

Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

Oakcrest Manor Homeowners Association RESERVE STUDY December 31, 2020





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Oakcrest Manor Homeowners Association RESERVE STUDY December 31, 2020

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(These 3 pages should be distributed to owners as part of annual budget package)

RESERVE STUDY REPORT

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Member: The American Institute of Certified Public Accountants and California Society of Certified Public Accountants

Reserve Study Executive Summary

Association Name: Oakcrest Manor Homeowners Association

Location: 4041 Oakcrest Drive, San Diego, CA

No. of Units: 32 Built: Converted 2003 Fiscal Year Ending: December 31, 2020
Level of Study: Date of Physical Inspection: June 18, 2020

2020 onsite property inspection limitations due to COVID-19: Due to current health and safety limitations, we may not able to meet in person with property representatives, and our reserve study consultants must limit themselves to only inspecting areas in which they feel safe from exposure.

Since some reserve components may not be directly observed by the consultant, the report relies on information provided to us by the Board/management.

	CURRENT FIS	CAL YEAR EN	ID SU	MMARY C	F R	ESERVE CO	MP	ONENTS		
(See Reserve Analysis Works Reserve	sheet, pg. 5, for br Estimated	eakdown of all o		nents individ stimated		ives, current c Annual		, and projected ccumulated	ire replacemer	nt costs) Percent
Component	Useful	Remaining	Rep	lacement	ı	Funding		Funding	of Fund	of Fund
Groups	Life	Life		Cost	Re	quirement	R	equirement	Balance	Balance
ROOFING & DECKS	10 - 20	2 - 3	\$	46,625	\$	2,406	\$	39,556	\$ 0	24.3%
BALCONY BILL	9 - 9	4 - 4		8,100		900		4,500	0	2.8%
PAINTING/REPAIRS	5 - 12	1 - 5		26,614		3,329		17,276	0	10.6%
FENCE/SECURITY	25 - 35	8 - 15		15,500		490		9,380	0	5.8%
PAVED SURFACES	4 - 30	2 - 13		12,754		1,043		6,203	0	3.8%
INTERIOR CONTENTS	30 - 30	15 - 15		9,828		328		4,914	0	3.0%
MECHANICAL/PLUMBING	5 - 12	5 - 6		10,786		1,132		4,393	0	2.7%
ELEVATOR	15 - 40	3 - 20		83,500		2,533		49,333	0	30.3%
FIRE/SAFETY	10 - 20	1 - 3		13,100		1,075		10,075	0	6.2%
LANDSCAPING/IRRIGATION	3 - 25	1 - 15		3,800		431		1,761	0	1.1%
LIGHTING/ELECTRICAL	20 - 25	3 - 15		5,620		236		3,809	0	2.3%
MISCELLANEOUS	5 - 35	1 - 18		5,000		379		3,644	0	2.2%
CONTINGENCY (5%)				12,061		714		7,742	0	4.8%
TOTALS			\$	253,289	\$	14,996	\$	162,587	\$ 0	

CURRENT FISCAL YEAR RESERVE FUNDS				
Current Budgeted Annual Reserve Allocation				\$ 0
Reserve Fund Balance as of: May 31, 2020				\$ -
Anticipated Funding to Year End				0
Anticipated Expenditures to Year End				-
Cash Projected at Year End December 31, 2020				\$ 0
Accumulated Funding Requirement (Fully Funded)				\$ 162,587
Percentage Funded at the end of this Fiscal Year				0.0%
Accumulated Deficiency for Current Fiscal Year \$	5	162,587	Per Unit	\$ 5,081
Deferred repair/replacement of any major component with a remaining life of 30 years or less	s?			NO

RESERVE FUNDING OPTIONS FOR T	HE FISCAL	YEAR ENDING:	2021
	per unit pe	r month	per year
funding options assume a 3% increase, unless otherwise noted			
Annual Requirement Funding:	\$	40	\$ 15,446
Current Budgeted Funding:		0	0
Recommended Funding:		39	15,000
Special Assessment/s Recommended?			YES
For funding option details please see Reserve Study Summary page 2			

We present this summary of the repair and replacement funding program of the Association as of December 31, 2020, and the related reserve funding projection for the 30-year period from 2021 to 2050, based on information provided by management and based upon the consultant's estimates of the most probable reserve component replacement costs, conditions, and lives. The annual requirement is based on the cost of each component divided by its total useful life. The accumulated requirement is the annual requirement multiplied by the number of years each component has been in service. The difference between accumulated requirement total and the actual cash balance may indicate a deficit which would be expressed in the percentage funded.

The above information is a condensed summary of the reserve study, in compliance with CA Civil Codes 5300, 5550, and 5600, and is intended to be included in the annual budget package to be provided to owners not less than 30 nor more than 90 days prior to the Association fiscal year end. CACC 5550 requires an on-site inspection every 3 years, and the study to be reviewed annually. Assumptions have been made about costs, conditions, and future events that may occur. Some of these assumptions may not materialize; and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and lives may vary from this report and the variations may be material.

The compilation of this reserve funding analysis and projection is based on representations of management and the consultant's estimates. We have not audited or reviewed the accompanying analysis and projections and, accordingly, do not express an opinion or any other form of assurance on them. We assume no responsibility to update this report for events occurring after the date of issuance of this report.

