



Hiller Highlands II Association

Reserve Study Financial Update

March 28, 2013

SECTION 1

General Information

The following reserve study assessment is based upon information and data available to us during the course of the study. Factual information provided by the association, managing agent, and association contracted service providers, regarding past or current reserve projects, financial data, physical characteristics, component quantities, or historical issues are assumed to be correct and complete. The conclusions and recommendations presented in this report have been based on visual observations of the property at the time of inspection.

Property Description

Hiller Highlands II Association is a 42-member association located in Oakland, California. The association is a planned-unit development (PUD) with no responsibilities towards the units.

The association was built in 1990 and substantially rebuilt after the Oakland Firestorm. The date of the rebuilding is assumed to be 1995.

Level of Service

This reserve study has been prepared to meet California Civil Code section 5500 & 5600, and the National Reserve Study Standards published by the Community Associations Institute (CAI), and the Association of Professional Reserve Analysts (APRA).

The level of service provided in this study is classified as a level 3, reserve study financial update, in which the following three objectives were performed:

- Life and Valuation Estimates
- Reserve Fund Status
- Funding Plan

This study is not intended for the purpose of performing quality/forensic analyses, background check of historical records, or an audit or review of a previous reserve study. No visual inspection, invasive or destructive testing has been performed as part of this update.

Since no destructive testing was undertaken, this study does not purport to address any latent and/or patent defects, nor does it address any life expectancies, which are abnormally short due to either

improper design or installation, or to subsequent improper maintenance. This study assumes that all components will be properly maintained for the remainder of their life expectancy.

The Reserve Study Financial Update

The reserve study financial update consists of a financial analysis only.

The financial analysis is a determination and opinion of the association's current Reserve Fund Status (measured in cash and as a percent funded) and a recommendation for an appropriate reserve funding plan. This plan is evaluated based on a cash flow method, whereby 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 anticipated schedule of reserve expenses until the desired funding goal is achieved.

The funding goal selected in this report is designed to maintain a minimum threshold balance equal to 5% of the total replacement cost of all components included in the study. The reserve funding plan provides a 5 year reserve fund contribution schedule and recommendations for special assessments, if such a need is anticipated, in order to meet an adequate reserve funding level.

Basis for Life Expectancies and Cost Estimates

Life expectancy and cost estimates are based on a previous reserve study or update as prepared by Associa Reserve Studies in the year 2012. The remaining life of each component and the component unit costs have been updated to reflect the added age and inflation costs to the component since the last study. Additionally, updates may be made to reflect information provided to us about completed or ongoing repairs.

Status of the Reserve Fund

The status of the reserve fund cash balance is evaluated as either adequate or inadequate. The reserve fund cash balance is considered adequate if the anticipated cash balance of the reserve fund is greater than or equal to a threshold balance of 5% for each year over the next thirty years.

The Association's current reserve fund cash balance is inadequate. It is recommended that the association adopt the proposed funding plan in order to raise assessments to an adequate level.

Agent Involvement

This reserve study financial update was prepared by John Ceragioli. John Ceragioli has been a licensed Architect and is a member of the Association of Professional Reserve Analysts (APRA).

Associa provides full service management and accounting services to the Association.

SECTION 2

Immediate Concerns

GENERAL NOTE REGARDING LANDSCAPING AND WATER USEAGE

The California State Assembly has passed, and the governor has signed into law, Assembly Bill 1881, The Model Water Efficient Landscape Ordinance (WELO) which requires all properties (of certain types) that have 2500 square feet (1000 square feet in San Francisco) of landscape area to reduce their water usage for irrigation by 10% by the year 2016 and by 20% by the year 2020.

This will likely require all complying properties to submit plans and pull permits for irrigation system upgrades, to install smart controllers and to remodel/renovate the irrigation distribution systems with more efficient types.

We have assumed that the following will occur, within this reserve study.

1. Smart Controller(s) will be installed by 2015.
2. Irrigation System plans and specifications will be submitted and permits pulled in 2018.
3. Irrigation Distribution Systems will be remodelled/renovated in 2019.

GENERAL NOTE REGARDING SOFT STORY CONSTRUCTION

The California State Assembly has passed, and the governor has signed into law, Assembly Bill 304, relating to building standards regarding "soft-story" construction. A soft-story building is one with carports (or garages) built below residential living units. This Act allows Cities within the State of California to mandate an upgrading of these structures to resist earthquake forces.

Currently, few cities in California have mandated such construction upgrades. This study does not include the costs of such upgrades which may be substantial. Should this be required it is likely that a Special Assessment will be necessary.

SECTION 3

Component Detail Reports



Hiller Highlands II Association
Oakland, California

Date: 3/28/2013
Units: 42
Fiscal Year End: 12/31/2014

Community Information

Fiscal Year Start	January 1, 2014
Fiscal Year End	December 31, 2014
Year Built	1995
Number of Units	42
Last Inspected	9/5/2012

Computation Parameters

Inflation Rate	2.50 %
Interest Rate	0.00 %
Threshold Factor	5.00 %
2013 Fund Contribution	\$ 6,426

Status of the Reserve Fund at December 31, 2013

Reserve Fund Cash Balance as of January 31, 2013	135,219.89
Anticipated Interest Revenue prior to December 31, 2013	0.00
Anticipated Reserve Fund Contribution prior to December 31, 2013	5,880.23
Anticipated Reserve Fund Expenditures prior to December 31, 2013	6,510.00
Projected Reserve Fund Cash Balance at December 31, 2013	134,590.12
Projected Fully Funded Balance	298,892.73
Percent Funded	45 %
Avg. Reserve Fund Surplus / (Deficit) per Member	(3,911.97)

Cashflow Funding Plan - Five Year Funding Plan Summary

Fiscal Year Ending	Annual Reserve Contribution	Mo. Reserve Assessment	Percent Funded
2014	12,852	25.50	46%
2015	19,278	38.25	47%
2016	26,989	53.55	51%
2017	35,086	69.62	56%
2018	45,612	90.50	63%

* Summary Notice: This five year funding plan summary is provided in accordance with California Civil Code Section 5300(b)(3). The full reserve study plan is available and will be provided, by the Association, to any member upon request.

