



April 02, 2013

This is a summary of the Reserve Study that has been performed for the Association. This study was done in compliance with Nevada *NRS 116.31151 and NRS 116.31152*. This summary is being provided to you, as a member of the Association. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group prepared this Full Study for the January 1, 2013 - December 31, 2013 fiscal year.

Summerlin South Community Association is a Planned Community with a total of 7,217 Lots.

At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.5% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.5% per year.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

This reserve study was produced under the responsible charge of Robert W. Browning who, pursuant to Nevada regulation R145-06, is a Nevada Reserve Study Specialist (RSS #5).

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

Nevada statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

Summerlin South Community Association
Nevada Member Summary
Final
Prepared for the 2013 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2012 Fully Funded Balance</i>	<i>2013 Fully Funded Balance</i>	<i>2013 Line Item Contribution based on Cash Flow Method</i>
02000 - Concrete	29,147	1-5	0-3	25,597	3,639	0
03000 - Painting: Exterior	634,297	1-10	0-9	315,666	379,516	0
04000 - Structural Repairs	100,500	30-30	15-26	33,783	38,062	0
18000 - Landscaping	412,906	1-20	0-31	213,643	184,043	0
19000 - Fencing	752,444	5-30	1-26	289,868	332,474	0
20000 - Lighting	189,900	15-30	1-26	106,149	117,630	0
21000 - Signage	157,700	12-20	1-13	101,938	115,148	0
26000 - Outdoor Equipment	259,382	10-25	1-16	138,358	159,254	0
Totals	\$2,536,276			\$1,225,004	\$1,329,767	\$0
Estimated Ending Balance				\$1,875,934	\$1,547,076	\$0.00
Percent Funded				153.1%	116.3%	/Lot/month @ 7,217