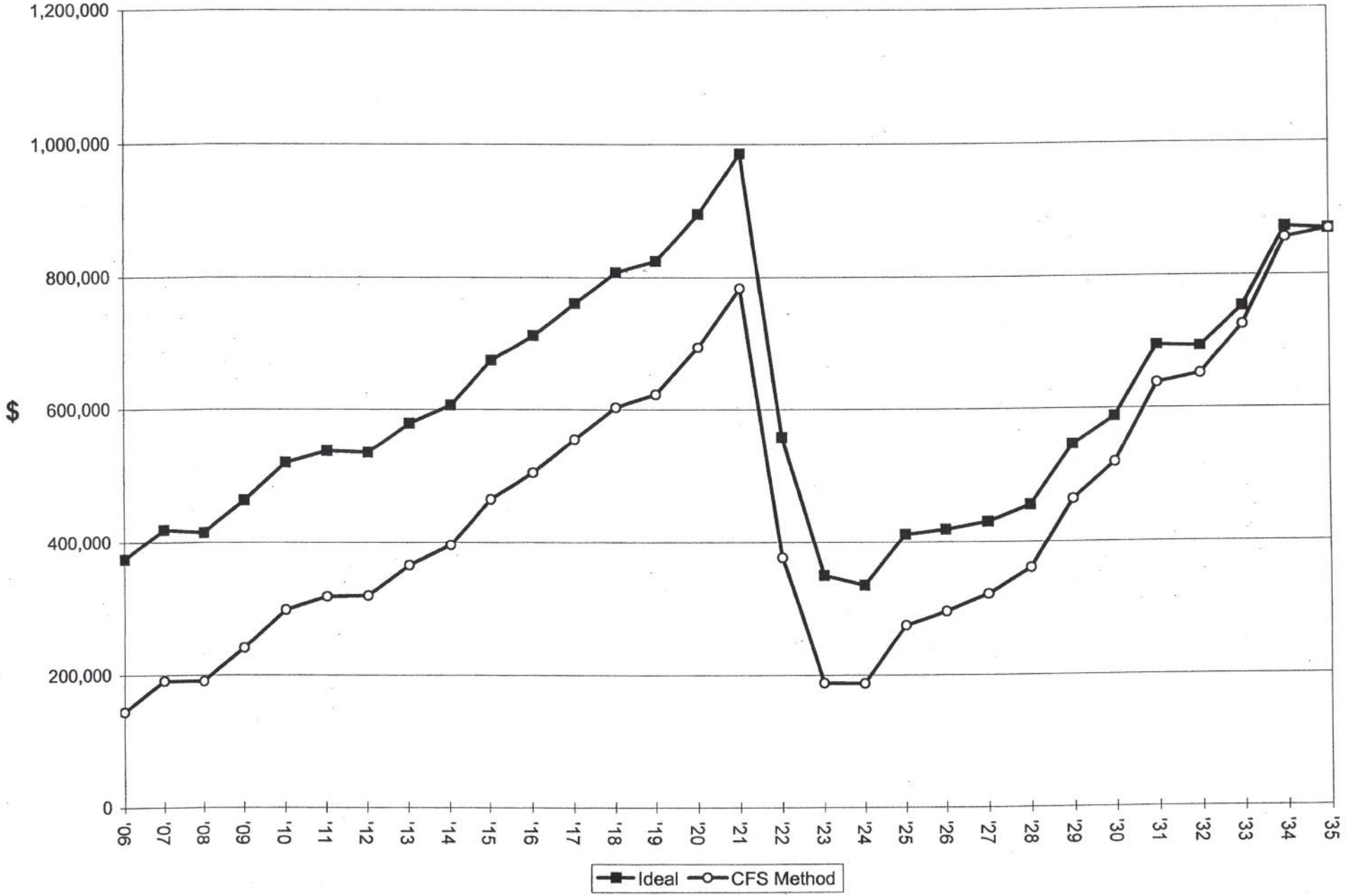
Queens Bay Resort Condominiums
Cash Flow Specific Projections

REPORT DATE: August 9, 2005
VERSION: 004
ACCOUNT NUMBER: 1290

Beginning Accumulated Reserves: $111,000

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'06	713,806	53,520	1,616	20,760	145,376	374,178	39%
'07	735,220	55,126	2,258	10,352	192,408	418,811	46%
'08	748,524	56,779	2,249	58,723	192,714	414,775	46%
'09	770,980	58,483	2,946	10,371	243,771	463,286	53%
'10	794,109	60,237	3,747	5,397	302,359	519,941	58%
'11	817,932	62,044	4,021	45,328	323,097	537,246	60%
'12	842,470	63,906	4,040	65,553	325,489	534,990	61%
'13	867,744	65,823	4,675	23,776	372,212	578,523	64%
'14	893,777	67,798	5,097	41,455	403,651	606,156	67%
'15	920,590	69,831	6,051	6,126	473,408	673,727	70%
'16	948,208	71,926	6,607	37,374	514,567	711,831	72%
'17	976,654	74,084	7,302	30,176	565,777	760,442	74%
'18	1,005,953	76,307	7,973	34,834	615,222	807,347	76%
'19	1,036,132	78,596	8,242	66,218	635,843	824,196	77%
'20	1,067,216	80,954	9,231	17,728	708,300	894,880	79%
'21	1,099,233	83,382	10,475	2,960	799,197	985,294	81%
'22	1,132,209	85,884	4,830	495,682	394,229	557,694	71%
'23	1,166,176	88,460	2,205	278,211	206,684	350,042	59%
'24	1,201,161	91,114	2,197	92,434	207,561	335,342	62%
'25	1,237,196	93,848	3,413	8,233	296,589	411,716	72%
'26	1,274,312	96,663	3,710	77,455	319,507	419,195	76%
'27	1,312,541	99,563	4,071	76,086	347,055	430,669	81%
'28	1,351,917	102,550	4,617	66,263	387,960	455,298	85%
'29	1,392,475	105,626	6,047	7,087	492,546	545,905	90%
'30	1,434,249	108,795	6,818	58,433	549,726	587,291	94%
'31	1,477,277	112,059	8,468	0	670,252	694,521	97%
'32	1,521,595	115,421	8,657	108,638	685,692	692,401	99%
'33	1,567,243	118,883	9,688	52,494	761,769	752,550	101%
'34	1,614,260	122,450	11,522	0	895,741	873,046	103%
'35	1,662,688	126,123	11,700	123,060	910,505	869,540	105%