Hiller Highlands II Association
Oakland, California

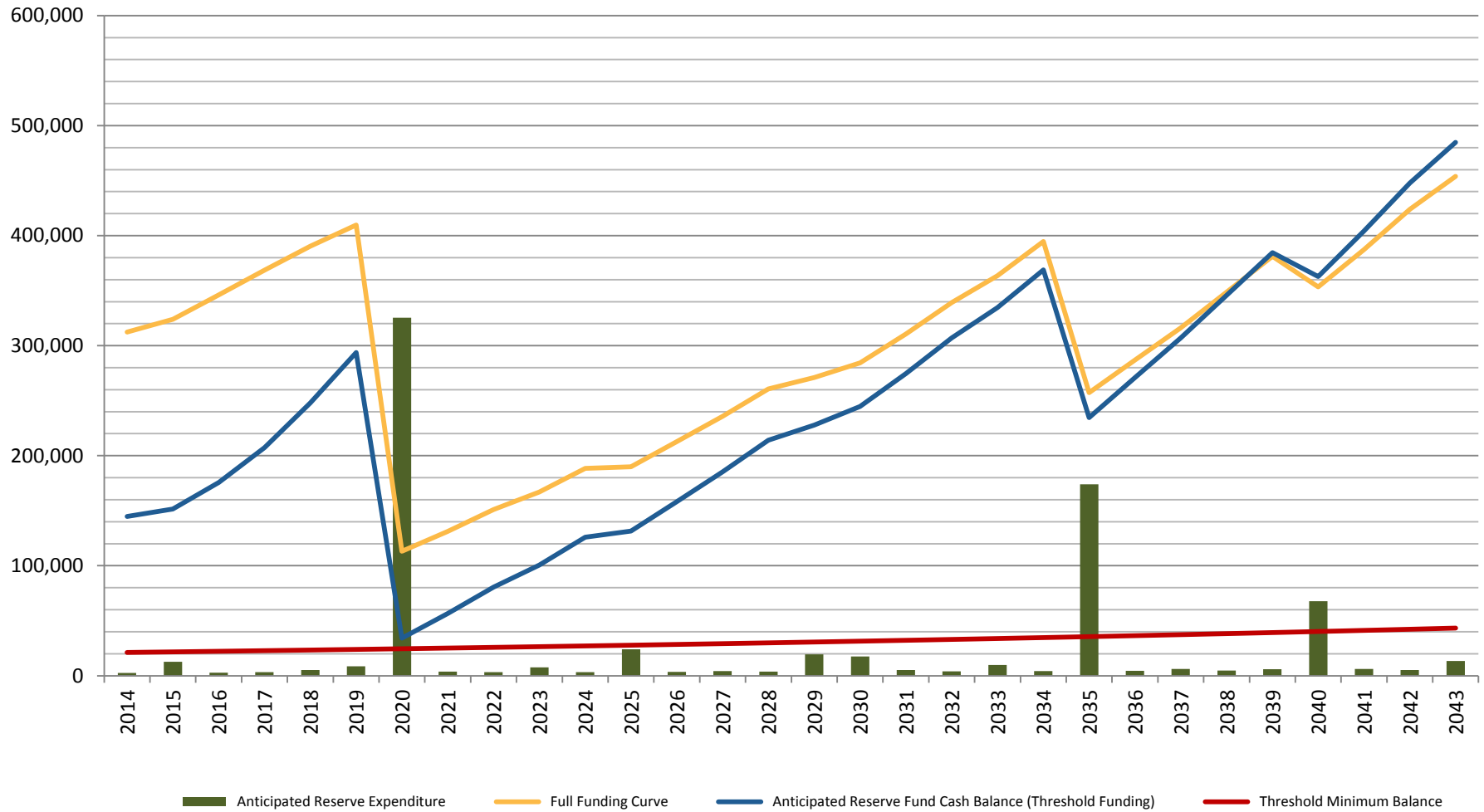
Date: 3/28/2013
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Fiscal Year Ending	Annual Reserve Contribution	Monthly Reserve Assmnt.	Percent Increase	Anticipated Beginning Cash Bal.	Estimated Interest	Anticipated Reserve Expense	Anticipated Special Assmnt.	Anticipated FYE Reserve Balance	Fully Funded Balance	Surplus/ (Deficit) of FFB	Projected FYE Percent Funded
2014	12,852	25.50	100.00%	134,590	0	2,625		144,817	312,317	-167,500	46%
2015	19,278	38.25	50.00%	144,817	0	12,595		151,500	323,980	-172,480	47%
2016	26,989	53.55	40.00%	151,500	0	2,758		175,731	346,183	-170,452	51%
2017	35,086	69.62	30.00%	175,731	0	3,392		207,425	368,729	-161,304	56%
2018	45,612	90.50	30.00%	207,425	0	5,216		247,821	390,447	-142,626	63%
2019	54,734	108.60	20.00%	247,821	0	8,672		293,883	409,694	-115,811	72%
2020	65,681	130.32	20.00%	293,883	0	325,392		34,172	113,157	-78,985	30%
2021	26,272	52.13	-60.00%	34,172	0	3,744		56,700	131,319	-74,619	43%
2022	27,061	53.69	3.00%	56,700	0	3,198		80,562	150,958	-70,396	53%
2023	27,872	55.30	3.00%	80,562	0	7,737		100,698	167,038	-66,340	60%
2024	28,709	56.96	3.00%	100,698	0	3,360		126,046	188,399	-62,352	67%
2025	29,570	58.67	3.00%	126,046	0	24,148		131,468	190,018	-58,550	69%
2026	30,457	60.43	3.00%	131,468	0	3,530		158,395	212,823	-54,428	74%
2027	31,371	62.24	3.00%	158,395	0	4,342		185,423	235,925	-50,502	79%
2028	32,312	64.11	3.00%	185,423	0	3,709		214,025	260,791	-46,766	82%
2029	33,281	66.03	3.00%	214,025	0	19,389		227,917	271,166	-43,249	84%
2030	34,279	68.01	3.00%	227,917	0	17,462		244,735	284,308	-39,574	86%
2031	35,308	70.06	3.00%	244,735	0	5,272		274,770	310,564	-35,794	88%
2032	36,367	72.16	3.00%	274,770	0	4,094		307,043	339,265	-32,222	91%
2033	37,458	74.32	3.00%	307,043	0	9,904		334,597	363,500	-28,903	92%
2034	38,582	76.55	3.00%	334,597	0	4,301		368,878	394,585	-25,707	93%
2035	39,739	78.85	3.00%	368,878	0	174,012		234,605	257,393	-22,788	91%
2036	40,931	81.21	3.00%	234,605	0	4,519		271,017	286,939	-15,922	94%
2037	42,159	83.65	3.00%	271,017	0	6,114		307,062	316,319	-9,256	97%
2038	43,424	86.16	3.00%	307,062	0	4,748		345,739	348,507	-2,769	99%
2039	44,727	88.74	3.00%	345,739	0	5,840		384,626	381,134	3,491	101%
2040	46,069	91.41	3.00%	384,626	0	67,786		362,908	353,374	9,533	103%
2041	47,451	94.15	3.00%	362,908	0	6,136		404,223	387,334	16,889	104%
2042	48,874	96.97	3.00%	404,223	0	5,241		447,857	423,819	24,038	106%
2043	50,341	99.88	3.00%	447,857	0	13,322		484,875	453,935	30,940	107%