Sonnenberg & Company, CPAs

July 16, 2020

Oakcrest Manor Homeowners Association Level I: Full Study December 31, 2020

Inflation and Interest Earned on Reserves:

As an industry standard, provision has been made in the funding projections for inflation, computed at three percent (3%), and an assumed 1% net interest on the reserve balance has been added to the reserve funds. As costs increase in the future, the annual reserve reports should be revised accordingly.

Reserve Calculations:

Based on estimated current replacement costs of \$253,289 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$14,996.

The accumulated funding requirement is calculated to be \$162,587.

As of December 31, 2020, the Association may have \$0 in accounts designated as reserve funds.

Therefore, a deficit of \$162,587 has been calculated, with a funding percentage of 0.0%. A portion of the annual reserve requirement may be provided for in the operating budget.

Industry Standard Measure of Funding Strength:

0% - 30% = WEAK At this level of funding, Special Assessments and deferred maintenance are likely.

31% - 70% = FAIR At this level of funding Special Assessment and deferred maintenance are less likely, but could still pose a concern. Efforts should be taken to increase to a healthier level of funding.

>70% = STRONG At this level of funding the Association should be well covered, with hopefully no need for deferred maintenance or Special Assessments.

Funding Calculations:

There are a variety of methods by which the Association can approach the desired level of funding. The Board is responsible for determining the optimum funding program. We have calculated three options:

Option 1: Annual Requirement Funding: This option assumes that the Association will maintain the annual funding requirement as calculated on page 5, without regard to any funding deficiency.

Currently the annual requirement allocation is \$15,446 or \$40 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

Weak level of funding in FY 2021.

Deficits could occur beginning FY 2023.

Option 2: Current Funding: The current budgeted funding level is projected over the 30-year period, including 3% inflation annual increase, as compared to option 1 and 3.

Currently, with the 3% increase, \$0 or \$0 per unit per month will be allocated to reserves next fiscal year.

Reserves are currently funded at zero percent, the Weak level of funding.

Without a Regular Reserve allocation, deficits could occur beginning FY 2021.

Option 3: Recommended Funding: This option is intended to calculate the amount of funding that would be the most sufficient for the Association over the next 30 years. The Current Budgeted Funding, and the Annual Requirement Funding are both taken into consideration while creating a Recommended Funding that is hopefully achievable by the Association. The 3% inflation annual increase is assumed, unless otherwise noted.

Recommended funding is, \$15,000 or \$39 per unit per month.

To avoid deficits which could occur beginning FY 2021, a Regular Reserve allocation could be implemented in FY 2021 equal to \$15,000 annually.

The Regular Reserve allocation could then be increased 20% annually in FY's 2022 through 2025 and Special Assessments could be implemented in FY's 2022 and 2023. The Regular Reserve allocation could reach the Fair level of funding by FY 2025 and could reach the Strong level of funding by FY 2028.

To avoid possible future overfunding, the Regular Reserve allocation could be decreased to equal \$20,000 annually in FY 2030, with no 3% annual increases needed in FY's 2031 through 2034.

Recommended Special Assessment details can be seen in the Assessment and Reserve Funding Disclosure Summary on page 3.

Assessment and Reserve Funding Disclosure Summary
December 31, 2020

(1) Regular Assessments -

Assessments to members are averaged at \$350 per unit per month for the year ending December 31, 2020.

- * If assessments vary by the size or type of unit, the applicable assessment rates may be found in the Association's accompanying Annual Budget and /or can be provided by the Association/management agent.
- (2) Special Assessments Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, which have been approved by the Board and/or members:

Date assessment is due:	Amount/ unit/month	Purpose of this assessment is to fund or supplement the replacement costs of:
N/A		

(3) Reserve Account Balances -

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 X

(4) Additional Assessments -

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 of directors or the members?

Recommended Funding: To avoid deficits which could occur beginning FY 2021, a Regular Reserve allocation could be implemented in FY 2021 equal to \$15,000 annually. The Regular Reserve allocation could then be increased 20% annually in FY's 2022 through 2025 and Special Assessments could be implemented in FY's 2022 and 2023. The Regular Reserve allocation could reach the Fair level of funding by FY 2025 and could reach the Strong level of funding by FY 2028. To avoid possible future overfunding, the Regular Reserve allocation could be decreased to equal \$20,000 annually in FY 2030, with no 3% annual increases needed in FY's 2031 through 2034.

Re	comm	ended Special Assessme	ents	
Budget Yr of Assessment	A	Amount/unit/month		Total Assessment
2022-2023	\$	58.59	\$	45,000.00

(5) Major Components -

All major components are included in the reserve study and are included in its calculations.

(6) Current Funding Comparison -

As of the current reserve study or update, the balance in the reserve fund is projected to be \$0. Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated accumulated funding requirement is \$162,587. The percentage funded is: 0.0%

(7) Funding over next 5 Budget Years -

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated amount required in the reserve fund at the end of each of the next five budget years is projected to be:

\$165,245 \$173,751 \$117,585 \$109,297 \$122,682

The projected reserve fund cash balance at the end of each of those years is projected to be, taking into account only assessments already approved and other known revenues, as follows:

-\$12,338 -\$19,278 -\$91,339 -\$115,973 -\$119,384 % Funded -7.5% -11.1% -77.7% -106.1% -97.3%

If the recommended reserve funding plan is approved by the Association and implemented, the projected reserve fund cash balance at the end of each of those years would be:

\$2,663 \$36,249 \$8,650 \$10,023 \$37,816 % Funded 1.6% 20.9% 7.4% 9.2% 30.8%

The law does not require the Association to fund reserves in accordance with these calculations.

