

**INDIAN HILLS - PALM DESERT
HOMEOWNERS' ASSOCIATION, INC.**

REPLACEMENT FUND COMPONENT UPDATE

AUGUST 2008

**ROBERT E. TUVELL
CERTIFIED PUBLIC ACCOUNTANT
72-850 Somera Road
Palm Desert, CA 92260
(760) 346-5239**

INDIAN HILLS – PALM DESERT HOMEOWNERS’ ASSOCIATION, INC.

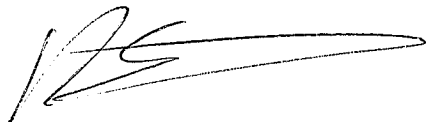
REPLACEMENT FUND COMPONENT UPDATE

AUGUST 2008

The accompanying replacement fund component update for Indian Hills–Palm Desert Homeowners’ Association, Inc. for the period from fiscal year 2009 through fiscal year 2038 is based on the replacement fund component study which was prepared in July of 2007 and known changes during fiscal 2008. These estimates are based on existing conditions and current costs as of August 2008.

Assumptions have been made about costs, conditions, and future events and circumstances which may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the variations could be material.

I have compiled the replacement fund component funding program and related projection, referred to above, based on estimates of lives and costs. Because a compilation of such information is limited, as described above, I do not express a conclusion or any other form of assurance on the accompanying program or assumptions. I assume no responsibility for events and circumstances occurring after one year from the date of this report.



Robert E. Tuvell, CPA

**INDIAN HILLS – PALM DESERT
HOMEOWNERS' ASSOCIATION, INC.**

Replacement Fund Component Update

August 2008

COMMENTS

In the first year of the update, fiscal 2009 using the cash flow method, annual funding is shown at \$310,480. This sum includes the fiscal 2009 annual allocation of \$120,000 plus the estimated reserve balance on hand of \$190,480 at September 30, 2008. The \$190,480 consists of the cash balance of \$167,371 at July 31, 2008, plus the remaining fiscal 2008 allocations of \$19,334, plus a transfer from operating fund of \$11,900, less pool expenses of \$4,725, less gate repair expenses of \$3,400. The update assumes that there will be no additional replacement fund expenses in fiscal 2008. Beginning in October 2008, the annual allocation should be increased from \$116,004 to \$120,000, an increase of \$3,996 or \$333 per month (\$2.80 per member per month). Beginning in October 2009, the annual allocation should be increased from \$120,000 to \$128,568, an increase of \$8,568 or \$714 per month (\$6.00 per member per month). Beginning in October 2010, the annual allocation should be increased from \$128,568 to \$137,136, an increase of \$8,568 or \$714 per month (\$6.00 per member per month).

The reason for the large increase is due to the continuous rise in the cost of oil which is used to make asphalt cement and seal coat. Also, the Association is significantly under funded.

Based on the straight line method of computing reserve requirements, the reserve fund balance at September 30, 2008 should be \$411,533, which makes the reserve fund 46% funded. The 54% deficiency is recovered over the remaining lives of the components. Under this method the annual allocation should be increased from \$116,004 to \$174,738, an increase of \$58,734 or \$4,895 per month (\$41.13 per member per month).

The estimated balance at September 30, 2008 on the disclosure statement was allocated to components in proportion to the components in the proper current fund of the straight line update. During the thirty-year update, the lowest year end balance occurs in the year 2036 at \$6,723 and the highest year end fund balance is \$491,224 in 2028.