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	Year New	RL	UL	Def.	Quantity	Cost	PM&A	Anticipated Total Cost
ROADS								
1 Asphalt Sealing	2010	1	5		13,612 S.F.	0.25	5%	3,573
2 Asphalt Repair Allowance	2010	1	5		1 L.S.	3,500.00	5%	3,675
3 Asphalt Replacement	1995	21	40		13,612 S.F.	5.75	15%	90,008
4 Asphalt Curbs	1995	21	40		508 L.F.	6.00	5%	3,199
CONCRETE								
5 Concrete Retaining Wall Repair Allowance	1995	6	25		1 L.S.	1,500.00	5%	1,575
6 Concrete V Ditch/Drain Repair Allowance	2013	9	10		1 L.S.	2,000.00	5%	2,100
RETAINING WALLS								
7 Major Wood Retaining Walls	1995	11	30		137 L.F.	50.00	5%	7,166
8 Minor Wood Wall Repair Allowance	2013	1	2		1 L.S.	500.00	5%	525
IRRIGATION AND LANDSCAPING								
9 Irrigation Controller (Install Smart Controller)	2015	1	15		1 EA.	1,800.00	5%	1,890
10 Submit Irrigation Upgrade Plan for Permit	2018	4	30		1 L.S.	2,000.00	5%	2,100
11 Irrigation Distribution System Renovate/Remodel	2019	5	30		1 L.S.	4,000.00	5%	4,200
12 Backflow Preventer	2009	15	20		3 EA.	3,250.00	5%	10,238
13 Irrigation System Repair Allowance	2013	0	1		1 L.S.	500.00	5%	525
14 Tree Care Allowance	2013	0	1		1 L.S.	1,500.00	5%	1,575
15 Planting Replacement Allowance	2013	0	1		1 L.S.	500.00	5%	525
METER ENCLOSURE/SIGNAGE/LIGHTING								
16 Meter Enclosure - Paint	2013	5	6		1 L.S.	100.00	5%	105
17 Meter Enclosure - Repairs	2013	5	6		1 L.S.	200.00	5%	210
18 Signage Replacement	1995	11	30		1 L.S.	500.00	5%	525
19 Street Lights	1995	6	25		12 EA.	400.00	5%	5,040
20 Street Light Poles	1995	31	50		12 EA.	1,250.00	5%	15,750
21 Paint Street Light Poles	2013	9	10		12 EA.	75.00	5%	945