The financial representations set forth in this summary are based on best estimates of the consultant at the time. These estimates regarding costs, lives and conditions are subject to change.

An assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% per year.

An assumed long-term net interest rate earned on reserve funds is 1% per year.

Per CACC 5550, the Association is required to adopt a reserve funding plan.

July 16, 2020



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Leonard C. Sonnenberg, CPA

July 16, 2020

Oakcrest Manor Homeowners Association Reserve Study Report December 31, 2020

Board of Directors and Owners:

We have compiled the accompanying Reserve Study Report of the Oakcrest Manor Homeowners Association as of December 31, 2020, the reserve funding projections for the thirty-year period from 2021 through 2050, and the related Reserve Study Summary Sheet and the Assessment and Reserve Funding Disclosure Summary for distribution to owners.

Our report is based on information provided by management and an independent consultant's judgment and estimates, based on circumstances at the time of the inspection, of the most probable reserve component replacement costs, normal and remaining useful lives as described in the accompanying consultant's report.

Assumptions have been made about costs, conditions, and future events and circumstances that 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.

This report is designed to help your Association comply with California Civil Code 5300 and should not be used for any other purpose. This study is required to be updated and distributed to each owner-member within 90 days (and not less than 30 days) prior to the beginning of each fiscal year along with the operating budget and a statement regarding assessment collection policies.

We have not audited or reviewed the accompanying analysis and projection and, accordingly, do not express an opinion or any form of assurance on them. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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Sonnenberg & Company, CPAs

Sonnenberg & Company, CPAs

Accountant's Disclaimer, Page 4

Oakcrest Manor Homeowners Association 32 Units; Built Converted 2003

December 31, 2020

Inspector: Richard Barker Inspection Date: 6/18/2020 Site Contacts: Juana Medina Mgmt Co: RG Investment Real Estate Major Repairs and Replacements Funding Requirements
First Five Year Projection

Consultant's Report:

Accountant's Program:

Consultant's Report:								wight Co: RG investment Real Estat	.e		Accoun	tant S Pro	graiii.					
П	(source key: C = Co	onsultant; I	M = Mar	nagement				ndor; A = Actual Cost)										_
	Unito	Unit			Current	Estin Li			Annual	Accumitd		Deficit	2021	2022	2022	2024	2025	
COMPONENT	Units Measured	Cost	Srce	Cond	Replcmt Cost	Usfl		Inspection Notes		Funding Regrmnt	In Reserves	Deficit	Disb	Disb	2023 Disb	2024 Disb	Disb	
30Mii 3112111	Mododrod	0001	0.00	Oona	0001	0011	111119	moposion Notes	Rogillin	rtoqriiiit	110001100		1	2	3	4	5	_
ROOFING & DECKS														-	Ü	•	Ü	
Mineral Capsheet	95 sq	475.00	С	N/A	\$ 45,125	20	3	No access, no leaks reported	2,256	38,356	0	(38,356)			47,833			
·	It is good to have	e a roofe	r check	and do	preventati	ve mai	ntena	nce				, , ,						
Common Decks, Repair	Allowance		С	G-P	1,500	10	2	A few small spots are cracking/chipping	150	1,200	0	(1,200)		1,545				
Unit Decks, Resurface	Assume unit dec	ks are co	oncrete	e like co	mmon walk	way de	ecks,	Have a contractor inspect										
Subto	tal				\$ 46,625													
DAL CONV. DILL																		
BALCONY BILL Exterior Elevated Elements	27 ea	300.00	0	N/A	\$ 8,100	0	4		900	4.500	0	(4 500)				8,829		
Balcony Bill (CC 5551)	27 ea	300.00	С	IN/A	\$ 8,100	9	4		900	4,500	U	(4,500)				8,829		
Civil Code 5551 (Senate Bill 326)	Went into effect	lanuary	1 2020	,														
					balcony/de	ck/stai	r surf	। aces designed for human occupancy										
					-			and the exterior walls of the building,										
and made of wood or wood-based		, ,0	,		pooto, mai	0,110111	,											
Associations affected by this bill m		spection	(cond	ucted b	y a licensed	struct	ural e	engineer or architect)										
conducted once every nine (9) year	rs [with the initial in	spection	, and re	eport, to	be comple	ted pri	or to	January 1, 2025].										
For more information you can refer																		
Subto	tal				\$ 8,100													
PAINTING/REPAIRS			_	_		_					_							
Building Stucco, Paint	21,040 sf	0.60	С	F	\$ 12,624	8	4	Slight paint oxidation	1,578	6,312	0	(6,312)		242		13,760		
Stucco Repair	Allowance		С	F	600	8	2	Some damage	75		0	(450)		618				
Drywall Repair	Allowance		С	F	300	8	1	Damage in south stairwell	38	263	0	(263)	300					
Exterior Wood-Exposed, Paint	Allowance	4= 00	С	F-P	2,000		1	Serious paint oxidation/chipping/bare wood	400	1,600	0	(1,600)	2,000		. ===			
Unit Doors, Paint	32 ea	45.00	С	F	1,440		3	Some wear evident	120	1,080	0	(1,080)			1,526			
Wrought Iron, Paint	Allowance		С	F-P	800	5	1	Paint oxidizing and some rust	160	640	0	(640)	800					
Wrought Iron, Repair	Allowance		С	F-P	500	5	1	North gate has badly rusted bottom rail- cut/weld	100	400	0	(400)	500					
Entry Lobby Walls, Paint	Allowance		С	Р	600	8	1	Entry lobby walls show more wear than	75	525	0	(525)	600					
Entry Lobby Walls, Faint	Allowance		C	г	000	0		elevator	/5	323	U	(323)	000					
Elevator Lobby Walls	Allowance		С	F	900	10	5	Some wear	90	450	0	(450)					1,008	
Masonry Walls, Paint	Allowance		C	F-P	350	8	1	Some chipping/blistering	44		0	(306)	350				1,000	
Stairwell Walls, Paint	Allowance		C	G-P	2,400		3	Some show more wear	240	1,680	0	(1,680)	550		2,544			
Entry & Stairwell Doors, Paint	Allowance		c	F	600		3	Some wear	60	420	0	(420)			636			
Exterior Replacements-Wood Trim	Allowance		C	F-P	3,500		1	Some termite, some dry rot	350	3,150	0	(3,150)	3,500		000			
Subto			Ū		\$ 26,614	- '	·			0,100	ŭ	(0,.00)	0,000					
					* -,-													
FENCE/SECURITY																		
Chain Link	300 If	35.00	С	G-F	\$ 10,500	35	15	No serious damage or rust evident	300	6,000	0	(6,000)						
Wrought Iron Vehicle Gates/Fence	70 If	50.00	С	F	3,500	25	8	Repair needed-will extend life	140	2,380	0	(2,380)						
Entry & Stairwell Doors, Replace	Allowance		С	F	1,500	30	10	Replace as needed	50	1,000	0	(1,000)						
Subto	tal				\$ 15,500													
PAVED SURFACES	10.000 -1	0.00	0		A 0.047		•	Constal and a standard to a second	504	4.000		(4.000)		0.070				
Asphalt Repair/Reseal/Striping	10,086 sf	0.20	С	F-P	\$ 2,017	4	2	Gravel showing through in some areas	504	1,009	0	(1,009)		2,078				
Asphalt Replace (5%)	505 sf	4.50	C C	F F	2,273		10	No serious fracturing evident	152		0	(758)						
Asphalt Overlay-50%	5,043 sf	1.50	C	F	7,565		13	No serious elongated cracking evident	252		0	(4,287)		200				
Crack Seal	Allowance		C		300		2	Minor cracking	75 60		0	(150)		309				
Concrete Paving Replacements	Allowance		C	G-F	\$ 12,754	_ 10	10	No serious fracturing evident	00	-	-	-						
Subto	ıaı				φ 12,754													
INTERIOR CONTENTS																		
Hallway/Lobbies Tile	1,092 sf	9.00	С	G	\$ 9,828	30	15	No serious wear or damage evident	328	4,914	0	(4,914)						
Subto	,	5.00	O	0	\$ 9,828	_ 50	13	The serious wear of damage evident	320	7,514	J	(4,514)						
II Subio	ıaı				ψ 5,020			I	11									

December 31, 2020

Inspector: Richard Barker Inspection Date: 6/18/2020 Site Contacts: Juana Medina Mgmt Co: RG Investment Real Estate Major Repairs and Replacements Funding Requirements
First Five Year Projection

Consultant's Report:

Accountant's Program:

<u> </u>	(source key: C = Consulta	ant; M = Ma	nagement				ndor; A = Actual Cost)									
COMPONENT	Units Uni		01	Current Replcmt	Estima Life	e:	In an arefore Made	Annual Funding	Accumitd Funding	Cash In	Deficit	2021	2022	2023	2024	2025
COMPONENT	Measured Cos	t Srce	Cond	Cost	Usfl	Rmg	Inspection Notes	Reqrmnt	Reqrmnt	Reserves		Disb 1	Disb 2	Disb 3	Disb 4	Disb 5
												•	-	Ü	·	Ü
MECHANICAL/PLUMBING			_			_				_						
Water Boilers	2 ea 3,299	00 C	F	\$ 6,598	12	6	Average age, no internal access, assumed gas	550	3,299	0	(3,299)					
Circulation Pumps	2 ea 594	00 C	F	1,188	12	6	Average age, no internal access	99	594	0	(594)					
Boiler & Circ. Pump Installation	2 ea 500	00 C	N/A	1,000	12	6	Plumbing labor can vary	83	500	0	(500)					
Plumbing & Electric Repairs	Allowance	C/M	N/A	2,000	5	5	Water, gas, electric, sewer	400	-	-	-					2,240
Subtotal				\$ 10,786	=											
ELEVATOR																
Hydraulic Casing	Allowance	С	N/A	\$ 40,000	40	20	Have elevator company evaluate	1,000	20,000	0	(20,000)					
Controller and Call Station	Allowance	Č	N/A	35,000	30	10	Have elevator company evaluate	1,167	23,333	0	(23,333)					
Door Operator & Safety Package	Allowance	C	N/A	6,000	30	10	Have elevator company evaluate	200	4,000	0	(4,000)					
Car Interior Renovation	Allowance	C	F-P	2,500	15	3	Significant wear	167	2,000	0	(2,000)			2,650		
Subtotal				\$ 83,500	-		3		,		(,,			,		
FIRE/SAFETY																
Fire Alarm Panels	1 ea Allowa	nce C	F-P	\$ 2.500	20	3	Fire agencies require inspection	125	2.125	0	(2,125)			2,650		
Fire Sprinklers & Pull Stations	Allowance	C	F-P	1,500	15	1	Pull stations inoperable, inspect sprinklers	100	1.400	0	(1,400)	1,500		2,030		
Auto Gate Motors/Controls	2 ea 3,200		F-P	6,400	10	3	So. Gate motor missing	640	4,480	0	(4,480)	1,500		6,784		
Standpipe Repair	2 ea 5,200 2 ea 600		F-P	1,200	20	3	Leaks apparent at both	60	1,020	0	(1,020)			1,272		
Fire Extinguishers	Allowance	C C	F-P	1,500	10	3	Fire agencies require inspection	150	1,020	0	(1,020)			1,590		
Subtotal	Allowance	C	1 -1	\$ 13,100	- 10	J	i ne agencies require inspection	130	1,030	U	(1,030)			1,590		
LANDSCAPING/IRRIGATION	Allowonee	С	F	\$ 600	15	7	Assume energing condition	40	320	0	(320)					
Irrigation System Renovation Backflow Valve	Allowance Allowance	C	G G	1,200	15 20	7 15	Assume operating condition		300		٠,					
		C					No leaks	60		0	(300)					
Planter/Area Renovation	Allowance Allowance	C	G G	600 600	15 25	10 8	Well maintained Replace when sick or invasive	40 24	200 408	0 0	(200) (408)					
Major Tree Removals/Replacements Tree Trim	Allowance	C	P	800	3	o 1	Somewhat overgrown	267	533	0	(533)	800			872	
Subtotal	Allowance	C	г	\$ 3,800	. 3	'	Somewhat overgrown	207	555	U	(333)	800			072	
LIGHTING/ELECTRICAL	64 ea 60	00 C	F	\$ 3,840	25	0	No carious damage ovident	154	2,611	0	(2.644)					
Exterior Fixtures, Entry/Patio		00 C	G-F	\$ 3,840	25 25	8 15	No serious damage evident	154	,		(2,611)					
Security Fixtures Lobby Lights	Allowance	C	G-F G-F	400	25 25	15 15	Appear newer No serious damage evident	12 16	120 160	0 0	(120) (160)					
Exit and Emergency Fixtures	Allowance 12 ea 90		G-F F-P		25 20	3	2nd floor sign face missing, others show wear	54	918	0	` ,			1.145		
Subtotal	12 ea 90	00 C	Г-Р	1,080 \$ 5,620		3	2rid floor sign face missing, others show wear	54	910	U	(918)			1,145		
				, -												
MISCELLANEOUS			_							-	/ -					
Mailboxes	32 ea 50		G	\$ 1,600	35	18	Protected from weather	46	777	0	(777)					
Utility Doors	Allowance	С	P	600	15	1	Plywood is dry rotting, warping	40	560	0	(560)	600				
Trash Shute Repair/Clean	Allowance	С	P	500	15	1	Repairs & cleaning needed	33	467	0	(467)	500				
Concrete Balcony Walkway Clean	Allowance	С	P	300	5	1	Pressure wash needed	60	240	0	(240)	300	0.000			
Major Termite Treatments	Allowance	С	N/A	2,000	10	2	Consult Pest Control, damage evident	200	1,600	0	(1,600)		2,060			
Subtotal				\$ 5,000												
CONTINGENCY (5%)				12,061			Unforeseen exp & cost overrun	714	7,742	0	(7,742)	588	330	3,431	1,173	162
TOTALS				\$ 253,289				14,996	162,587	0	(162,587)	12,338	6.940	72,061	24,634	3,410
IOIALO				Ψ 200,209				14,550	102,307	U	(102,307)	12,000	0,340	12,001	24,034	3,410