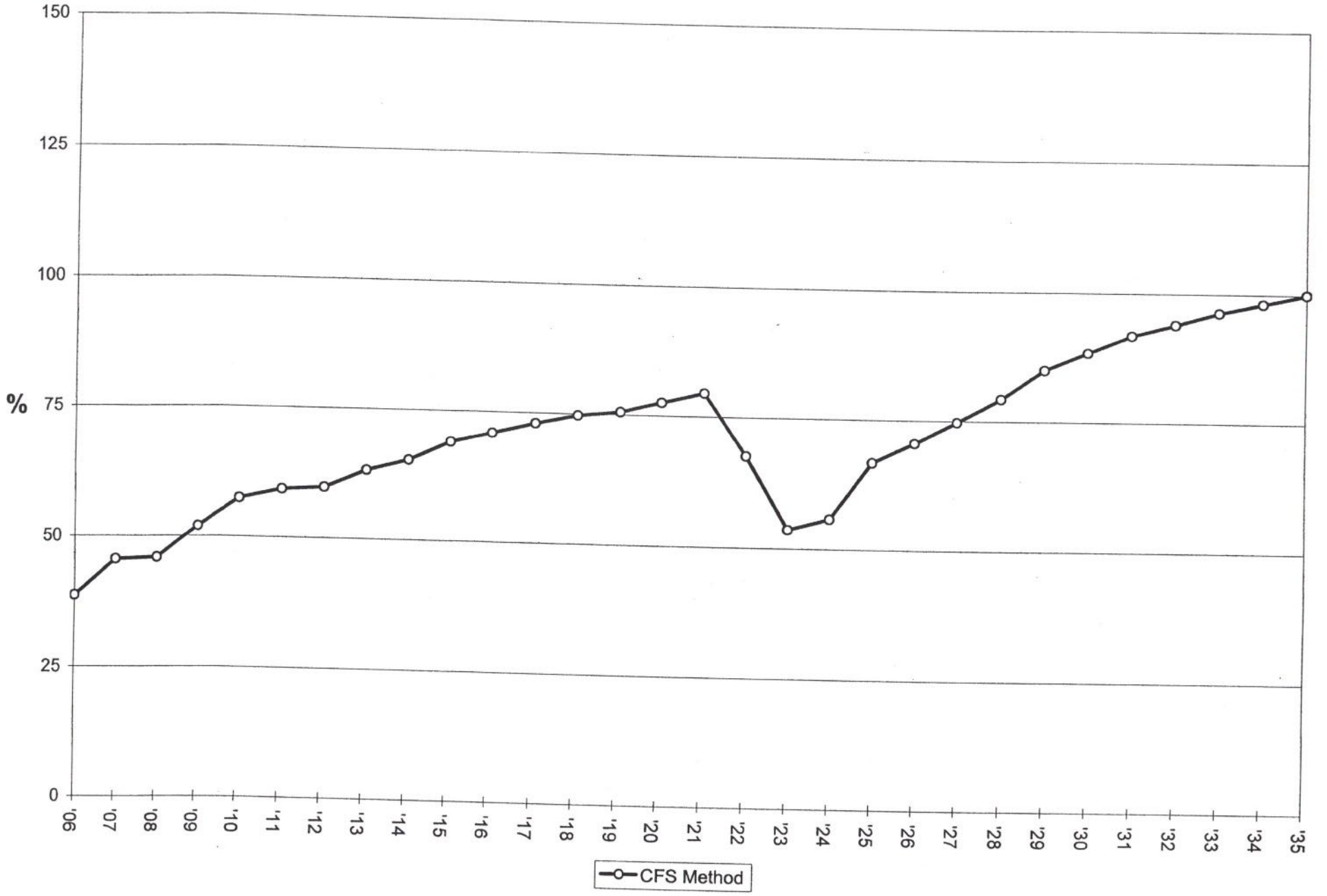
Queens Bay Resort Condominiums



Year End Reserve Balances

Reserve Data Analysis, Inc.