LATERAL SEWER LINES - INVESTIGATION ONLY

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	Year New	RL	UL	Def.	Quantity	Cost	PM&A	Anticipated Total Cost
22 Camera Investigation	2040	26	20		42 EA.	85.00	5%	3,749
23 Pressure Testing	2020	6	20		42 EA.	500.00	5%	22,050
LATERAL SEWER LINES - REPLACEMENT ONLY								
24 1850/1852 Grand View Drive	2020	6	40		1 L.S.	6,250.00	15%	7,188
25 1854/1856 Grand View Drive	2020	6	40		1 L.S.	6,250.00	15%	7,188
26 1858/1860 Grand View Drive	2020	6	40		1 L.S.	6,250.00	15%	7,188
27 1862/1864 Grand View Drive	2020	6	40		1 L.S.	6,250.00	15%	7,188
28 1872/1874 Grand View Drive	2020	6	40		1 L.S.	6,250.00	15%	7,188
29 1876/1878 Grand View Drive	2020	6	40		1 L.S.	6,250.00	15%	7,188
30 1880 Grand View Drive	2020	6	40		1 L.S.	4,100.00	15%	4,715
31 1861/1863 Grand View Drive	2020	6	40		1 L.S.	6,450.00	15%	7,418
32 1865/1867 Grand View Drive	2020	6	40		1 L.S.	6,450.00	15%	7,418
33 1869/1871 Grand View Drive	2020	6	40		1 L.S.	6,450.00	15%	7,418
34 1873/1875 Grand View Drive	2020	6	40		1 L.S.	6,450.00	15%	7,418
35 1877/1879 Grand View Drive	2020	6	40		1 L.S.	6,450.00	15%	7,418
36 1881/1883 Grand View Drive	2020	6	40		1 L.S.	6,450.00	15%	7,418
37 1885 Grand View Drive	2020	6	40		1 L.S.	4,300.00	15%	4,945
38 10/12 Yankee Hill	2020	6	40		1 L.S.	9,800.00	15%	11,270
39 14/16 Yankee Hill	2020	6	40		1 L.S.	9,800.00	15%	11,270
40 20/22 Yankee Hill	2020	6	40		1 L.S.	9,800.00	15%	11,270
41 1 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
42 3 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
43 5 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
44 9 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
45 11 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
46 13 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
47 15 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
48 16 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
49 18 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945
50 20 Treasure Hill	2020	6	40		1 L.S.	4,300.00	15%	4,945

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	Year New	RL	UL	Def.	Quantity	Cost	PM&A	Anticipated Total Cost
LATERAL SEWER LINES - ADDITIONAL FEES								
51 PSL Permits	2020	6	40		42 EA.	150.00	15%	7,245
52 Sewer Permits	2020	6	40		42 EA.	425.00	15%	20,528
53 Exavation Permits	2020	6	40		42 EA.	425.00	15%	20,528
54 Clean Outs	2020	6	40		2 EA.	675.00	15%	1,553
55 Wyes (Connected Unit)	2020	6	40		15 EA.	675.00	15%	11,644
Total								423,293



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	Remain. Life	Useful Life	Component Total Cost	Accrued Reserve
ROADS				
1 Asphalt Sealing	1	5	3,573	2,858
2 Asphalt Repair Allowance	1	5	3,675	2,940
3 Asphalt Replacement	21	40	90,008	42,754
4 Asphalt Curbs	21	40	3,199	1,519
CONCRETE				
5 Concrete Retaining Wall Repair Allowance	6	25	1,575	1,197
6 Concrete V Ditch/Drain Repair Allowance	9	10	2,100	210
RETAINING WALLS				
7 Major Wood Retaining Walls	11	30	7,166	4,539
8 Minor Wood Wall Repair Allowance	1	2	525	263
IRRIGATION AND LANDSCAPING				
9 Irrigation Controller (Install Smart Controller)	1	15	1,890	1,764
10 Submit Irrigation Upgrade Plan for Permit	4	30	2,100	1,820
11 Irrigation Distribution System Renovate/Remod	5	30	4,200	3,500
12 Backflow Preventer	15	20	10,238	2,559
13 Irrigation System Repair Allowance	0	1	525	525
14 Tree Care Allowance	0	1	1,575	1,575
15 Planting Replacement Allowance	0	1	525	525
METER ENCLOSURE/SIGNAGE/LIGHTING				
16 Meter Enclosure - Paint	5	6	105	18
17 Meter Enclosure - Repairs	5	6	210	35
18 Signage Replacement	11	30	525	333
19 Street Lights	6	25	5,040	3,830
20 Street Light Poles	31	50	15,750	5,985
21 Paint Street Light Poles	9	10	945	95
LATERAL SEWER LINES - INVESTIGATION ONLY				
22 Camera Investigation	26	20	3,749	(1,125)
23 Pressure Testing	6	20	22,050	15,435
LATERAL SEWER LINES - REPLACEMENT ONLY				
24 1850/1852 Grand View Drive	6	40	7,188	6,109
25 1854/1856 Grand View Drive	6	40	7,188	6,109
26 1858/1860 Grand View Drive	6	40	7,188	6,109
27 1862/1864 Grand View Drive	6	40	7,188	6,109
28 1872/1874 Grand View Drive	6	40	7,188	6,109
29 1876/1878 Grand View Drive	6	40	7,188	6,109
30 1880 Grand View Drive	6	40	4,715	4,008
31 1861/1863 Grand View Drive	6	40	7,418	6,305
32 1865/1867 Grand View Drive	6	40	7,418	6,305
33 1869/1871 Grand View Drive	6	40	7,418	6,305
34 1873/1875 Grand View Drive	6	40	7,418	6,305
35 1877/1879 Grand View Drive	6	40	7,418	6,305



