

West Loch Fairways

October 15, 2010

Dear West Loch Fairways Homeowners,

The Board of Directors of West Loch Fairways Homeowners Association has approved the 2011 budget and the Association dues to remain the same at \$60.00.

Owners have seen the gradual increases in property taxes over the years for residential property. The common areas that belong to the Association are assessed real property taxes by the City. Real property taxes were at \$5,000 in 2003 and stayed at that level for years. In 2008, tax went up to \$6,516 and increased substantially to \$10,591 in 2009. In 2011, the Association will be paying \$15,000 in property taxes.

Major expenditures this year consisted of tree removal and replacement, irrigation repairs, pump room door replacement and security camera repairs.

The budget includes expenses for our day-to-day operations, as well as transfer to reserves or funds that the Association uses for capital expenditures. A copy of the 2011 operating budget is enclosed for your reference as well as an updated reserve study that Hawaii First Inc., our managing agent, prepares for the Association free of charge. Effective **January 1, 2011**, the Association dues will be as follows:

<u>Type of Unit</u>	<u>2010 Association Dues</u>	<u>2011 Association Dues</u>
All	\$60.00	\$60.00

As a reminder, payments are due on the first of each month. A late fee of \$20.00 will be assessed to a delinquent account after the grace period.

The Board has adopted the following priority of payment application for the Association:
(1) Legal Fees (2) Late Fees (3) Fines (4) Association dues.

If you prefer to change your method to the Surepay Electronic Bill Payment plan, please complete the enclosed form and return it to Hawaii First Inc., Attention: Accounting Department. You need to complete this form if you are a first time subscriber through Hawaii First Inc. Requests received by the 10th of each month will begin payments the following month. Please allow 10 days for processing.

Should you have any questions, please contact our property manager at Hawaii First Inc., Lynn Uyenco, (808) 531-5566 ext 3006.

Sincerely yours,

The Board of Directors
West Loch Fairways Homeowners Association

**2011 Budget
West Loch Fairways**

		2010 Monthly	2011 Monthly	2011 Annual
Operating Revenues	Account Code			
Community Association Dues	40110	37,964	38,553	462,636
Reserve Contribution	40112	5,236	4,647	55,764
Architectural Review Fees	40130	330	330	3,960
Total Operating Revenues		43,530	43,530	522,360
Total Revenues		43,530	43,530	522,360
Operating Expenses				
Payroll				
Wages-Manager	70010	4,594	4,685	56,220
Payroll Tax FICA	70060	351	351	4,212
Payroll Tax FUTA	70070	37	37	444
Payroll Tax SUTA	70080	23	23	276
Workers Comp Insurance	70090	258	258	3,096
TDI Insurance	70100	30	30	360
Mileage Reimbursement	70120	125	135	1,620
Total Payroll		5,418	5,519	66,228
Administrative				
Admin, General	70300	250	350	4,200
Annual Assoc Meeting	70310	40	40	480
Admin, Newsletter	70342	350	400	4,800
Property Mgmt-Contract	70800	2,844	2,985	35,820
Property Mgmt-Reimbursables	70810	1,800	1,800	21,600
Legal Fees-General	70900	600	600	7,200
Professional Fees - Other	71100	330	330	3,960
Accounting Fees-Audit/Tax	71150	120	120	1,440
Total Administrative		6,334	6,625	79,500
Utilities & Contract Services				
Electricity-Common Areas	71200	2,500	2,500	30,000
Telephone, General	71500	180	187	2,244
Security, Alarm	71820	241	241	2,892
Total Utilities/Contract Services		2,921	2,928	35,136
Repairs & Maintenance				
Repairs/Maint-Landscape Contract	71810	15,470	14,873	178,476
Tree Trimming	71860	4,200	4,200	50,400
Repairs/Maint-Water Feature	72125	850	750	9,000
Repairs/Maint-Electrical	72175	400	400	4,800
Repairs/Maint/Supplies-Irrigation	72190	700	700	8,400
Supplies-Grounds/Tools/Equipmnt	72220	75	75	900
Total Repairs & Maintenance		21,695	20,998	251,976
Insurance Exp & Gen Others				
Real Property Tax	72300	700	1,225	14,700
Taxes-General Excise	72500	65	65	780
Comprehensive Gen. Liability	72730	278	278	3,336
Commercial Umbrella	72740	278	290	3,480
Insurance-D&O	72720	605	625	7,500
Total Insurance & General		1,926	2,483	29,796
Total Operating Expenses		38,294	38,553	462,636
Non-Operating Expenses				

2011 Budget West Loch Fairways

Transfer to Reserves	76080	5,236	4,647	55,764
Total Expenses		43,530	43,530	522,360
Net Income		-	-	-
		2010	2011	
Association Dues/Month		\$52.73	\$53.55	
Reserve Contribution/Month		\$7.27	\$6.45	
Total Association Dues/Month		\$60.00	\$60.00	

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West Loch Fairways 2011

PROJECT DEFINITION REPORT

9/13/2010

Project Information

Project: West Loch Fairways 2011
Address: Fort Weaver Road
City: Ewa Beach
State: HI
Zip: 96706-0000

Project Date: 1/01/1989
Number of Phases: 1
Number of Units: 720
Number of Models: 0

Property Description

A Reserve Study was prepared using the cash flow method of analysis for the West Loch Fairways Homeowners Association. The Reserve Study was prepared by the Managing Agent.