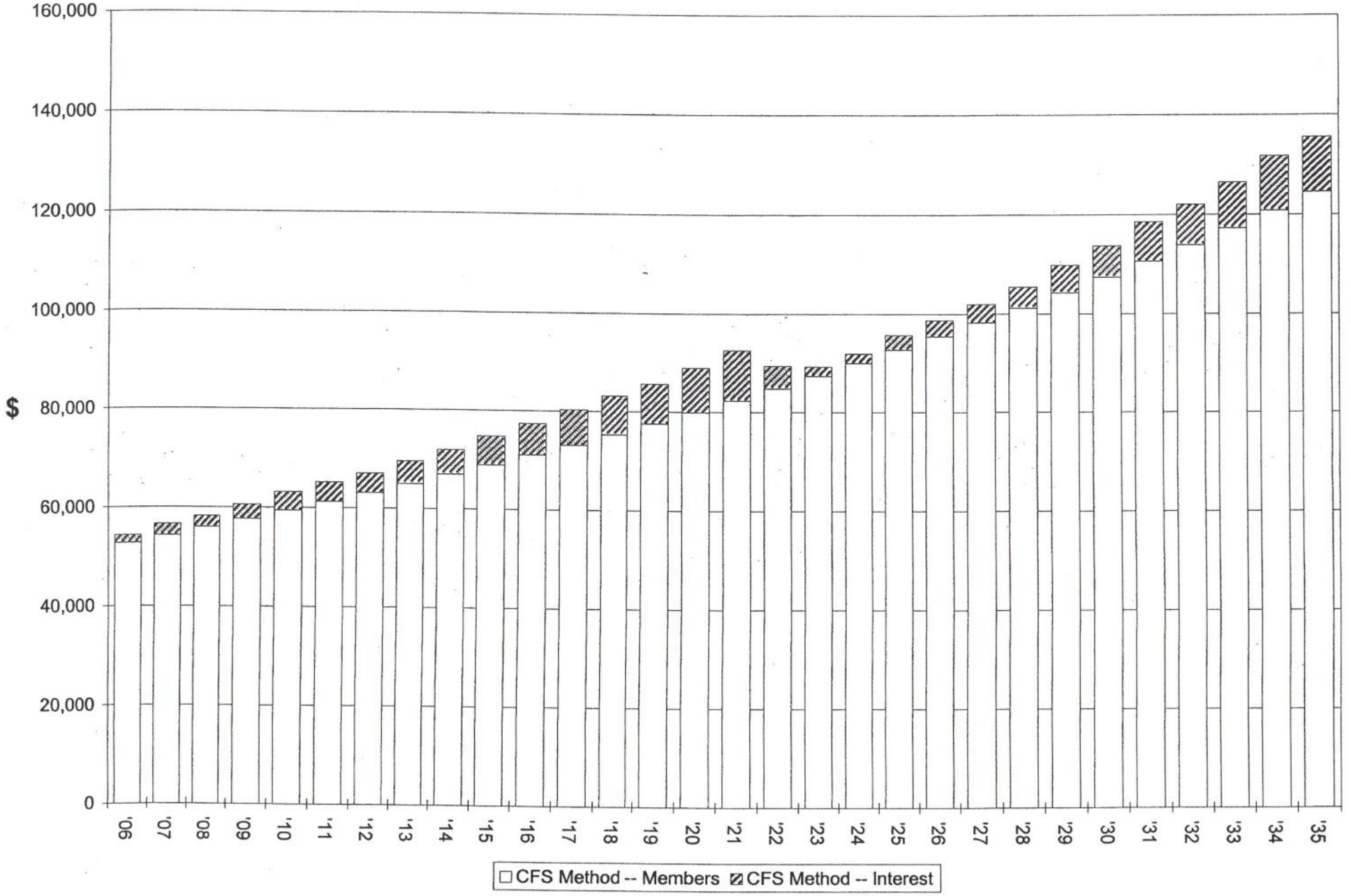
Queens Bay Resort Condominiums



Percentage Ideally Funded

Reserve Data Analysis, Inc.

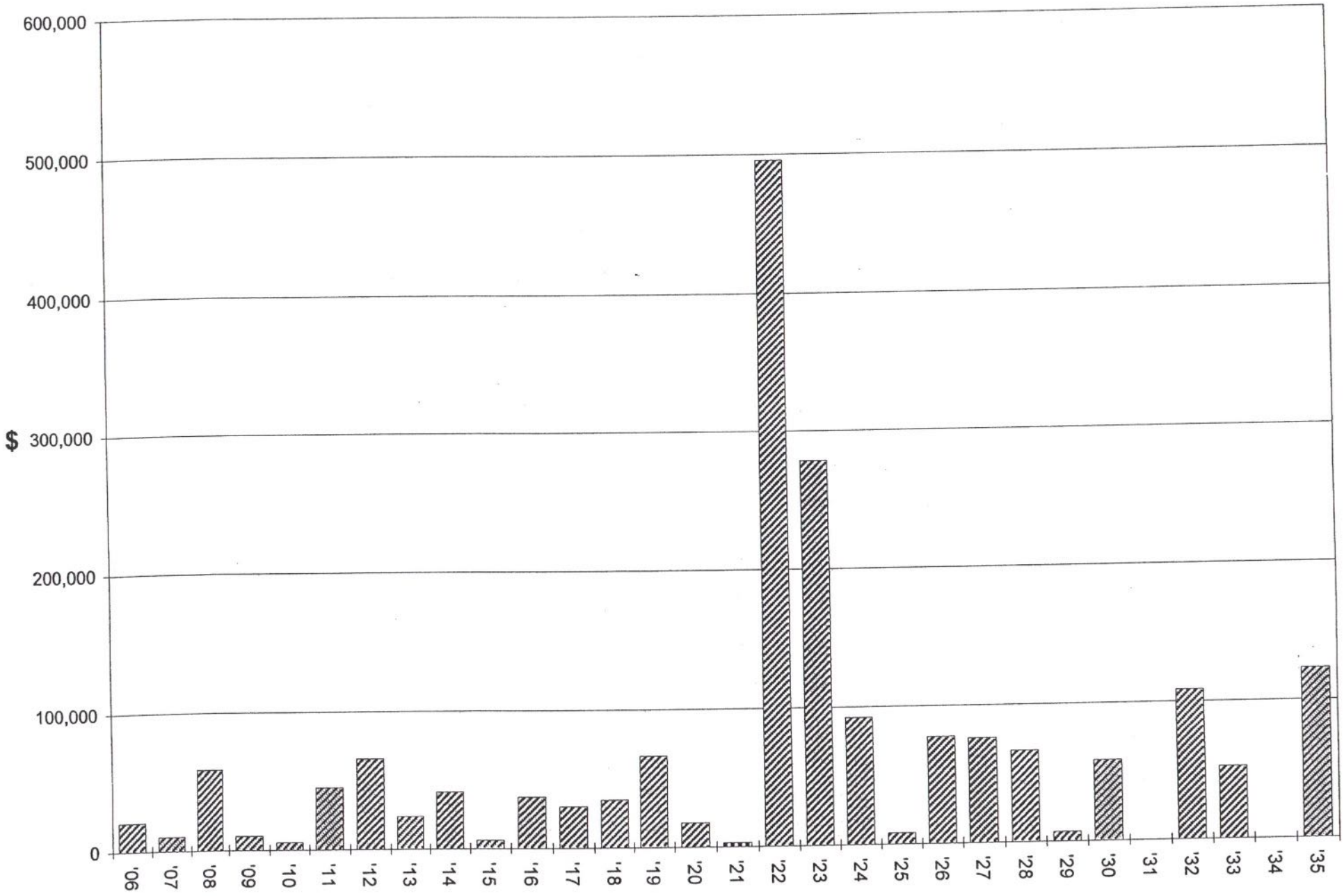
Queens Bay Resort Condominiums



Annual Reserve Contributions

Reserve Data Analysis, Inc.

Queens Bay Resort Condominiums



Annual Reserve Expenditures

Reserve Data Analysis, Inc.