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	Remain. Life	Useful Life	Component Total Cost	Accrued Reserve
36 1881/1883 Grand View Drive	6	40	7,418	6,305
37 1885 Grand View Drive	6	40	4,945	4,203
38 10/12 Yankee Hill	6	40	11,270	9,580
39 14/16 Yankee Hill	6	40	11,270	9,580
40 20/22 Yankee Hill	6	40	11,270	9,580
41 1 Treasure Hill	6	40	4,945	4,203
42 3 Treasure Hill	6	40	4,945	4,203
43 5 Treasure Hill	6	40	4,945	4,203
44 9 Treasure Hill	6	40	4,945	4,203
45 11 Treasure Hill	6	40	4,945	4,203
46 13 Treasure Hill	6	40	4,945	4,203
47 15 Treasure Hill	6	40	4,945	4,203
48 16 Treasure Hill	6	40	4,945	4,203
49 18 Treasure Hill	6	40	4,945	4,203
50 20 Treasure Hill	6	40	4,945	4,203
LATERAL SEWER LINES - ADDITIONAL FEES				
51 PSL Permits	6	40	7,245	6,158
52 Sewer Permits	6	40	20,528	17,448
53 Exavation Permits	6	40	20,528	17,448
54 Clean Outs	6	40	1,553	1,320
55 Wyes (Connected Unit)	6	40	11,644	9,897
Projected Fully Funded Balance (Total)				298,892.73
Projected Reserve Fund Balance				134,590.12
Percent Funded				45%



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Fiscal Year Ending	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
ROADS										
1 Asphalt Sealing	0	3,662	0	0	0	0	4,144	0	0	0
2 Asphalt Repair Allowance	0	3,767	0	0	0	0	4,262	0	0	0
3 Asphalt Replacement	0	0	0	0	0	0	0	0	0	0
4 Asphalt Curbs	0	0	0	0	0	0	0	0	0	0
CONCRETE										
5 Concrete Retaining Wall Repair Allowance	0	0	0	0	0	0	1,827	0	0	0
6 Concrete V Ditch/Drain Repair Allowance	0	0	0	0	0	0	0	0	0	2,623
RETAINING WALLS										
7 Major Wood Retaining Walls	0	0	0	0	0	0	0	0	0	0
8 Minor Wood Wall Repair Allowance	0	538	0	565	0	594	0	624	0	656
IRRIGATION AND LANDSCAPING										
9 Irrigation Controller (Install Smart Controller)	0	1,937	0	0	0	0	0	0	0	0
10 Submit Irrigation Upgrade Plan for Permit	0	0	0	0	2,318	0	0	0	0	0
11 Irrigation Distribution System Renovate/Remodel	0	0	0	0	0	4,752	0	0	0	0
12 Backflow Preventer	0	0	0	0	0	0	0	0	0	0
13 Irrigation System Repair Allowance	525	538	552	565	580	594	609	624	640	656
14 Tree Care Allowance	1,575	1,614	1,655	1,696	1,739	1,782	1,827	1,872	1,919	1,967
15 Planting Replacement Allowance	525	538	552	565	580	594	609	624	640	656
METER ENCLOSURE/SIGNAGE/LIGHTING										
16 Meter Enclosure - Paint	0	0	0	0	0	119	0	0	0	0
17 Meter Enclosure - Repairs	0	0	0	0	0	238	0	0	0	0
18 Signage Replacement	0	0	0	0	0	0	0	0	0	0
19 Street Lights	0	0	0	0	0	0	5,845	0	0	0
20 Street Light Poles	0	0	0	0	0	0	0	0	0	0
21 Paint Street Light Poles	0	0	0	0	0	0	0	0	0	1,180
LATERAL SEWER LINES - INVESTIGATION ONLY										
22 Camera Investigation	0	0	0	0	0	0	0	0	0	0
23 Pressure Testing	0	0	0	0	0	0	25,571	0	0	0
LATERAL SEWER LINES - REPLACEMENT ONLY										
24 1850/1852 Grand View Drive	0	0	0	0	0	0	8,335	0	0	0
25 1854/1856 Grand View Drive	0	0	0	0	0	0	8,335	0	0	0



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Fiscal Year Ending	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
26 1858/1860 Grand View Drive	0	0	0	0	0	0	8,335	0	0	0
27 1862/1864 Grand View Drive	0	0	0	0	0	0	8,335	0	0	0
28 1872/1874 Grand View Drive	0	0	0	0	0	0	8,335	0	0	0
29 1876/1878 Grand View Drive	0	0	0	0	0	0	8,335	0	0	0
30 1880 Grand View Drive	0	0	0	0	0	0	5,468	0	0	0
31 1861/1863 Grand View Drive	0	0	0	0	0	0	8,602	0	0	0
32 1865/1867 Grand View Drive	0	0	0	0	0	0	8,602	0	0	0
33 1869/1871 Grand View Drive	0	0	0	0	0	0	8,602	0	0	0
34 1873/1875 Grand View Drive	0	0	0	0	0	0	8,602	0	0	0
35 1877/1879 Grand View Drive	0	0	0	0	0	0	8,602	0	0	0
36 1881/1883 Grand View Drive	0	0	0	0	0	0	8,602	0	0	0
37 1885 Grand View Drive	0	0	0	0	0	0	5,735	0	0	0
38 10/12 Yankee Hill	0	0	0	0	0	0	13,070	0	0	0
39 14/16 Yankee Hill	0	0	0	0	0	0	13,070	0	0	0
40 20/22 Yankee Hill	0	0	0	0	0	0	13,070	0	0	0
41 1 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
42 3 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
43 5 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
44 9 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
45 11 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
46 13 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
47 15 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
48 16 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
49 18 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
50 20 Treasure Hill	0	0	0	0	0	0	5,735	0	0	0
LATERAL SEWER LINES - ADDITIONAL FEES										
51 PSL Permits	0	0	0	0	0	0	8,402	0	0	0
52 Sewer Permits	0	0	0	0	0	0	23,806	0	0	0
53 Exavation Permits	0	0	0	0	0	0	23,806	0	0	0
54 Clean Outs	0	0	0	0	0	0	1,800	0	0	0
55 Wyes (Connected Unit)	0	0	0	0	0	0	13,503	0	0	0