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
 REPLACEMENT FUND DISCLOSURES
 FISCAL YEAR 2009

COMPONENTS	LIFE		UNITS	QUANTITY	REPLACEMENT COST		ESTIMATED PROPER CURRENT FUND	ESTIMATED CURRENT FUND 9-30-08
	USEFUL	REMAINING			UNIT	TOTAL		
STREETS-- (a)								
SEAL COAT	4	4	SQFT	146,210	.07/.12	17,545		
NEW ASPHALT	25	24	SQFT	146,210	2.85	416,699	7,715	7,715
SUB-TOTAL						434,244	7,715	7,715
PAINTING-- (a)								
UNIT STUCCO	10	6	EACH	119	600	71,400	13,219	13,219
UNIT TRIM	5	1	EACH	119	200	23,800	8,813	8,813
POOL WROUGHT IRON	4	2	LNFT	1,066	4.00	4,264	987	987
POOL HOUSE & WALLS	8	1	LOT	1	4,500	4,500	1,823	1,823
PERIMETER WALL	12	5	LNFT	3,496	3.00	10,488	2,832	2,832
SUB-TOTAL						114,452	27,674	27,674
TENNIS COURTS-- (a)								
RESURFACING	5	0-1	EACH	3	2,500	7,500	3,471	3,471
WINDSCREENS	7	1	SQFT	5,220	0.85	4,437	1,760	1,760
SUB-TOTAL						11,937	5,231	5,231
ENTRY GATES-- (a)								
OPERATORS	8	0-7	EACH	4	3,300	13,200	3,819	3,819
ENTRY PHONE	15	11	EACH	1	4,200	4,200	518	518
SUB-TOTAL						17,400	4,337	4,337
MAIL BOXES	30	26	EACH	119	200	23,800	1,469	1,469
SOLAR SYSTEM PROJECT (a)		2				19,750	4,571	4,571
COMMON AREA (a)						5,000	2,314	2,314
ROOFING (a)						369,735	119,794	119,794
POOLS & SPAS #1, #2, & #3 (a)						66,384	7,682	7,682
POOLS & SPAS #4, #5, & #6 (a)						62,835	9,693	9,693
						1,125,537	190,480	190,480
						TOTAL ONE TIME REPLACEMENT COST		

(a) SEE DETAILED REPORT IN PROPERTY MANAGER'S OFFICE.

THE MINIMUM ANNUAL FUNDING IS \$120,000 IN FISCAL 2009, \$128,568 IN 2010, \$137,136 IN 2011 AND THEREAFTER.

**INDIAN HILLS – PALM DESERT HOMEOWNERS’ ASSOCIATION, INC.
ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY
FOR CALENDAR YEAR 2009
PREPARED: AUGUST 2008**

1. The current regular assessment per ownership interest, for fiscal 2009, is \$ 460.⁰⁰ per month.
2. Additional regular or special assessments have not been scheduled to be imposed or charged as of this date.
3. Based on the most recent reserve update and other information available to the Board of Directors, the current projected reserve account balances will 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 thirty years.
4. The Board of Directors does not anticipate any special assessments. No other assessments are considered necessary, except for normal inflationary increases over the next thirty years.
5. All major components included in the reserve update are included in the Associations reserve accounts.
6. As of the last reserve update, the current balance in the reserve fund is estimated to be \$190,480 at September 30, 2008.

Based on the straight line method of computing reserve requirements, the estimated reserve fund balance required at September 30, 2008 should be \$411,533 which makes the reserve fund 46% funded based on the reserve update prepared by Robert E. Tuvell as of August 2008. The 54% deficiency is recovered over the remaining lives of the components. The annual allocation to the reserve fund under the straight line method is \$174,738.

Based on the cash flow method of computing reserve requirements, the estimated reserve fund balance at September 30, 2008 should be \$190,480. The required minimum annual allocation to the reserve fund, under this method for fiscal 2009 is \$120,000, \$128,568 in fiscal 2010, \$137,136 in fiscal 2011 and thereafter. The Association is 100% funded under this method, **assuming the required minimum annual allocation to the reserve fund is implemented.**

7. Straight Line Disclosures for the next five years, as of September 30:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Required Fund Balance	411,533	500,462	549,825	612,802	279,298
Estimated Fund Balance	190,480	100,811	105,677	38,432	144,293
Percent Funded	46%	20%	19%	6%	52%