Queens Bay Resort Condominiums
Annual Expenditure Detail

REPORT DATE: August 9, 2005
VERSION: 004
ACCOUNT NUMBER: 1290

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2006	
Gate Operator	3,000.00
Paint - Stucco, Exterior	17,760.00
*** ANNUAL TOTAL:	20,760.00
REPLACEMENT YEAR 2007	
Roofs - Flat, Repaint	8,497.50
Spa - Heater (A)	1,854.00
*** ANNUAL TOTAL:	10,351.50
REPLACEMENT YEAR 2008	
HVAC - Common Areas	33,948.80
Irrigation Controllers	1,373.87
Parking - Asphalt Seal Coat/Repair	20,509.32
Vehicle - Golf Cart	2,890.95
*** ANNUAL TOTAL:	58,722.94
REPLACEMENT YEAR 2009	
Appliances - Vacuum	2,076.18
Paint - Stucco Walls	3,923.98
Pool - Furniture	4,370.91
*** ANNUAL TOTAL:	10,371.07
REPLACEMENT YEAR 2010	
Patio Deck - Resurface	2,583.04
Pool - Filters	2,813.77
*** ANNUAL TOTAL:	5,396.81
REPLACEMENT YEAR 2011	
Paint - Carport Support Structures	12,288.31
Paint - Doors & Metal Balconies	33,039.31
*** ANNUAL TOTAL:	45,327.62

Queens Bay Resort Condominiums
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2012	
Floor Cover - Carpet, Outdoor	52,538.30
Paint - Elevator Caps	8,000.15
Patio - Furniture	2,865.73
Spa - Heater (B)	2,149.30
*** ANNUAL TOTAL:	65,553.48
REPLACEMENT YEAR 2013	
Parking - Asphalt Seal Coat/Repair	23,775.92
*** ANNUAL TOTAL:	23,775.92
REPLACEMENT YEAR 2014	
Floor Cover - Carpet, Interior	25,335.40
Lighting - Bollard Fixtures	3,040.25
Lighting - Parking Area	9,627.45
Vehicle - Golf Cart	3,451.94
*** ANNUAL TOTAL:	41,455.04
REPLACEMENT YEAR 2015	
Patio Deck - Resurface	2,994.46
Pool - Heater	3,131.46
*** ANNUAL TOTAL:	6,125.92
REPLACEMENT YEAR 2016	
Floor Cover - Carpet, Lobby	7,122.75
Keypad	1,007.94
Paint - Stucco, Exterior	23,867.94
Pool - Furniture	5,375.67
*** ANNUAL TOTAL:	37,374.30
REPLACEMENT YEAR 2017	
Elevators - Cab Refurbishing	27,684.67
Spa - Heater (A)	2,491.63
*** ANNUAL TOTAL:	30,176.30
REPLACEMENT YEAR 2018	
Gate Operator	4,277.28

Queens Bay Resort Condominiums
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Parking - Asphalt Seal Coat/Repair	27,562.82
Spa - Filters	2,994.11
*** ANNUAL TOTAL:	34,834.21
REPLACEMENT YEAR 2019	
Paint - Carport Support Structures	15,566.47
Paint - Doors & Metal Balconies	41,853.21
Paint - Stucco Walls	5,273.50
Patio - Furniture	3,524.47
*** ANNUAL TOTAL:	66,217.65
REPLACEMENT YEAR 2020	
Paint - Elevator Caps	10,134.35
Patio Deck - Resurface	3,471.39
Vehicle - Golf Cart	4,121.81
*** ANNUAL TOTAL:	17,727.55
REPLACEMENT YEAR 2021	
Appliances - Vacuum	2,960.14
*** ANNUAL TOTAL:	2,960.14
REPLACEMENT YEAR 2022	
Elevators - Modernization	256,753.02
Floor Cover - Carpet, Outdoor	70,607.08
Roofs - Built-Up, Replace	165,433.21
Spa - Heater (B)	2,888.48
*** ANNUAL TOTAL:	495,681.79
REPLACEMENT YEAR 2023	
Parking - Asphalt Rehabilitation	239,646.36
Parking - Asphalt Seal Coat/Repair	31,952.86
Pool - Furniture	6,611.39
*** ANNUAL TOTAL:	278,210.61
REPLACEMENT YEAR 2024	
Furniture - Lobby, Replace	35,751.11
HVAC - Common Areas	54,477.85

Queens Bay Resort Condominiums
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Irrigation Controllers	2,204.65
*** ANNUAL TOTAL:	92,433.61
REPLACEMENT YEAR 2025	
Patio Deck - Resurface	4,024.29
Pool - Heater	4,208.39
*** ANNUAL TOTAL:	8,232.68
REPLACEMENT YEAR 2026	
Floor Cover - Carpet, Interior	36,122.21
Paint - Stucco, Exterior	32,076.53
Patio - Furniture	4,334.64
Vehicle - Golf Cart	4,921.64
*** ANNUAL TOTAL:	77,455.02
REPLACEMENT YEAR 2027	
Paint - Carport Support Structures	19,719.13
Paint - Doors & Metal Balconies	53,018.38
Spa - Heater (A)	3,348.53
*** ANNUAL TOTAL:	76,086.04
REPLACEMENT YEAR 2028	
Floor Cover - Carpet, Lobby	10,155.35
Keypad	1,437.08
Paint - Elevator Caps	12,837.89
Parking - Asphalt Seal Coat/Repair	37,042.12
Pool - Filters	4,790.24
*** ANNUAL TOTAL:	66,262.68
REPLACEMENT YEAR 2029	
Paint - Stucco Walls	7,087.15
*** ANNUAL TOTAL:	7,087.15
REPLACEMENT YEAR 2030	
Gate Operator	6,098.39
Patio Deck - Resurface	4,665.25
Pool - Furniture	8,131.17

Queens Bay Resort Condominiums
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Pool - Pebble Tec, Resurface	29,780.46
Spa - Resurface & Retile (A)	4,878.68
Spa - Resurface & Retile (B)	4,878.68
*** ANNUAL TOTAL:	58,432.63
REPLACEMENT YEAR 2031	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2032	
Floor Cover - Carpet, Outdoor	94,890.02
Restroom Fixtures	3,989.74
Spa - Heater (B)	3,881.86
Vehicle - Golf Cart	5,876.70
*** ANNUAL TOTAL:	108,638.32
REPLACEMENT YEAR 2033	
Appliances - Vacuum	4,220.46
Parking - Asphalt Seal Coat/Repair	42,941.97
Patio - Furniture	5,331.06
*** ANNUAL TOTAL:	52,493.49
REPLACEMENT YEAR 2034	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2035	
Fencing - Wrought Iron, Pool Area	19,854.10
Paint - Carport Support Structures	24,979.60
Paint - Doors & Metal Balconies	67,162.11
Patio Deck - Resurface	5,408.31
Pool - Heater	5,655.72
*** ANNUAL TOTAL:	123,059.84