Hiller Highlands II Association
Oakland, California

Date: 3/28/2013
Units: 42
Fiscal Year End: 12/31/2014

Fiscal Year Ending	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
ROADS										
1 Asphalt Sealing	0	4,688	0	0	0	0	5,304	0	0	0
2 Asphalt Repair Allowance	0	4,822	0	0	0	0	5,456	0	0	0
3 Asphalt Replacement	0	0	0	0	0	0	0	0	0	0
4 Asphalt Curbs	0	0	0	0	0	0	0	0	0	0
CONCRETE										
5 Concrete Retaining Wall Repair Allowance	0	0	0	0	0	0	0	0	0	0
6 Concrete V Ditch/Drain Repair Allowance	0	0	0	0	0	0	0	0	0	3,357
RETAINING WALLS										
7 Major Wood Retaining Walls	0	9,403	0	0	0	0	0	0	0	0
8 Minor Wood Wall Repair Allowance	0	689	0	724	0	760	0	799	0	839
IRRIGATION AND LANDSCAPING										
9 Irrigation Controller (Install Smart Controller)	0	0	0	0	0	0	2,806	0	0	0
10 Submit Irrigation Upgrade Plan for Permit	0	0	0	0	0	0	0	0	0	0
11 Irrigation Distribution System Renovate/Remodel	0	0	0	0	0	0	0	0	0	0
12 Backflow Preventer	0	0	0	0	0	14,827	0	0	0	0
13 Irrigation System Repair Allowance	672	689	706	724	742	760	779	799	819	839
14 Tree Care Allowance	2,016	2,067	2,118	2,171	2,225	2,281	2,338	2,397	2,456	2,518
15 Planting Replacement Allowance	672	689	706	724	742	760	779	799	819	839
METER ENCLOSURE/SIGNAGE/LIGHTING										
16 Meter Enclosure - Paint	0	138	0	0	0	0	0	160	0	0
17 Meter Enclosure - Repairs	0	276	0	0	0	0	0	320	0	0
18 Signage Replacement	0	689	0	0	0	0	0	0	0	0
19 Street Lights	0	0	0	0	0	0	0	0	0	0
20 Street Light Poles	0	0	0	0	0	0	0	0	0	0
21 Paint Street Light Poles	0	0	0	0	0	0	0	0	0	1,511
LATERAL SEWER LINES - INVESTIGATION ONLY										
22 Camera Investigation	0	0	0	0	0	0	0	0	0	0
23 Pressure Testing	0	0	0	0	0	0	0	0	0	0
LATERAL SEWER LINES - REPLACEMENT ONLY										
24 1850/1852 Grand View Drive	0	0	0	0	0	0	0	0	0	0
25 1854/1856 Grand View Drive	0	0	0	0	0	0	0	0	0	0



Hiller Highlands II Association
Oakland, California

Date: 3/28/2013
Units: 42
Fiscal Year End: 12/31/2014

Fiscal Year Ending	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
26 1858/1860 Grand View Drive	0	0	0	0	0	0	0	0	0	0
27 1862/1864 Grand View Drive	0	0	0	0	0	0	0	0	0	0
28 1872/1874 Grand View Drive	0	0	0	0	0	0	0	0	0	0
29 1876/1878 Grand View Drive	0	0	0	0	0	0	0	0	0	0
30 1880 Grand View Drive	0	0	0	0	0	0	0	0	0	0
31 1861/1863 Grand View Drive	0	0	0	0	0	0	0	0	0	0
32 1865/1867 Grand View Drive	0	0	0	0	0	0	0	0	0	0
33 1869/1871 Grand View Drive	0	0	0	0	0	0	0	0	0	0
34 1873/1875 Grand View Drive	0	0	0	0	0	0	0	0	0	0
35 1877/1879 Grand View Drive	0	0	0	0	0	0	0	0	0	0
36 1881/1883 Grand View Drive	0	0	0	0	0	0	0	0	0	0
37 1885 Grand View Drive	0	0	0	0	0	0	0	0	0	0
38 10/12 Yankee Hill	0	0	0	0	0	0	0	0	0	0
39 14/16 Yankee Hill	0	0	0	0	0	0	0	0	0	0
40 20/22 Yankee Hill	0	0	0	0	0	0	0	0	0	0
41 1 Treasure Hill	0	0	0	0	0	0	0	0	0	0
42 3 Treasure Hill	0	0	0	0	0	0	0	0	0	0
43 5 Treasure Hill	0	0	0	0	0	0	0	0	0	0
44 9 Treasure Hill	0	0	0	0	0	0	0	0	0	0
45 11 Treasure Hill	0	0	0	0	0	0	0	0	0	0
46 13 Treasure Hill	0	0	0	0	0	0	0	0	0	0
47 15 Treasure Hill	0	0	0	0	0	0	0	0	0	0
48 16 Treasure Hill	0	0	0	0	0	0	0	0	0	0
49 18 Treasure Hill	0	0	0	0	0	0	0	0	0	0
50 20 Treasure Hill	0	0	0	0	0	0	0	0	0	0
LATERAL SEWER LINES - ADDITIONAL FEES										
51 PSL Permits	0	0	0	0	0	0	0	0	0	0
52 Sewer Permits	0	0	0	0	0	0	0	0	0	0
53 Exavation Permits	0	0	0	0	0	0	0	0	0	0
54 Clean Outs	0	0	0	0	0	0	0	0	0	0
55 Wyes (Connected Unit)	0	0	0	0	0	0	0	0	0	0