**INDIAN HILLS – PALM DESERT HOMEOWNERS’ ASSOCIATION, INC.
ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY
FOR CALENDAR YEAR 2009
PREPARED: AUGUST 2008**

7. Continued

Cash Flow Disclosures for the next five years, as of September 30:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Required Fund Balance	190,480	100,811	105,677	38,432	144,293
Estimated Fund Balance	190,480	100,811	105,677	38,432	144,293
Percent Funded	100%	100%	100%	100%	100%

The Estimated Fund Balance and Percent Funded above are based on the implemented reserve funding plan as shown in the cash flow reserve update.

Other Disclosures

Using the straight line method the reserve funding deficiency is \$1,858 (\$411,533 – \$190,480 / 119) per unit. Using the cash flow method there is no reserve funding deficiency **assuming the recommended minimum annual allocation is implemented.**

The Board of Directors Indian Hills – Palm Desert Homeowners’ Association, Inc. has not determined to defer or not undertake repairs or replacements of any major components with a remaining life of 30 years or less.

Using the cash flow method, which the Board of Directors has adopted, the reserve funding plan for the Indian Hills – Palm Desert Homeowners’ Association, Inc. is to make regular annual allocations of \$120,000 in fiscal 2009, \$128,568 in 2010, \$137,136 in 2011 and thereafter to the reserve fund for the next thirty years. Each year when the annual reserve study or update is completed it will be adjusted to then current costs and the annual allocation will be adjusted accordingly. Over time it should be expected that the annual allocation to the reserve fund will increase to approximate increases in inflation.

California Civil Code Section 1365.2.5 requires that the above disclosures be made using the straight line method. The Code also allows any other generally accepted method of preparing a reserve study to be used; therefore your Board of Directors has adopted the cash flow method.

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at the time of the update. The estimates are subject to change.

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
REPLACEMENT FUND COMPONENT UPDATE
CASH FLOW METHOD
AUGUST 2008

COMPONENTS	LIFE		UNITS	QUANTITY	REPLACEMENT COST		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
	USEFUL	REMAIN			UNIT	TOTAL																		
STREETS-- (a)																								
SEAL COAT	4	4	SQFT	146,210	.077.12	17,545				10,500				17,545					17,545			17,545		
NEW ASPHALT	25	24	SQFT	146,210	2.85	416,699																		
SUB-TOTAL						434,244																		
PAINTING-- (a)																								
UNIT STUCCO	10	6	EACH	119	600	71,400					71,400											71,400		
UNIT TRIM	5	1	EACH	119	200	23,800	23,800				23,800						23,800					23,800		
POOL WROUGHT IRC	4	2	LNFT	1,066	4.00	4,264		4,264			4,264					4,264				4,264		4,264		
POOL HOUSE & WAL	8	1	LOT	1	4,500	4,500	4,500								4,500									
PERIMETER WALL	12	5	LNFT	3,496	3.00	10,488				10,488														
SUB-TOTAL						114,452																		
TENNIS COURTS-- (a)																								
RESURFACING	5	0-1	EACH	3	2,500	7,500	7,500				7,500						7,500					7,500		
WINDSCREENS	7	1	SQFT	5,220	0.85	4,437	4,437							4,437							4,437			
SUB-TOTAL						11,937																		
ENTRY GATES-- (a)																								
OPERATORS	8	0-7	EACH	4	3,300	13,200	9,900						3,300		9,900							3,300		
ENTRY PHONE	15	11	EACH	1	4,200	4,200											4,200							
SUB-TOTAL						17,400																		
MAIL BOXES	30	26	EACH	119	200	23,800																		
SOLAR SYSTEM (b)						19,750		19,750																
COMMON AREA (a)						5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000		
ROOFING (c)						369,735	124,535	63,235	191,965	5,000	5,000	124,535	63,235	191,965	5,000	5,000	124,535	63,235	191,965	5,000	5,000	124,535		
POOLS & SPAS #1, #2, & #3 (c)						66,384	17,747	7,000	3,800	7,525	1,000	17,884	3,800	1,000	23,125	1,000	11,747	7,000	3,800	11,062	1,000	14,347		
POOLS & SPAS #4, #5, & #6 (c)						62,835	12,250	24,453	3,616	3,250	4,000	3,016	10,253	8,616	1,000	6,000	4,000	24,453	5,866	3,016	4,000	1,000		
TOTAL ONE TIME REPLACEMENT COST						<u>1,125,537</u>																		
TOTAL ANNUAL EXPENDITURES							209,669	123,702	204,381	31,275	25,488	257,399	85,588	228,563	48,525	21,264	180,782	117,233	206,631	28,342	22,737	265,127		
TOTAL ANNUAL ALLOCATIONS							310,480	128,568	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136
YEAR END FUND BALANCE							<u>100,811</u>	<u>105,677</u>	<u>38,432</u>	<u>144,293</u>	<u>255,941</u>	<u>135,678</u>	<u>187,226</u>	<u>95,799</u>	<u>184,410</u>	<u>300,282</u>	<u>256,636</u>	<u>276,539</u>	<u>207,044</u>	<u>315,838</u>	<u>430,237</u>	<u>302,246</u>		