REPORT DATE: August 9, 2005
VERSION: 004
ACCOUNT NUMBER: 1290

Parking - Asphalt Rehabilitation

ASSET ID 1004
GROUP/FACILITY 0
CATEGORY 10

PLACED IN SERVICE 1/92
31 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2023
17 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	144,990.000
PERCENT REPL	100.00%
CURRENT COST	144,990.00
FUTURE COST	239,646.38
SALVAGE VALUE	0.00

REMARKS:

161,100 - sq. ft. of 1.5" resurfacing @ $ .90 = $ 144,990.00

TOTAL = $ 144,990.00

This component is an estimate for the resurfacing/rehabilitation of the community asphalt. Future pavement conditions will dictate the specific scope of work required (overlay and/or removal and replacement).

Parking - Asphalt Seal Coat/Repair

ASSET ID 1006
GROUP/FACILITY 0
CATEGORY 10

PLACED IN SERVICE 1/03
5 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2008
2 YEAR REM LIFE

QUANTITY	161,100 sq. ft.
UNIT COST	0.120
PERCENT REPL	100.00%
CURRENT COST	19,332.00
FUTURE COST	20,509.32
SALVAGE VALUE	0.00

REMARKS:

This component is for a continuous five year seal coating and repair cycle. The cost includes a provision for restriping.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Roofs - Built-Up, Replace

ASSET ID	1057
GROUP/FACILITY	0
CATEGORY	20

QUANTITY	47,950 sq. ft.
UNIT COST	2.150
PERCENT REPL	100.00%
CURRENT COST	103,092.50
FUTURE COST	165,433.20
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/92
30 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2022
16 YEAR REM LIFE

REMARKS:

We have been advised that the flat, built-up roofs have an estimated useful life of 30 years and a replacement cost (in today's dollars) of $2.15 per sq. ft.

Information Source: Ramone, Ramone's Roofing

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. We have been advised that fees vary upon the size of the job and the extent of detail required by the client. However, fees for a consultant should not exceed six to eight percent of the actual roof replacement cost. The costs we have used do not include this additional expense. Should the client request, we would be happy to incorporate this into our calculations.

Roofs - Flat, Repaint

ASSET ID	1002
GROUP/FACILITY	0
CATEGORY	20

QUANTITY	1 total
UNIT COST	8,250.000
PERCENT REPL	100.00%
CURRENT COST	8,250.00
FUTURE COST	8,497.50
SALVAGE VALUE	0.00

PLACED IN SERVICE 3/03
4 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2007
1 YEAR REM LIFE (One Time Repl)

Roofs - Flat, Repaint, Continued ...

REMARKS:

The client has advised us that $7,742.85 was spent to paint the entire built-up roof surface with an elastomeric water-base paint in early 2003. We have been advised that the flat roof areas should be painted every four years. We have also been advised that the roofs should be inspected on an annual basis to immediately identify any potential issues (leaks, cracked seals around HVAC units, loose roofing material, etc.). The expense to correct these issues is not budgeted for in this analysis and should be paid for out of the operating budget on an "as needed" basis.

Information Source: Ramone, Ramone's Roofing

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Roofs - Metal, Carports, Unfunded

ASSET ID	1033
GROUP/FACILITY	0
CATEGORY	20

QUANTITY	1 comment
UNIT COST	0.000
PERCENT REPL	0.00%
CURRENT COST	0.00
FUTURE COST	0.00
SALVAGE VALUE	0.00

PLACED IN SERVICE 0/ 0
0 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2006
0 YEAR REM LIFE

REMARKS:

We are not budgeting to replace the corrugated metal carport roofs because they have an extremely long useful life. However, the condition of these roofs should be monitored over time, and if future replacements are anticipated, we will include them in a future update to this report. Should the client want a reserve planned for this asset, we will revise the report to include these roofs. We have listed for informational purposes only.

Any minor repairs should be handled on an "as needed" basis, and the expense paid for out of the operating budget, the operating contingency, or the reserve contingency.

Paint - Carport Support Structures

ASSET ID	1055
GROUP/FACILITY	0
CATEGORY	30

QUANTITY	1 total
UNIT COST	10,600.000
PERCENT REPL	100.00%
CURRENT COST	10,600.00
FUTURE COST	12,288.31
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/03
8 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2011
5 YEAR REM LIFE

REMARKS:

This component is to paint the metal carport support beams and poles.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Paint - Doors & Metal Balconies

ASSET ID	1039
GROUP/FACILITY	0
CATEGORY	30

QUANTITY	1 total
UNIT COST	28,500.000
PERCENT REPL	100.00%
CURRENT COST	28,500.00
FUTURE COST	33,039.31
SALVAGE VALUE	0.00

PLACED IN SERVICE 4/03
8 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2011
5 YEAR REM LIFE

REMARKS:

The client has advised us that the metal balconies and doors were painted in April 2003 for $26,133.00.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Paint - Elevator Caps

ASSET ID	1040
GROUP/FACILITY	0
CATEGORY	30

PLACED IN SERVICE 3/04
8 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2012
6 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	6,700.000
PERCENT REPL	100.00%
CURRENT COST	6,700.00
FUTURE COST	8,000.15
SALVAGE VALUE	0.00

REMARKS:

There are 4 elevator caps located at the top of the buildings.

The client has advised us that the elevator caps were painted in March 2004 for $6,300.00.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Paint - Stucco Walls

ASSET ID	1030
GROUP/FACILITY	0
CATEGORY	30

PLACED IN SERVICE 1/99
10 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2009
3 YEAR REM LIFE

QUANTITY	11,970 sq. ft.
UNIT COST	0.300
PERCENT REPL	100.00%
CURRENT COST	3,591.00
FUTURE COST	3,923.98
SALVAGE VALUE	0.00

REMARKS:

This component is to paint the perimeter stucco walls. The cost includes an an estimate for prep, repairs and painting.