Hiller Highlands II Association
Oakland, California

Date: 3/28/2013
Units: 42
Fiscal Year End: 12/31/2014

Fiscal Year Ending	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
ROADS										
1 Asphalt Sealing	0	6,001	0	0	0	0	6,790	0	0	0
2 Asphalt Repair Allowance	0	6,172	0	0	0	0	6,984	0	0	0
3 Asphalt Replacement	0	151,175	0	0	0	0	0	0	0	0
4 Asphalt Curbs	0	5,373	0	0	0	0	0	0	0	0
CONCRETE										
5 Concrete Retaining Wall Repair Allowance	0	0	0	0	0	0	0	0	0	0
6 Concrete V Ditch/Drain Repair Allowance	0	0	0	0	0	0	0	0	0	4,297
RETAINING WALLS										
7 Major Wood Retaining Walls	0	0	0	0	0	0	0	0	0	0
8 Minor Wood Wall Repair Allowance	0	882	0	926	0	973	0	1,023	0	1,074
IRRIGATION AND LANDSCAPING										
9 Irrigation Controller (Install Smart Controller)	0	0	0	0	0	0	0	0	0	0
10 Submit Irrigation Upgrade Plan for Permit	0	0	0	0	0	0	0	0	0	0
11 Irrigation Distribution System Renovate/Remodel	0	0	0	0	0	0	0	0	0	0
12 Backflow Preventer	0	0	0	0	0	0	0	0	0	0
13 Irrigation System Repair Allowance	860	882	904	926	950	973	998	1,023	1,048	1,074
14 Tree Care Allowance	2,581	2,645	2,711	2,779	2,849	2,920	2,993	3,068	3,144	3,223
15 Planting Replacement Allowance	860	882	904	926	950	973	998	1,023	1,048	1,074
METER ENCLOSURE/SIGNAGE/LIGHTING										
16 Meter Enclosure - Paint	0	0	0	185	0	0	0	0	0	215
17 Meter Enclosure - Repairs	0	0	0	371	0	0	0	0	0	430
18 Signage Replacement	0	0	0	0	0	0	0	0	0	0
19 Street Lights	0	0	0	0	0	0	0	0	0	0
20 Street Light Poles	0	0	0	0	0	0	0	0	0	0
21 Paint Street Light Poles	0	0	0	0	0	0	0	0	0	1,934
LATERAL SEWER LINES - INVESTIGATION ONLY										
22 Camera Investigation	0	0	0	0	0	0	7,123	0	0	0
23 Pressure Testing	0	0	0	0	0	0	41,901	0	0	0
LATERAL SEWER LINES - REPLACEMENT ONLY										
24 1850/1852 Grand View Drive	0	0	0	0	0	0	0	0	0	0
25 1854/1856 Grand View Drive	0	0	0	0	0	0	0	0	0	0



Hiller Highlands II Association
Oakland, California

Date: 3/28/2013
Units: 42
Fiscal Year End: 12/31/2014

Fiscal Year Ending	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
26 1858/1860 Grand View Drive	0	0	0	0	0	0	0	0	0	0
27 1862/1864 Grand View Drive	0	0	0	0	0	0	0	0	0	0
28 1872/1874 Grand View Drive	0	0	0	0	0	0	0	0	0	0
29 1876/1878 Grand View Drive	0	0	0	0	0	0	0	0	0	0
30 1880 Grand View Drive	0	0	0	0	0	0	0	0	0	0
31 1861/1863 Grand View Drive	0	0	0	0	0	0	0	0	0	0
32 1865/1867 Grand View Drive	0	0	0	0	0	0	0	0	0	0
33 1869/1871 Grand View Drive	0	0	0	0	0	0	0	0	0	0
34 1873/1875 Grand View Drive	0	0	0	0	0	0	0	0	0	0
35 1877/1879 Grand View Drive	0	0	0	0	0	0	0	0	0	0
36 1881/1883 Grand View Drive	0	0	0	0	0	0	0	0	0	0
37 1885 Grand View Drive	0	0	0	0	0	0	0	0	0	0
38 10/12 Yankee Hill	0	0	0	0	0	0	0	0	0	0
39 14/16 Yankee Hill	0	0	0	0	0	0	0	0	0	0
40 20/22 Yankee Hill	0	0	0	0	0	0	0	0	0	0
41 1 Treasure Hill	0	0	0	0	0	0	0	0	0	0
42 3 Treasure Hill	0	0	0	0	0	0	0	0	0	0
43 5 Treasure Hill	0	0	0	0	0	0	0	0	0	0
44 9 Treasure Hill	0	0	0	0	0	0	0	0	0	0
45 11 Treasure Hill	0	0	0	0	0	0	0	0	0	0
46 13 Treasure Hill	0	0	0	0	0	0	0	0	0	0
47 15 Treasure Hill	0	0	0	0	0	0	0	0	0	0
48 16 Treasure Hill	0	0	0	0	0	0	0	0	0	0
49 18 Treasure Hill	0	0	0	0	0	0	0	0	0	0
50 20 Treasure Hill	0	0	0	0	0	0	0	0	0	0
LATERAL SEWER LINES - ADDITIONAL FEES										
51 PSL Permits	0	0	0	0	0	0	0	0	0	0
52 Sewer Permits	0	0	0	0	0	0	0	0	0	0
53 Exavation Permits	0	0	0	0	0	0	0	0	0	0
54 Clean Outs	0	0	0	0	0	0	0	0	0	0
55 Wyes (Connected Unit)	0	0	0	0	0	0	0	0	0	0



Hiller Highlands II Association
Oakland, California

Date: 3/28/2013
Units: 42
Fiscal Year End: 12/31/2014

**Assessment and Reserve Funding Disclosure Summary
for the fiscal year ending 2014**

(1) The current avg. regular assessment per ownership interest is: _____ per **month**

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found in your operating budget.