(a) SEE JULY 2007 STUDY.
(b) THE SOLAR SYSTEM IS A ONE TIME PROJECT THAT WILL BE COMPLETED IN THREE YEARS.
(c) SEE DETAILED SCHEDULE.
CONTINUED

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
REPLACEMENT FUND COMPONENT UPDATE
CASH FLOW METHOD
AUGUST 2008

CONTINUED

COMPONENTS	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	TOTAL 30 YEAR SPENDING
STREETS-- (a)															
SEAL COAT				17,545					17,545				17,545		115,770
NEW ASPHALT								416,699							416,699
PAINTING-- (a)															
UNIT STUCCO										71,400					214,200
UNIT TRIM					23,800					23,800					142,800
POOL WROUGHT IRON		4,264				4,264				4,264				4,264	34,112
POOL HOUSE & WALLS	4,500								4,500						18,000
PERIMETER WALL	10,488												10,488		31,464
TENNIS COURTS-- (a)															
RESURFACING					7,500					7,500					45,000
WINDSCREENS						4,437							4,437		22,185
ENTRY GATES-- (a)															
OPERATORS	9,900						3,300		9,900						49,500
ENTRY PHONE										4,200					8,400
MAIL BOXES										23,800					23,800
SOLAR PROJECT (b)															19,750
COMMON AREA (a)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	150,000
ROOFING (c)	63,235	191,965	5,000	5,000	124,535	63,235	191,965	5,000	5,000	124,535	63,235	191,965	5,000	5,000	2,338,410
POOLS & SPAS #1, #2, & #3 (c)	3,800	1,000	1,000	1,000	38,747	9,412	3,800	7,525	1,000	15,472	3,800	1,000	2,125	3,412	225,930
POOLS & SPAS #4, #5, & #6 (c)	5,253	3,616	6,000	6,000	12,250	31,469	3,616	3,250	4,000	1,000	5,253	3,616	1,000	3,016	208,128
TOTAL ANNUAL EXPENDITURES	102,176	205,845	17,000	34,545	211,832	117,817	207,681	437,474	46,945	280,971	77,288	201,581	45,595	20,692	4,064,148
TOTAL ANNUAL ALLOCATIONS	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	137,136	4,278,856
YEAR END FUND BALANCE	337,206	268,497	388,633	491,224	416,528	435,847	365,302	64,964	155,155	11,320	71,168	6,723	98,264	214,708	

(a) SEE JULY 2007 STUDY.

(b) THE SOLAR SYSTEM IS A ONE TIME PROJECT THAT WILL BE COMPLETED IN THREE YEARS.

(c) SEE DETAILED SCHEDULE.