Paint - Stucco, Exterior

ASSET ID	1003
GROUP/FACILITY	0
CATEGORY	30

PLACED IN SERVICE 1/92
10 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2006
0 YEAR REM LIFE

QUANTITY	29,600 sq. ft.
UNIT COST	0.600
PERCENT REPL	100.00%
CURRENT COST	17,760.00
FUTURE COST	17,760.00
SALVAGE VALUE	0.00

REMARKS:

This asset includes all the white trim around the top of the building, and the over hang at the front and rear entrance into the main clubhouse room.

Paint - Unfunded

ASSET ID	1038
GROUP/FACILITY	0
CATEGORY	30

PLACED IN SERVICE 0/ 0
0 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2006
0 YEAR REM LIFE

QUANTITY	1 comment
UNIT COST	0.000
PERCENT REPL	0.00%
CURRENT COST	0.00
FUTURE COST	0.00
SALVAGE VALUE	0.00

REMARKS:

At the time of the September 2002 update field inspection we were advised by the client that any paintable surfaces on the interior of the clubhouse, as well as all common area wrought iron fencing, will be painted by on-site personnel. Therefore, we are not allocating any reserve funds for the painting of these amenities. These amenities should be painted on an "as needed" basis, and the materials paid for out of the operating budget.

Fencing - Wrought Iron, Pool Area			
ASSET ID	1026	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	8,425.000
CATEGORY	40	PERCENT REPL	100.00%
		CURRENT COST	8,425.00
		FUTURE COST	19,854.06
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/05
30 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2035
29 YEAR REM LIFE

REMARKS:

225 - lin. ft. of 4'9" fencing
1 - 4'9" x 4'3" pedestrian gate
1 - 4'9" x 4'5" pedestrian gate

The client has advised us that the wrought iron pool fencing and gates were replaced in November 2004 for $8,176.00. At this time we are not budgeting to replace the metal balcony railing, stair/walkway railing, vehicle gates or pedestrian gates.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Lighting - Bollard Fixtures

ASSET ID	1023
GROUP/FACILITY	0
CATEGORY	50

PLACED IN SERVICE 1/92
22 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2014
8 YEAR REM LIFE

QUANTITY	6 fixtures
UNIT COST	400.000
PERCENT REPL	100.00%
CURRENT COST	2,400.00
FUTURE COST	3,040.25
SALVAGE VALUE	0.00

REMARKS:

These 42" metal bollard light fixtures are located in front of the main entrance.

Lighting - Parking Area

ASSET ID	1021
GROUP/FACILITY	0
CATEGORY	50

PLACED IN SERVICE 1/92
22 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2014
8 YEAR REM LIFE

QUANTITY	19 fixtures
UNIT COST	400.000
PERCENT REPL	100.00%
CURRENT COST	7,600.00
FUTURE COST	9,627.45
SALVAGE VALUE	0.00

REMARKS:

There are 4 double and 11 single light fixtures.

Fountain - Unfunded

ASSET ID	1043
GROUP/FACILITY	0
CATEGORY	60

QUANTITY	1 comment
UNIT COST	0.000
PERCENT REPL	0.00%
CURRENT COST	0.00
FUTURE COST	0.00
SALVAGE VALUE	0.00

PLACED IN SERVICE 0/ 0
0 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2006
0 YEAR REM LIFE

REMARKS:

There is one large concrete fountain located at the main entrance. We are not budgeting for replacement of this asset because it should have an indefinite life if properly maintained. Replacement of the pumps, motors, etc. can be paid for out of the operating fund, operating contingency or reserve contingency. We have listed for purposes of inventory only.

Patio - Furniture

ASSET ID	1047
GROUP/FACILITY	0
CATEGORY	60

QUANTITY	1 total
UNIT COST	2,400.000
PERCENT REPL	100.00%
CURRENT COST	2,400.00
FUTURE COST	2,865.73
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/05
7 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2012
6 YEAR REM LIFE

REMARKS:

This component will accumulate funds on a seven year cycle for the replacement of the table and chair sets at the upper level patio area. The client has advised us that this furniture was purchased at a deep discount in early 2005. We have used a mid-range cost for future replacements of $300 per table and chair set for budgeting purposes.

Patio Deck - Resurface

ASSET ID	1052
GROUP/FACILITY	0
CATEGORY	60

QUANTITY	1,530 sq. ft.
UNIT COST	1.500
PERCENT REPL	100.00%
CURRENT COST	2,295.00
FUTURE COST	2,583.04
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/05
5 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2010
4 YEAR REM LIFE

REMARKS:

The client has advised us that the patio deck was resurfaced with a urethane coating when the pool area was reconfigured at the end of 2004. This component budgets to recoat every five years.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Pool - Filters

ASSET ID	1011
GROUP/FACILITY	0
CATEGORY	60

QUANTITY	2 filters
UNIT COST	1,250.000
PERCENT REPL	100.00%
CURRENT COST	2,500.00
FUTURE COST	2,813.77
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/92
18 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2010
4 YEAR REM LIFE

REMARKS:

These are Nautilus, Diatomaceous Earth, 60 sq. ft. filters.

Pool - Furniture

ASSET ID	1013
GROUP/FACILITY	0
CATEGORY	60

QUANTITY	1 total
UNIT COST	4,000.000
PERCENT REPL	100.00%
CURRENT COST	4,000.00
FUTURE COST	4,370.91
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/02
7 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2009
3 YEAR REM LIFE

REMARKS:

This component will accumulate funds on a seven year cycle for the replacement of the chaise lounges and chairs within the pool area.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Pool - Heater

ASSET ID	1009
GROUP/FACILITY	0
CATEGORY	60

QUANTITY	1 heater
UNIT COST	2,400.000
PERCENT REPL	100.00%
CURRENT COST	2,400.00
FUTURE COST	3,131.46
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/05
10 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2015
9 YEAR REM LIFE

REMARKS:

This is a Teledyne Laars, 399,000 BTU input heater.

The client has advised us that the heat exchanger in the pool heater was replaced in July 2005. For budgeting purposes we are using a placed in service date of 2005.