A Reserve Study was prepared using the cash flow method of analysis for West Loch Fairways. Operating experience and contractor bids were used to validate the replacement cost of certain major components. Meetings were conducted with the Site Manager to evaluate alternatives and to complete the Reserve Study. This Reserve Study has been prepared for the fiscal year ending Dec. 31, 2011. This study is an update of the FY '10 reserve study.

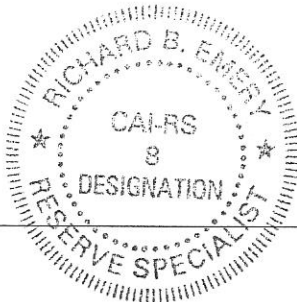
It is important to recognize that a reserve study is a financial forecast of future funds required to maintain the capital components of the project. Hawaii law requires directors of the association to use reasonable efforts to project inflation, interest income, component inventory, component life & remaining life, and replacement costs of the project's components for a 20 year period. From this information, contributions are determined to fund the statutory replacement reserves. By its nature, a Reserve Study is an estimate to be used for annual budgeting purposes. The Reserve Study is a requirement of HRS 514A-83.6 and HRS 514B-148. The reserve study is not an audit or quality inspection of the project.

Based on this Reserve Study, West Loch Fairways has adopted a funding plan based on the cash flow method that provides full funding. The Reserve Study reflects that the Association is fully funded and has complied with the reserve requirements of HRS 514A-83.6 and HRS514B-148; provided however, the association implements the funding plan and the criteria used reflects the project's actual operating experience during the life of the funding plan. The Reserve Study Specialist has no relationship with the association, its Directors, its Site Manager and has prepared this report as an independent professional.

Prepared by: Lynn Uyenco

Approved:


Richard B. Emery, RS-8, NRA
Reserve Specialist
Professional Reserve Analyst



West Loch Fairways 2011
ANALYSIS DEFINITION REPORT

2011 Budget

Project Information

Project:	West Loch Fairways 2011	Project Date:	1/01/1989
Address:	Fort Weaver Road	Analysis Date:	1/01/2011
City:	Ewa Beach	Number of Phases:	1
State:	HI	Number of Units:	720
Zip:	96706-0000	Number of Models:	0

Analysis Parameters

Rate of Inflation:	3%	Deferred Expenditures:	No
Rate of Return on Investment:	4%	Contingency:	0%
Beginning Funds:	\$310,000.00	Contingency Time:	None
Loan/Special Assessment	No		

Annual Contribution Factors

		2021:	0%
2012:	0%	2022:	0%
2013:	0%	2023:	0%
2014:	0%	2024:	0%
2015:	0%	2025:	0%
2016:	0%	2026:	0%
2017:	0%	2027:	0%
2018:	0%	2028:	0%
2019:	0%	2029:	0%
2020:	0%	2030:	0%

Additional Analysis Information

It is estimated that the reserve fund at year end will be approximately \$310,000. Beginning fund balances were provided by the association. Adjustments to the component data were made based on current operating information. It has been determined that the current contributions to reserves of \$55,764 annually provides fully-funded reserve balances. Interest earned on reserve contributions must remain in the reserve accounts to meet future funding requirements. The funding plan estimates an increase to reserve contributions as defined in the plan. This funding plan provides for fully funded reserve fund balances and complies with HRS 514A-83.6 and HRS 514B-148.

The funding plan was approved by the association's Board of Directors.