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
REPLACEMENT FUND COMPONENT UPDATE
ROOFING SCHEDULE
AUGUST 2008

COMPONENTS	LIFE		UNITS	QUANTITY	REPLACEMENT COST		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
	USEFUL	REMAIN			UNIT	TOTAL																	
SEALING-- GROUP-																							
#1	5	0	EACH	39	3,065	119,535	119,535					119,535					119,535						119,535
#2	5	2	EACH	19	3,065	58,235		58,235					58,235					58,235					
#3	5	3	EACH	61	3,065	186,965			186,965					186,965					186,965				
TILE ROOFING (a)						5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL ONE TIME REPLACEMENT COST						<u>369,735</u>																	
TOTAL ANNUAL EXPENDITURES							<u>124,535</u>	<u>63,235</u>	<u>191,965</u>	<u>5,000</u>	<u>5,000</u>	<u>124,535</u>	<u>63,235</u>	<u>191,965</u>	<u>5,000</u>	<u>5,000</u>	<u>124,535</u>	<u>63,235</u>	<u>191,965</u>	<u>5,000</u>	<u>5,000</u>	<u>124,535</u>	<u>124,535</u>

GROUP #1 INCLUDES BUILDINGS 1, 2, 4, 5, 6, 16, 27, 28, 29, 30, 32, 33,
GROUP #1 INCLUDES BUILDINGS 3, 10, 15, 20, 24
GROUP #1 INCLUDES BUILDINGS 7, 8, 9, 11, 12, 13, 14, 17, 18, 19, 21, 22, 23, 25, 26, 31, 34

(a) SEE JULY 2007 STUDY.

CONTINUED

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
 REPLACEMENT FUND COMPONENT UPDATE
 ROOFING SCHEDULE
 AUGUST 2008

CONTINUED

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	TOTAL 30 YEAR SPENDING
<u>COMPONENTS</u>															
SEALING-- GROUP-															
#1					119,535					119,535					717,210
#2	58,235					58,235					58,235				349,410
#3		186,965					186,965					186,965			1,121,790
TILE ROOFING (a)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	150,000
TOTAL ANNUAL EXPENDITURES	<u>63,235</u>	<u>191,965</u>	<u>5,000</u>	<u>5,000</u>	<u>124,535</u>	<u>63,235</u>	<u>191,965</u>	<u>5,000</u>	<u>5,000</u>	<u>124,535</u>	<u>63,235</u>	<u>191,965</u>	<u>5,000</u>	<u>5,000</u>	<u>2,338,410</u>

(a) SEE JULY 2007 STUDY.

GROUP #1 INCLUDES BUILDINGS 1, 2, 4, 5, 6, 16, 27, 28, 29, 30, 32, 33,

GROUP #1 INCLUDES BUILDINGS 3, 10, 15, 20, 24

GROUP #1 INCLUDES BUILDINGS 7, 8, 9, 11, 12, 13, 14, 17, 18, 19, 21, 22, 23, 25, 26, 31, 34

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.