Pool - Pebble Tec, Resurface

ASSET ID	1007
GROUP/FACILITY	0
CATEGORY	60

PLACED IN SERVICE 1/05
25 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2030
24 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	14,650.000
PERCENT REPL	100.00%
CURRENT COST	14,650.00
FUTURE COST	29,780.43
SALVAGE VALUE	0.00

REMARKS:

The client has advised us that the pool was resurfaced with Pebble Tec and retiled in November 2004 for $14,219.00.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Pool - Pumps/Motors, Unfunded

ASSET ID	1054
GROUP/FACILITY	0
CATEGORY	60

PLACED IN SERVICE 0/ 0
0 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2006
0 YEAR REM LIFE

QUANTITY	1 comment
UNIT COST	0.000
PERCENT REPL	0.00%
CURRENT COST	0.00
FUTURE COST	0.00
SALVAGE VALUE	0.00

REMARKS:

We are not budgeting to replace pool equipment and/or water feature pumps/motors because the cost to do so is most often considered an operating expense. It should be noted that pumps/motors, many times, can be repaired and/or rebuilt to further extend their useful life. However, they will eventually have to be replaced. Any replacements should be handled on an "as needed" basis, and the expense paid for out of the operating budget.

Spa - Filters

ASSET ID	1012
GROUP/FACILITY	0
CATEGORY	60

QUANTITY	2 filters
UNIT COST	1,050.000
PERCENT REPL	100.00%
CURRENT COST	2,100.00
FUTURE COST	2,994.10
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/00
18 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2018
12 YEAR REM LIFE

REMARKS:

These are Purex Triton, Nautilus, Diatomaceous Earth FNS, 48 sq. ft. filters.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Spa - Heater (A)

ASSET ID	1010
GROUP/FACILITY	0
CATEGORY	60

QUANTITY	1 heater
UNIT COST	1,800.000
PERCENT REPL	100.00%
CURRENT COST	1,800.00
FUTURE COST	1,854.00
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/92
10 YEAR USEFUL LIFE
+5 YEAR ADJUSTMENT
REPLACEMENT YEAR 2007
1 YEAR REM LIFE

REMARKS:

This is a Teledyne Laars Series 2, 325,000 BTU input spa heater. Even though this heater has reached the end of its estimated useful life, the client has advised us that it is still functioning properly. Therefore, we have adjusted its useful life.

Spa - Heater (B)

ASSET ID	1048
GROUP/FACILITY	0
CATEGORY	60

PLACED IN SERVICE 1/02
10 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2012
6 YEAR REM LIFE

QUANTITY	1 heater
UNIT COST	1,800.000
PERCENT REPL	100.00%
CURRENT COST	1,800.00
FUTURE COST	2,149.29
SALVAGE VALUE	0.00

REMARKS:

This is a Laars Lite 2 spa heater.

Spa - Resurface & Retile (A)

ASSET ID	1049
GROUP/FACILITY	0
CATEGORY	60

PLACED IN SERVICE 1/05
25 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2030
24 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	2,400.000
PERCENT REPL	100.00%
CURRENT COST	2,400.00
FUTURE COST	4,878.71
SALVAGE VALUE	0.00

REMARKS:

The client has advised us that both spas were resurfaced with Pebble Tec and retiled in November 2004 for approximately $2,400.00 each.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Spa - Resurface & Retile (B)

ASSET ID	1008
GROUP/FACILITY	0
CATEGORY	60

PLACED IN SERVICE 1/05
25 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2030
24 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	2,400.000
PERCENT REPL	100.00%
CURRENT COST	2,400.00
FUTURE COST	4,878.71
SALVAGE VALUE	0.00

Spa - Resurface & Retile (B), Continued ...

REMARKS:

The client has advised us that both spas were resurfaced with Pebble Tec and retiled in November 2004 for approximately $2,400.00 each.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Appliances - Vacuum

ASSET ID	1034
GROUP/FACILITY	0
CATEGORY	70

QUANTITY	1 vacuum
UNIT COST	1,900.000
PERCENT REPL	100.00%
CURRENT COST	1,900.00
FUTURE COST	2,076.18
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/97
12 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2009
3 YEAR REM LIFE

REMARKS:

This is a J.E. Adams Industries, Ltd. Super Vac located at the boat wash area.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Floor Cover - Carpet, Interior

ASSET ID	1037
GROUP/FACILITY	0
CATEGORY	70

QUANTITY	1 total
UNIT COST	20,000.000
PERCENT REPL	100.00%
CURRENT COST	20,000.00
FUTURE COST	25,335.40
SALVAGE VALUE	0.00

PLACED IN SERVICE 3/02
12 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2014
8 YEAR REM LIFE

REMARKS:

We have been advised that all interior carpeting, with the exception of the lobby carpeting, was replaced in March 2002, at a cost of $17,331.93.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Floor Cover - Carpet, Lobby

ASSET ID	1050
GROUP/FACILITY	0
CATEGORY	70

PLACED IN SERVICE 5/04
12 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2016
10 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	5,300.000
PERCENT REPL	100.00%
CURRENT COST	5,300.00
FUTURE COST	7,122.76
SALVAGE VALUE	0.00

REMARKS:

This component is to replace the four sections of carpeting in the lobby.

The client has advised us that the lobby carpeting was replaced in May 2004 for $4,990.00.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Floor Cover - Carpet, Outdoor

ASSET ID	1036
GROUP/FACILITY	0
CATEGORY	70

PLACED IN SERVICE 3/02
10 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2012
6 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	44,000.000
PERCENT REPL	100.00%
CURRENT COST	44,000.00
FUTURE COST	52,538.30
SALVAGE VALUE	0.00

REMARKS:

We have been advised that all outdoor carpeting was replaced in March 2002, at a cost of $39,201.20.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Floor Cover - Tile, Unfunded			
ASSET ID	1051	QUANTITY	1 comment
GROUP/FACILITY	0	UNIT COST	0.000
CATEGORY	70	PERCENT REPL	0.00%
		CURRENT COST	0.00
		FUTURE COST	0.00
		SALVAGE VALUE	0.00

PLACED IN SERVICE 0/ 0
0 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2006
0 YEAR REM LIFE

REMARKS:

We are not budgeting to replace the stone tile floor cover in the restrooms or the lobby because it has an indefinite life, and should last for the life of the community if properly maintained. Any repairs should be handled on an "as needed" basis, and the expense paid for out of the operating budget. We have listed for information purposes only.