Accumulated Funding Requirement ->

162,587

165,245 173,751 117,585 109,297 122,682

COMPONENT	Estim Usfl/R Lif	emg	2026 Disb	2027 Disb	2028 Disb	2029 Disb	2030 Disb	2031 Disb	2032 Disb	2033 Disb	2034 Disb	2035 Disb	2036 Disb	2037 Disb	2038 Disb	2039 Disb	2040 Disb	2045 Disb	2050 Disb
COMIT CIVELY I		-	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30
ROOFING & DECKS			-	•	-	•													
Mineral Capsheet	20	3																	
Common Decks, Repair	10	2							1,995										
Unit Decks, Resurface																			
BALCONY BILL																			
Exterior Elevated Elements	9	4								11,016									
PAINTING/REPAIRS																			
Building Stucco, Paint	8	4							16,790								19,820		
Stucco Repair	8	2					762								906				
Drywall Repair	8	1				372								444				516	
Exterior Wood-Exposed, Paint	5	1	2,300					2,600					2,900						
Unit Doors, Paint	12	3										2,045							
Wrought Iron, Paint	5	1	920					1,040					1,160						
Wrought Iron, Repair	5	1	575					650					725						
Entry Lobby Walls, Paint	8	1				744								888				1,032	
Elevator Lobby Walls	10	5										1,278						1,548	
Masonry Walls, Paint	8	1				434								518				602	
Stairwell Walls, Paint	10	3								3,264									
Entry & Stairwell Doors, Paint	10	3								816									
Exterior Replacements-Wood Trim	10	1						4,550											
FENCE/SECURITY																			
Chain Link	35	15										14,910							
Wrought Iron Vehicle Gates/Fence	25	8			4,235							,							
Entry & Stairwell Doors, Replace	30	10					1,905												
PAVED SURFACES																			
Asphalt Repair/Reseal/Striping	4	2	2,320				2,562				2,804				3,046				3,772
Asphalt Replace (5%)	15	10	,3				2,886				,				-,			3,909	-,
Asphalt Overlay-50%	30	13					,			10,288								-,3	
Crack Seal	4	2	345				381			,	417				453				56
Concrete Paving Replacements	10	10	2.0				762								.30		942		1,122
INTERIOR CONTENTS																			
Hallway/Lobbies Tile	30	15										13,956							

	Estima																		
COMPONENT	Usfl/R		2026 Disb	2027 Disb	2028 Disb	2029 Disb	2030 Disb	2031 Disb	2032 Disb	2033 Disb	2034 Disb	2035 Disb	2036 Disb	2037 Disb	2038 Disb	2039 Disb	2040 Disb	2045 Disb	2050 Disb
			6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30
MECHANICAL/PLUMBING																			
Water Boilers	12	6	7,588												9,963				12,338
Circulation Pumps	12	6	1,366												1,794				2,222
Boiler & Circ. Pump Installation	12	6	1,150												1,510				1,870
Plumbing & Electric Repairs	5	5					2,540					2,840					3,140	3,440	3,740
ELEVATOR																			
Hydraulic Casing	40	20															62,800		
Controller and Call Station	30	10					44,450										,		
Door Operator & Safety Package	30	10					7,620												
Car Interior Renovation	15	3					,								3,775				
FIRE/SAFETY		_																	
Fire Alarm Panels	20	3																	
Fire Sprinklers & Pull Stations	15	1											2,175						
Auto Gate Motors/Controls	10	3								8,704									
Standpipe Repair	20	3																	
Fire Extinguishers	10	3								2,040									
LANDSCAPING/IRRIGATION																			
Irrigation System Renovation	15	7		708															
Backflow Valve	20	15										1,704							
Planter/Area Renovation	15	10					762											1,032	
Major Tree Removals/Replacements	25	8			726													,	
Tree Trim	3	1		944			1,016			1,088			1,160			1,232		1,376	
LIGHTING/ELECTRICAL																			
Exterior Fixtures, Entry/Patio	25	8			4,646														
Security Fixtures	25	15			4,040							426							
Lobby Lights	25	15										568							
Exit and Emergency Fixtures	20	3										300							
MICCELLANEOUS																			
MISCELLANEOUS	25	10													0.440				
Mailboxes	35 15	18 1											870		2,416				
Utility Doors																			
Trash Shute Repair/Clean Concrete Balcony Walkway Clean	15 5	1 1	345					390					725 435						
Major Termite Treatments	10	2	340					390	2,660				430						
CONTINGENCY (5%)			845	83	480	78	3,282	462	1,072	1,861	161	1,886	508	93	1,193	62	4,335	673	1,281
TOTALS			17,754	1,735	10,088	1,628	68,928	9,692	22,517	39,077	3,382	39,613	10,658	1,943	25,056	1,294	91,037	14,127	26,906

Accumulated Funding Requirement ->

122,173 138,133 146,191 163,158 113,275 123,078 120,506 101,824 119,286 100,967 112,054 132,306 129,894 151,694 84,201 50,413 119,041

32 Units; Built Converted 2003

30-Year Cash Projections:

Fiscal Year Ended> Number of Years>	2021 1	2022 2	2023 3	2024 4	2025 5	2026 6	2027 7	2028 8	2029 9	2030 10	2031 11	2032 12	2033 13	2034 14	2035 15	2040 20	2045 25	2050 30
Option 1 - Annual Requirement	Funding: We	ak level o	f funding i	n FY 2021.	Deficits co	ould occur	beginning	FY 2023.										
Reserve Allocation - Unit/Mth Beginning Cash	40 0	41	43	44	45	47	48	49	51	52	54	56	57	59	61	71	82	95
Annual Funding w/3% incrs (includes 3% annual increase)	15446	15909	16386	16878	17384	17906	18443	18996	19566	20153	20758	21381	22022	22683	23363	27084	31398	36399
Net Interest On Balance (1%)	0	31	121	0	0	0	0	0	0	65	0	0	0	0	0	154	0	366
Annual Disbursements	12338	6940	72061	24634	3410	17754	1735	10088	1628	68928	9692	22517	39077	3382	39613	91037	14127	26906
Ending Cash Reserve - Option 1	3108	12108	(43445)	(51201)	(37227)	(37075)	(20367)	(11458)	6481	(42230)	(31163)	(32300)	(49354)	(30053)	(46303)	(48375)	(58521)	46471
Option 2 - Current Budgeted Fu	nding: Reser	ves are cu	urrently fu	nded at ze	ro percent,	the Weak	level of fun	ding. Withou	ut a Regula	r Reserve a	llocation, d	leficits could	l occur begii	nning FY 202	1.			
Reserve Allocation - Unit/Mth Beginning Cash	0 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Funding w/3% incrs (includes 3% annual increase)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Interest On Balance (1%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
				-	-	·	•	ŭ										
Annual Disbursements	12338	6940	72061	24634	3410	17754	1735	10088	1628	68928	9692	22517	39077	3382	39613	91037	14127	26906
Annual Disbursements Ending Cash Reserve - Option 2	12338	6940 (19278)	72061 (91339)		3410 (119384)	17754	•		1628	68928 (219516)	9692 (229207)	22517 (251724)	39077 (290801)	3382 (294183)	39613 (333796)	91037 (463782)	14127	
Ending Cash Reserve - Option 2 Option 3 - Recommended Fund Reserve allocation could then be reach the Fair level of funding be \$20,000 annually in FY 2030, wit Reserve Allocation - Unit/Mth Rec. Special Assmt - unit /mth Rec. Special Assmt total	(12338) ling: To avoi be increased by FY 2025 at	(19278) d deficits 20% annual	(91339) which cou ually in FY reach the S	(115973) uld occur l 's 2022 th	(119384) beginning rough 2029	(137138) FY 2021, a 5 and Spe	1735 (138872) Regular Recial Assess	10088 (148960) eserve alloc	(150587) ation could	(219516) I be implemented in F	(229207) nented in F Y's 2022 ar	(251724) Y 2021 equand 2023. The	(290801) Il to \$15,000 Regular Re	(294183) annually. Theserve allocations in the serve allocation in the serve a	(333796) ne Regular tion could			(689121
Ending Cash Reserve - Option 2 Option 3 - Recommended Fund Reserve allocation could then be reach the Fair level of funding be \$20,000 annually in FY 2030, wit Reserve Allocation - Unit/Mth Rec. Special Assmt - unit /mth Rec. Special Assmt total Beginning Cash	(12338) ling: To avoi pe increased by FY 2025 and th no 3% ann 39	(19278) d deficits 20% annind could rual increa	(91339) which colually in FY reach the sases neede 56 59 22500	(115973) uld occur I ''s 2022 th Strong leve ed in FY's 2	(119384) beginning lerough 2029 el of funding 2031 through 81	(137138) FY 2021, a 5 and Sper g by FY 20 gh 2034. 83	1735 (138872) Regular Re cial Assess 028. To avoi	10088 (148960) eserve allocments could possible to 89	(150587) ation could be impler future over	(219516) I be implemented in Ffunding, the	(229207) nented in F Y's 2022 ar e Regular R	(251724) Y 2021 equa nd 2023. The leserve alloc	(290801) Il to \$15,000 P. Regular Recation could	(294183) annually. Th serve alloca be decrease 52	(333796) ne Regular tion could d to equal	(463782) 62	(622036) 72	84
Ending Cash Reserve - Option 2 Option 3 - Recommended Fund Reserve allocation could then be reach the Fair level of funding b \$20,000 annually in FY 2030, with Reserve Allocation - Unit/Mth Rec. Special Assmt - unit /mth Rec. Special Assmt total Beginning Cash Recommended Funding	(12338) ling: To avoid the increased by FY 2025 aich no 3% ann 39 INCREASE 15000	(19278) d deficits 20% annund could r ual increa 47 59 22500	(91339) which con ually in FY reach the S ases neede 56 59 22500	(115973) uld occur it 's 2022 th Strong leve	(119384) beginning larough 2022 el of funding larough 2031 through 81	(137138) FY 2021, a 5 and Speng by FY 20 gh 2034.	1735 (138872) Regular Recial Assess 028. To avoid	10088 (148960) eserve alloc ments could d possible f	(150587) ation could be impler future over	(219516) I be implemented in Ffunding, the	(229207) nented in F Y's 2022 ar e Regular R	(251724) Y 2021 equand 2023. The deserve alloc	(290801) al to \$15,000 be Regular Restation could 52	(294183) annually. The serve allocated be decreased	(333796) ne Regular tion could d to equal	(463782)	(622036)	(689121 84