REPLACEMENT FUND COMPONENT UPDATE

POOLS & SPAS 1, 2, & 3

AUGUST

COMPONENTS	LIFE		UNITS	QUANTITY	REPLACEMENT COST		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	USEFUL	REMAIN			UNIT	TOTAL																
POOL & SPA #1--																						
POOL HEATER	10	3	EACH	1	2,800	2,800			2,800										2,800			
SPA HEATER	10	6	EACH	1	2,600	2,600						2,600										2,600
POOL PLASTER	12	9	EACH	1	7,000	7,000									7,000							
SPA PLASTER	10	2	EACH	1	3,000	3,000		3,000										3,000				
POOL FILTER	20	14	EACH	1	1,125	1,125														1,125		
SPA FILTER	20	4	EACH	1	1,125	1,125				1,125												
FURNITURE	8	6	LOT	1	870	870						870								870		
POOL HOUSE	20	1	EACH	1	2,000	2,000	2,000															
DECKING	5	1	SQFT	2,570	1.50	3,855	3,855					3,855					3,855					3,855
SUB-TOTAL						24,375																
POOL #2--																						
POOL HEATER	10	4	EACH	1	2,800	2,800				2,800										2,800		
POOL PLASTER	12	9	EACH	1	7,000	7,000									7,000							
POOL FILTER	20	14	EACH	1	1,125	1,125														1,125		
FURNITURE	8	6	LOT	1	672	672						672								672		
POOL HOUSE	20	1	EACH	1	2,000	2,000	2,000															
DECKING	5	0	SQFT	1,851	1.50	2,776	2,776					2,776					2,776					2,776
SUB-TOTAL						16,373																
POOL & SPA #3--																						
POOL HEATER	10	7	EACH	1	2,800	2,800							2,800									
SPA HEATER	10	4	EACH	1	2,600	2,600				2,600										2,600		
POOL PLASTER	12	9	EACH	1	7,000	7,000									7,000							
SPA PLASTER	10	2	EACH	1	3,000	3,000		3,000											3,000			
POOL FILTER	20	9	EACH	1	1,125	1,125														1,125		
SPA FILTER	20	6	EACH	1	1,125	1,125						1,125										
FURNITURE	8	6	LOT	1	870	870						870								870		
POOL HOUSE	20	1	EACH	1	2,000	2,000	2,000															
DECKING	5	0	SQFT	2,744	1.50	4,116	4,116					4,116					4,116					4,116
SUB-TOTAL						24,636																
COMMON AREA POOLS AND SPAS (a)						1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL ONE TIME REPLACEMENT COST						66,384																
TOTAL ANNUAL EXPENDITURES							17,747	7,000	3,800	7,525	1,000	17,884	3,800	1,000	23,125	1,000	11,747	7,000	3,800	11,062	1,000	14,347

(a) SEE JULY 2007 STUDY.

CONTINUED

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
 REPLACEMENT FUND COMPONENT UPDATE
 POOLS & SPAS 1, 2, & 3
 AUGUST 2008

CONTINUED

COMPONENTS															TOTAL
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	30 YEAR SPENDING
POOL & SPA #1--															
POOL HEATER							2,800								8,400
SPA HEATER										2,600					7,800
POOL PLASTER					7,000										14,000
SPA PLASTER						3,000									9,000
POOL FILTER															1,125
SPA FILTER								1,125							2,250
FURNITURE						870								870	3,480
POOL HOUSE					2,000										4,000
DECKING					3,855					3,855					23,130
POOL #2--															
POOL HEATER								2,800							8,400
POOL PLASTER					7,000										14,000
POOL FILTER															1,125
FURNITURE						672								672	2,688
POOL HOUSE					2,000										4,000
DECKING					2,776					2,776					16,656
POOL & SPA #3--															
POOL HEATER	2,800										2,800				8,400
SPA HEATER								2,600							7,800
POOL PLASTER					7,000										14,000
SPA PLASTER						3,000									9,000
POOL FILTER													1,125		2,250
SPA FILTER										1,125					2,250
FURNITURE						870								870	3,480
POOL HOUSE					2,000										4,000
DECKING					4,116					4,116					24,696
COMMON AREA POOLS AND SPAS (a)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	30,000
TOTAL ANNUAL EXPENDITURES	3,800	1,000	1,000	1,000	38,747	9,412	3,800	7,525	1,000	15,472	3,800	1,000	2,125	3,412	225,930

(a) SEE JULY 2007 STUDY.