Furniture - Lobby, Replace			
ASSET ID	1044	QUANTITY	1 total
GROUP/FACILITY	0	UNIT COST	21,000.000
CATEGORY	70	PERCENT REPL	100.00%
		CURRENT COST	21,000.00
		FUTURE COST	35,751.09
		SALVAGE VALUE	0.00

PLACED IN SERVICE 5/04
20 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2024
18 YEAR REM LIFE

REMARKS:

The client has advised us that the lobby furniture was replaced in May 2004 for $20,000.00.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Restroom Fixtures

ASSET ID	1015
GROUP/FACILITY	0
CATEGORY	70

QUANTITY	1 total
UNIT COST	1,850.000
PERCENT REPL	100.00%
CURRENT COST	1,850.00
FUTURE COST	3,989.69
SALVAGE VALUE	0.00

PLACED IN SERVICE 3/02
30 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2032
26 YEAR REM LIFE

REMARKS:

2 - toilets, tank type	@	$ 410.00	=	$ 820.00
2 - sinks, pedestal mounted	@	515.00	=	1,030.00
		TOTAL	=	$ 1,850.00

These restroom fixtures are located in the main lobby area, and in the restroom located at the back of the lobby.

The two restrooms were completely remodeled in March 2002 at a cost of $6,193.09.

Vehicle - Golf Cart

ASSET ID	1035
GROUP/FACILITY	0
CATEGORY	70

QUANTITY	1 golf cart
UNIT COST	2,725.000
PERCENT REPL	100.00%
CURRENT COST	2,725.00
FUTURE COST	2,890.95
SALVAGE VALUE	0.00

PLACED IN SERVICE 4/02
6 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2008
2 YEAR REM LIFE

REMARKS:

We have been advised by the client that a used golf cart was purchased in April 2002 at a cost of $2,347.38.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Elevators - Cab Refurbishing

ASSET ID	1041
GROUP/FACILITY	0
CATEGORY	80

QUANTITY	4 elevators
UNIT COST	5,000.000
PERCENT REPL	100.00%
CURRENT COST	20,000.00
FUTURE COST	27,684.68
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/92
25 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2017
11 YEAR REM LIFE

REMARKS:

This is a general estimate to refurbish the interiors of the four elevator cabs every 25 years.

Elevators - Modernization

ASSET ID	1056
GROUP/FACILITY	0
CATEGORY	80

QUANTITY	4 elevators
UNIT COST	40,000.000
PERCENT REPL	100.00%
CURRENT COST	160,000.00
FUTURE COST	256,753.03
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/92
30 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2022
16 YEAR REM LIFE

REMARKS:

We are budgeting $40,000.00 (in today's dollars) for the modernization (new controller, fixtures, machinery, replacement of obselete parts, etc.) of the elevators on a 30 year cycle. The accumulated funds can also be used to cover unforeseen expenses and repairs not covered by the service agreement.

The condition of the elevators should be monitored over time, and the useful life and cost estimate adjusted accordingly.

Information provided with the assistance of Thyssen Krupp.

Gate Operator

ASSET ID	1019
GROUP/FACILITY	0
CATEGORY	80

QUANTITY	1 operator
UNIT COST	3,000.000
PERCENT REPL	100.00%
CURRENT COST	3,000.00
FUTURE COST	3,000.00
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/92
12 YEAR USEFUL LIFE
+2 YEAR ADJUSTMENT
REPLACEMENT YEAR 2006
0 YEAR REM LIFE

REMARKS:

This is a Door King, model 910, sliding gate operator.

The useful life of this asset has been extended due to its present condition.

HVAC - Common Areas

ASSET ID	1001
GROUP/FACILITY	0
CATEGORY	80

QUANTITY	1 total
UNIT COST	32,000.000
PERCENT REPL	100.00%
CURRENT COST	32,000.00
FUTURE COST	33,948.80
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/92
16 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2008
2 YEAR REM LIFE

REMARKS:

2 - 8 ton Lennox units, #GCS16-953-200-3Y	@	$ 13,000.00	=	$ 26,000.00
2 - 1.5 ton Ruud units, #UPCC-018JAS	@	3,000.00	=	6,000.00
		TOTAL	=	$ 32,000.00

The client advised us that the 1.5 ton units service the 5th floor hallways.

Keypad			
ASSET ID	1020	QUANTITY	1 phone
GROUP/FACILITY	0	UNIT COST	750.000
CATEGORY	80	PERCENT REPL	100.00%
		CURRENT COST	750.00
		FUTURE COST	1,007.94
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/04
12 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2016
10 YEAR REM LIFE

REMARKS:

This is a Linear, 9 digit keypad at the entrance to the community.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Granite Replenishment - Unfunded

ASSET ID	1053
GROUP/FACILITY	0
CATEGORY	100

PLACED IN SERVICE 0/ 0
0 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2006
0 YEAR REM LIFE

QUANTITY	1 comment
UNIT COST	0.000
PERCENT REPL	0.00%
CURRENT COST	0.00
FUTURE COST	0.00
SALVAGE VALUE	0.00

REMARKS:

There are substantial quantities of granite located throughout the community. We are not budgeting to replenish this granite because the cost to do so is most often considered an operating expense. We recommend that a line item be set up in the operating budget to account for this asset, that it be monitored over time, and adjusted as experience dictates.

Should the client wish to have granite replenishment included in the reserve study, we will do so at their request. However, the client will need to provide the sq. ft. of the common area granite. Otherwise, there would be an additional charge to have Reserve Data Analysis, Inc. provide the measurement.

Irrigation Controllers

ASSET ID	1017
GROUP/FACILITY	0
CATEGORY	100

PLACED IN SERVICE 1/92
16 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2008
2 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	1,295.000
PERCENT REPL	100.00%
CURRENT COST	1,295.00
FUTURE COST	1,373.87
SALVAGE VALUE	0.00

REMARKS:

4 - 6 station controllers	@	$ 185.00	=	$ 740.00
3 - 6 station controllers	@	185.00	=	555.00
		TOTAL	=	$ 1,295.00

Four of these time clocks are Richdel units, and three are Genie clocks.

DETAIL REPORT INDEX

TOTAL ASSET LINES INCLUDED: 42