West Loch Fairways 2011
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

2011 Budget

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2011	310,000.00	55,764.00	6.45	13,729.36	3,000.00	376,493.36
2012	376,493.36	55,764.00	6.45	16,142.56	17,729.00	430,670.92
2013	430,670.92	55,764.00	6.45	18,767.40	0.00	505,202.32
2014	505,202.32	55,764.00	6.45	21,803.61	0.00	582,769.93
2015	582,769.93	55,764.00	6.45	24,053.14	38,631.00	623,956.07
2016	623,956.07	55,764.00	6.45	25,175.33	62,209.00	642,686.40
2017	642,686.40	55,764.00	6.45	26,933.13	15,644.00	709,739.53
2018	709,739.53	55,764.00	6.45	29,666.41	19,924.00	775,245.94
2019	775,245.94	55,764.00	6.45	30,839.84	83,369.00	778,480.78
2020	778,480.78	55,764.00	6.45	32,873.99	2,642.00	864,476.77
2021	864,476.77	55,764.00	6.45	36,439.51	0.00	956,680.28
2022	956,680.28	55,764.00	6.45	35,620.01	189,122.00	858,942.29
2023	858,942.29	55,764.00	6.45	33,662.65	108,268.00	840,100.94
2024	840,100.94	55,764.00	6.45	35,376.42	2,974.00	928,267.36
2025	928,267.36	55,764.00	6.45	37,814.70	51,918.00	969,928.06
2026	969,928.06	55,764.00	6.45	40,177.75	23,661.00	1,042,208.81
2027	1,042,208.81	55,764.00	6.45	42,472.30	45,395.00	1,095,050.11
2028	1,095,050.11	55,764.00	6.45	45,122.40	30,132.00	1,165,804.51
2029	1,165,804.51	55,764.00	6.45	45,870.57	120,695.00	1,146,744.08
2030	1,146,744.08	55,764.00	6.45	47,938.37	0.00	1,250,446.45
Totals:		1,115,280.00		640,479.45	815,313.00	

PROJECTED EXPENDITURES

2011 Budget

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Guard Shack Roof	3,000									
Irrigation System						42,255				
Irrigation System									12,826	
Office Equipment		2,086				2,348				2,642
Security Cameras - Phase I					34,187					
Security Cameras - Phase II						17,606				
Sidewalk Repairs									70,543	
Visitor Parking - Overlay		15,643								
Visitor Parking - Seal							5,972			
Water Feature - Lighting				4,444						
Water Feature - Mechanical 1 Pump							9,672			
Water Feature - Mechanical 2 Pumps								19,924		
Totals	3,000	17,729		38,631	62,209	15,644	83,369	19,924	2,642	

PROJECTED EXPENDITURES

2011 Budget

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Light Standards - Replacement		98,107								
Light Standards - Replacement			108,268							
Office Equipment				2,974				3,348		
Security Cameras - Phase I					45,945					
Security Cameras - Phase II						23,661				
Sidewalk Repairs									94,832	
Visitor Parking - Overlay							24,371			
Visitor Parking - Seal		6,923					8,026			
Walls - Moss Rock									25,863	
Water Feature - Lighting					5,973					
Water Feature - Major Repairs		84,092								
Water Feature - Mechanical 1 Pump							12,998			
Water Feature - Mechanical 2 Pumps								26,784		
Totals		189,122	108,268	2,974	51,918	23,661	45,395	30,132	120,695	

West Loch Fairways 2011
COMPONENT SUMMARY REPORT

2011 Budget

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Amenities</u>							
Security Cameras - Phase I	6/01/2005	10/00	00/00	06/15	Y	30,000	34,187
Security Cameras - Phase II	6/01/2006	10/00	00/00	06/16	Y	15,000	17,606
Sub Total:						45,000	51,793
<u>Building</u>							
Guard Shack Roof	1/01/1989	20/00	+02/00	01/11	Y	3,000	3,000
Sub Total:						3,000	3,000
<u>Grounds</u>							
Irrigation System	6/01/2006	10/00	00/00	06/16	N	36,000	42,255
Irrigation System	6/01/2009	10/00	00/00	06/19	N	10,000	12,826
Light Standards - Replacement	6/01/2007	15/00	00/00	06/22	Y	70,000	98,107
Light Standards - Replacement	6/01/2008	15/00	00/00	06/23	Y	75,000	108,268
Sidewalk Repairs	6/01/2009	10/00	00/00	06/19	Y	55,000	70,543
Visitor Parking - Overlay	6/01/2012	15/00	00/00	06/12	Y	15,000	15,643
Visitor Parking - Seal	1/01/2007	05/00	+05/00	01/17	Y	5,000	5,972
Walls - Moss Rock	6/01/2009	20/00	00/00	06/29	Y	15,000	25,863
Water Feature - Lighting	6/01/2005	10/00	00/00	06/15	Y	3,900	4,444
Water Feature - Major Repairs	6/01/2007	15/00	00/00	06/22	Y	60,000	84,092
Water Feature - Mechanical 1 Pump	6/01/2007	10/00	00/00	06/17	Y	8,000	9,672
Water Feature - Mechanical 2 Pumps	6/01/2007	10/00	+01/00	06/18	Y	16,000	19,924
Sub Total:						368,900	497,609

**West Loch Fairways 2011
COMPONENT SUMMARY REPORT**

2011 Budget

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Management Office							
Office Equipment	6/01/2008	04/00	00/00	06/12	Y	2,000	2,086
Sub Total:						2,000	2,086
Grand Total:						418,900	554,488