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
 REPLACEMENT FUND COMPONENT UPDATE
 POOLS & SPAS 4, 5, & 6
 AUGUST 2008

COMPONENTS	LIFE		UNITS	QUANTITY	REPLACEMENT COST		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
	USEFUL	REMAIN			UNIT	TOTAL																	
POOL & SPA #4--																							
POOL HEATER	10	2	EACH	1	2,800	2,800		2,800															
SPA HEATER	10	2	EACH	1	2,600	2,600		2,600															
POOL PLASTER	12	8	EACH	1	5,000	5,000								5,000									
SPA PLASTER	10	5	EACH	1	3,000	3,000				3,000												3,000	
POOL FILTER	20	13	EACH	1	1,125	1,125																1,125	
SPA FILTER	20	13	EACH	1	1,125	1,125																1,125	
FURNITURE	8	6	LOT	1	672	672						672										672	
POOL HOUSE	20	1	EACH	1	2,000	2,000	2,000																
DECKING	5	2	SQFT	1,565	1.50	2,348		2,348					2,348										2,348
SUB-TOTAL						20,670																	
POOL #5--																							
POOL HEATER	10	2	EACH	1	2,800	2,800		2,800															2,800
SPA HEATER	10	2	EACH	1	2,600	2,600		2,600															2,600
POOL PLASTER	12	10	EACH	1	5,000	5,000										5,000							
SPA PLASTER	10	1	EACH	1	3,000	3,000	3,000										3,000						
POOL FILTER	20	1	EACH	1	1,125	1,125	1,125																
SPA FILTER	20	1	EACH	1	1,125	1,125	1,125																
FURNITURE	8	6	LOT	1	672	672						672										672	
POOL HOUSE	20	1	EACH	1	2,000	2,000	2,000																
DECKING	5	2	SQFT	1,270	1.50	1,905		1,905					1,905										1,905
SUB-TOTAL						20,227																	
POOL & SPA #6--																							
POOL HEATER	10	2	EACH	1	2,800	2,800		2,800															2,800
SPA HEATER	10	2	EACH	1	2,600	2,600		2,600															2,600
POOL PLASTER	12	7	EACH	1	5,000	5,000							5,000										
SPA PLASTER	10	2	EACH	1	3,000	3,000		3,000															3,000
POOL FILTER	20	4	EACH	1	1,125	1,125				1,125													
SPA FILTER	20	4	EACH	1	1,125	1,125				1,125													
FURNITURE	8	6	LOT	1	672	672						672										672	
POOL HOUSE	20	1	EACH	1	2,000	2,000	2,000																
DECKING	5	3	SQFT	1,744	1.50	2,616		2,616						2,616									2,616
SUB-TOTAL						20,938																	
COMMON AREA POOLS AND SPAS (a)						1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL ONE TIME REPLACEMENT COST						62,835																	
TOTAL ANNUAL EXPENDITURES							12,250	24,453	3,616	3,250	4,000	3,016	10,253	8,616	1,000	6,000	4,000	24,453	5,866	3,016	4,000	1,000	

(a) SEE JULY 2007 STUDY.

CONTINUED

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
 REPLACEMENT FUND COMPONENT UPDATE
 POOLS & SPAS 4, 5, & 6
 AUGUST 2008

CONTINUED

COMPONENTS															TOTAL
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2,036	2037	2038	30 YEAR SPENDING
POOL & SPA #4--															
POOL HEATER						2,800									8,400
SPA HEATER						2,600									7,800
POOL PLASTER				5,000											10,000
SPA PLASTER									3,000						9,000
POOL FILTER															1,125
SPA FILTER															1,125
FURNITURE						672								672	2,688
POOL HOUSE					2,000										4,000
DECKING	2,348					2,348					2,348				14,088
POOL #5--															
POOL HEATER						2,800									8,400
SPA HEATER						2,600									7,800
POOL PLASTER						5,000									10,000
SPA PLASTER					3,000										9,000
POOL FILTER					1,125										2,250
SPA FILTER					1,125										2,250
FURNITURE						672								672	2,688
POOL HOUSE					2,000										4,000
DECKING	1,905					1,905					1,905				11,430
POOL & SPA #6--															
POOL HEATER						2,800									8,400
SPA HEATER						2,600									7,800
POOL PLASTER				5,000											10,000
SPA PLASTER						3,000									9,000
POOL FILTER									1,125						2,250
SPA FILTER									1,125						2,250
FURNITURE						672								672	2,688
POOL HOUSE					2,000										4,000
DECKING		2,616					2,616					2,616			15,696
COMMON AREA POOLS AND SPAS (a)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	30,000
TOTAL ANNUAL EXPENDITURES	5,253	3,616	6,000	6,000	12,250	31,469	3,616	3,250	4,000	1,000	5,253	3,616	1,000	3,016	208,128

(a) SEE JULY 2007 STUDY.