(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 are as follows:

Date Assessment is Due	Amount per ownership interest per month or year (If assessments are variable, see note immediately below)	Purpose of the assessment
Please refer to the enclosed cash flow scenario for anticipated future reserve fund contribution levels		

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found in your operating budget.

(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** No

(4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate Year Assessment will be needed	Amount per ownership interest per month or year (If assessments are variable, see note immediately below)

(5) All major components, with less than 30 years remaining life, are included in the reserve study and are included in it's calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount needed in the reserve fund at the end of the current fiscal year is: \$298,892.73, based in whole or in part on the last reserve study or update prepared by Associa Reserve studies as of March 28, 2013. The projected reserve fund cash balance at the end of the current fiscal year is \$134,590.12, resulting in reserves being 45 percent funded at this date.



Hiller Highlands II Association
Oakland, California

Date: 3/28/2013
Units: 42
Fiscal Year End: 12/31/2014

**Assessment and Reserve Funding Disclosure Summary
for the fiscal year ending 2014**

(7) For the purposes of preparing this summary pursuant to Section 5570 of the Davis-Stirling Act, the following are assumed to be true.

1. "Estimated remaining Useful life" means the time reasonably calculated to remain before a major component will require replacement.
2. "Major component" is defined in Section 5500 of the Davis-Stirling Act. Components with an estimated remaining life of more than thirty (30) years may be included in a study as a capital asset or disregarded from the reserve calculations, so long as the decision is revealed in the reserve fund study report and is reported in this Assessment and Reserve Fund Disclosure Summary.
3. This form shall accompany each Pro Forma Operating Budget or Summary thereof that is delivered pursuant to the requirements of the Davis-Stirling Act. This form may be supplemented or modified to clarify the information delivered, so long as the minimum requirements are met.
4. For the purpose of this report and summary, the amount of reserve needed to be accumulated for any component at any 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 of the component. This shall not be construed as to require the Board of Directors to fund their reserve fund in accordance with this calculation.

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY DISCLAIMERS

DISCLAIMER 1

The association as part of its reserve study and funding analysis has prepared a cash flow statement to meet the needs of the association's reserve components over the course of the next 30 years. The currently elected board is not empowered to approve future years assessments but it is assumed that future Board of Directors will update and follow the assumptions contained within the cash flow summary.

DISCLAIMER 2

The associations board of directors has relied on information, opinions, reports and statements presented to it by vendors, contractors, reserve analysts, CPAs and/or other professionals ("Professionals") in preparing the reserve study and is relying upon this information, financial data and reports pursuant to the California Corporations Code in providing the association membership and/or prospective purchasers the information contained in this Assessment and Reserve Funding Disclosure Summary. The information contained within the reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding future events based on information supplied to the association board of directors from said Professionals. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this disclosure summary. Since the information provided has been based on assumptions over a thirty (30) year period the accuracy of the information may be less than reliable. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God can not be accounted for and are excluded when assessing life expectancy of each component. The reserve study includes only items that the association has a clear and express responsibility to maintain, pursuant to the association's CC&R's.

The answer to this question was based on the attached cash flow analysis using the data in the reserve study and is only accurate to the extent the assumptions over the next thirty (30) years hold true.



Hiller Highlands II Association
Oakland, California

Date: 3/28/2013
Units: 42
Fiscal Year End: 12/31/2014

Assessment and Reserve Funding Disclosure Summary for the fiscal year ending 2014

DISCLAIMER 3

The association intends to review its reserve fund on an annual basis, consistent with California Civil Code section 5500, as well as causing a new reserve study to be conducted every three (3) years, the association could increase regular assessments to facilitate additional reserve funding and/or levy association could increase regular assessments to facilitate additional reserve funding and/or levy special assessments to fund reserve over the course of the next thirty (30) years. Please see the attached cash flow analysis for any potential future special assessments and/or regular assessment increases.

DISCLAIMER 4

The information contained within the disclosure statement, cash flow projections and percent funded calculation is based on a reserve study prepared by Associa Reserve Studies during the 2012 fiscal year. The Davis-Stirling act requires that every association to "at least once every three years, the board of directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the association is obligated to repair, replace, or maintain as part of a study of the reserve account requirements of the common interest development". The association is required to conduct their next reserve study inspection in the 2015 fiscal year.

DISCLAIMER 5

The following assumptions were made in this study.

Inflation Rate is computed at	2.50%
Net Rate of return on Investments	1.50%
Unscheduled Maintenance Allowance.	5.00%

DISCLAIMER 6

The complete reserve study is available to you through your management company. Please contact your community manager at the address below for a copy of the complete study. Please note there may be a fee for this service.

Associa Massingham & Associates
2542 South Bascom Avenue Suite 170
Campbell, CA 95008
(408) 559-8001

SECTION 5

Terms and Definitions

ANTICIPATED RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Based upon information provided and not audited.

ANTICIPATED TOTAL COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Anticipated Total Cost would be the cost to replace, repair, or restore the component during that particular year.

CASH FLOW METHOD: A method of developing 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 anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

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) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Reserve. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

FUNDING PLAN: An association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

PROJECT MANAGEMENT & ADMINISTRATION (PM&A): The anticipated “soft” costs associated with the maintenance, repair, or replacement of a reserve component. This allowance is set aside for the hiring of a construction / project manager and necessary administration costs. PM&A is expressed as a percentage of the contractors costs.

REMAINING LIFE (RL): The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.