

MICHAEL J. FERRARA

Certified Public Accountant

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May 19, 2011

Board of Directors
Terrace Village Maintenance Corporation
c/o Hilltop Community Executives
P. O. Box 34398
San Diego, CA 92163-4398

Re: Reserve Study Update Proposal

Ladies and Gentlemen:

I am submitting a proposal to update and prepare the Association's reserve study to assist in this year's budget preparation and meet the requirements of California Civil Code.

The reserve study update will be a compilation based on the previous study and current information including assumptions received from management and the board of directors. The reserve study update will not include a physical inspection of the common areas. It will, however, reflect any known difference to costs and conditions based on your input. The report will contain updated estimates of (1) current replacement costs of component requirements, (2) useful lives of component items, (3) remaining lives of component items, (4) annual reserve requirements, and (5) accumulated reserve requirements. The reserve study will include 30-year projections to help satisfy California Civil Code budget reporting requirements, and notes & assumptions.

The updated reserve study will be completed for the Association after receiving acceptance for a charge of \$340. **Reprocessing of the study, if requested, with later to be approved new budgeted assessment amounts** for the coming fiscal year and the preparation of the Assessment and Reserve Funding Disclosure Summary as required by California Civil Code 1365.2.5, is an additional \$150. If approved, please sign in the spaces below and return a copy to me.

Thank you for your consideration.

Sincerely yours,



Michael J. Ferrara, C.P.A.

Approved: cc Deneale

Date: 6-6-11

Title: City Manager

Phone: 855-668-9203
X 730