INDIAN HILLS - PALM DESERT HOMEOWNERS' ASSOCIATION, INC.
REPLACEMENT FUND COMPONENT UPDATE
STRAIGHT LINE METHOD
AUGUST 2008

COMPONENTS	ESTIMATED CURRENT COST	ESTIMATED FUTURE COST	ESTIMATED LIFE		ESTIMATED PROPER CURRENT FUND	ESTIMATED CURRENT FUND 9-30-08	OVER (UNDER) FUNDED	PERCENT FUNDED	NORMAL ANNUAL FUNDING
			USEFUL	REMAIN					
STREETS-- (a)									
SEAL COAT	17,545	20,133	4	4					4,386
NEW ASPHALT	416,699	951,461	25	24	16,668	7,715	(8,953)	0.46	17,041
SUB-TOTAL	434,244	971,594			16,668	7,715	(8,953)	0.46	21,427
PAINTING-- (a)									
UNIT STUCCO	71,400	87,768	10	6	28,560	13,219	(15,341)	0.46	9,697
UNIT TRIM	23,800	24,633	5	1	19,040	8,813	(10,227)	0.46	14,987
POOL WROUGHT IRON	4,264	4,568	4	2	2,132	987	(1,145)	0.46	1,639
POOL HOUSE & WALLS	4,500	4,658	8	1	3,938	1,823	(2,115)	0.46	2,677
PERIMETER WALL	10,488	12,456	12	5	6,118	2,832	(3,286)	0.46	1,531
SUB-TOTAL	114,452	134,083			59,788	27,674	(32,114)	0.46	30,531
TENNIS COURTS-- (a)									
RESURFACING	7,500	7,500	5	0-1	7,500	3,471	(4,029)	0.46	4,029
WINDSCREENS	4,437	4,592	7	1	3,803	1,760	(2,043)	0.46	2,677
SUB-TOTAL	11,937	12,092			11,303	5,231	(6,072)	0.46	6,706
ENTRY GATES-- (a)									
OPERATORS	13,200	14,635	8	0-7	8,250	3,819	(4,431)	0.46	3,127
ENTRY PHONE	4,200	6,132	15	11	1,120	518	(602)	0.46	334
SUB-TOTAL	17,400	20,767			9,370	4,337	(5,033)	0.46	3,461
MAIL BOXES	23,800	58,214	30	26	3,173	1,469	(1,704)	0.46	859
SOLAR SYSTEM PROJECT (b)	19,750	21,157	(b)	2	9,875	4,571	(5,304)	0.46	7,589
COMMON AREA (a)	5,000	5,000			5,000	2,314	(2,686)	0.46	7,686
ROOFING (c)	369,735	409,932			258,815	119,794	(139,021)	0.46	83,314
POOLS & SPAS (c)	66,384	90,475			16,596	7,682	(8,914)	0.46	6,522
POOLS & SPAS (c)	62,835	82,742			20,945	9,693	(11,252)	0.46	6,643
	<u>1,125,537</u>	<u>1,806,056</u>			<u>411,533</u>	<u>190,480</u>	<u>(221,053)</u>	<u>0.46</u>	<u>174,738</u>

(a) SEE JULY 2007 STUDY.

(b) THE SOLAR SYSTEM IS A ONE TIME PROJECT THAT WILL BE COMPLETED IN THREE YEARS.

(c) SEE DETAILED SCHEDULE.