Ending Cash Reserve - Option 2 Option 3 - Recommended Fund Reserve allocation could then be reach the Fair level of funding be \$20,000 annually in FY 2030, wit Reserve Allocation - Unit/Mth Rec. Special Assmt - unit /mth Rec. Special Assmt total Beginning Cash Recommended Funding (inclds 3% annl incrs unless noted)	(12338) ling: To avoid the increased by FY 2025 aich no 3% ann 39 INCREASE 15000	(19278) d deficits 20% annind could r ual increa 47 59 22500 18000 (20% an	(91339) which cou ually in Fi reach the s ses neede 56 59 22500 21600 nn incrs in	(115973) uld occur i 's 2022 th Strong leve ed in FY's 2 68 25920 FY's 2022	(119384) beginning rough 202: el of fundin 2031 throug 81 31104 - 2025)	(137138) FY 2021, a 5 and Speig by FY 20 1, a 83 32037	1735 (138872) Regular Regial Assess 228. To avoi 86	10088 (148960) eserve alloc ments could d possible to	(150587) ation could be impler future over 91	(219516) I be implemented in Ffunding, the	(229207) nented in F Y's 2022 ar a Regular R 52	(251724) Y 2021 equal d 2023. The deserve allocates are allocated as a constant of the constan	(290801) Il to \$15,000 Regular Resation could 52 20000 nn incrs)	(294183) annually. The serve allocate decrease 52	(333796) ne Regular tion could d to equal 54 20600	(463782) 62 23881	(622036) 72 27685	(689121 84 32094
Ending Cash Reserve - Option 2 Option 3 - Recommended Fund Reserve allocation could then be reach the Fair level of funding be \$20,000 annually in FY 2030, wit Reserve Allocation - Unit/Mth Rec. Special Assmt - unit /mth Rec. Special Assmt total	(12338) ling: To avoi pe increased by FY 2025 ar th no 3% ann 39 INCREASE 15000	(19278) d deficits 20% annund could r ual increa 47 59 22500	(91339) which con ually in FY reach the S ases neede 56 59 22500	(115973) uld occur I ''s 2022 th Strong leve d in FY's 2 68	(119384) beginning larough 2022 el of funding larough 2031 through 81	(137138) FY 2021, a 5 and Sper g by FY 20 gh 2034. 83	1735 (138872) Regular Re cial Assess 028. To avoi	10088 (148960) eserve allocments could possible to 89	(150587) ation could be impler future over	(219516) I be implemented in Ffunding, the	(229207) nented in F Y's 2022 ar e Regular R	(251724) Y 2021 equand 2023. The deserve allocates 20000	(290801) al to \$15,000 be Regular Restation could 52	(294183) annually. Th serve alloca be decrease 52	(333796) ne Regular tion could d to equal	(463782) 62	(622036) 72	(689121 84 32094 1333
Ending Cash Reserve - Option 2 Option 3 - Recommended Fund Reserve allocation could then be reach the Fair level of funding be \$20,000 annually in FY 2030, wit Reserve Allocation - Unit/Mth Rec. Special Assmt - unit /mth Rec. Special Assmt total Beginning Cash Recommended Funding (inclds 3% annl incrs unless noted) Net Interest On Balance (1%) Annual Disbursements	(12338) ling: To avoi be increased by FY 2025 ar th no 3% ann 39 INCREASE 15000 12338	(19278) d deficits 20% annind could riual increa 47 59 22500 18000 (20% ar 27 6940	(91339) which columbia for the sease needed seases needed 22500 21600 nn incrs in 362 72061	(115973) uld occur is 's 2022 th Strong level of in FY's 2 68 25920 FY's 2022 87 24634	(119384) beginning rough 202: el of fundin 2031 throug 81 31104 - 2025) 100 3410	(137138) FY 2021, a 5 and Spee 19 by FY 20 19 2034. 83 32037 378 17754	1735 (138872) Regular Recial Assess 228. To avoid 86 32998 525 1735	10088 (148960) eserve allocements could dipossible for the serve allocaments and possible for th	(150587) ation could be impler future over 91 35008 [1090 1628	(219516) I be implemented in F funding, the 52 DECREASE 20000 1435 68928	(229207) nented in F Y's 2022 ar a Regular R 52 20000 960 9692	(251724) Y 2021 equal d 2023. The deserve allocates are allocated as a control of the control of	(290801) Il to \$15,000 P. Regular Restation could 52 20000 nn incrs) 1058 39077	(294183) annually. The serve allocate decrease 52 20000 878 3382	(333796) ne Regular tion could d to equal 54 20600 1053 39613	(463782) 62 23881 1414 91037	(622036) 72 27685 371 14127	(689121 84 32094 1333 26906
Ending Cash Reserve - Option 2 Option 3 - Recommended Fund Reserve allocation could then be reach the Fair level of funding b \$20,000 annually in FY 2030, with Reserve Allocation - Unit/Mth Rec. Special Assmt - unit /mth Rec. Special Assmt total Beginning Cash Recommended Funding (inclds 3% annl incrs unless noted Net Interest On Balance (1%)	(12338) ling: To avoid the increased by FY 2025 aich no 3% ann 39 INCREASE 15000	(19278) d deficits 20% annind could r ual increa 47 59 22500 18000 (20% ar	(91339) which columbia to the search the sea	(115973) uld occur I ''s 2022 th Strong leve ed in FY's 2 68 25920 FY's 2022	(119384) Deginning prough 202! el of fundin 2031 throug 81 31104 - 2025)	(137138) FY 2021, a 5 and Speig by FY 20 1 h 2034. 83 32037	1735 (138872) Regular Recial Assess 228. To avoid 86 32998	10088 (148960) eserve allocments could possible to 89 33988	(150587) ation could be impler future over 91 35008	(219516) I be implemented in Ffunding, the 52 DECREASE 20000	(229207) nented in F Y's 2022 ar a Regular R 52 20000	(251724) Y 2021 equand 2023. The deserve allocates are allocated as a control of the control of	(290801) al to \$15,000 be Regular Restation could 52 20000 nn incrs)	(294183) annually. The serve allocate decreases 52 20000	(333796) ne Regular tion could d to equal 54 20600 1053 39613 87327 Projected 1	(463782) 62 23881 1414	72 27685 371 14127 50991 ment Cost -	(689121)

Cash at End of Fiscal Year:

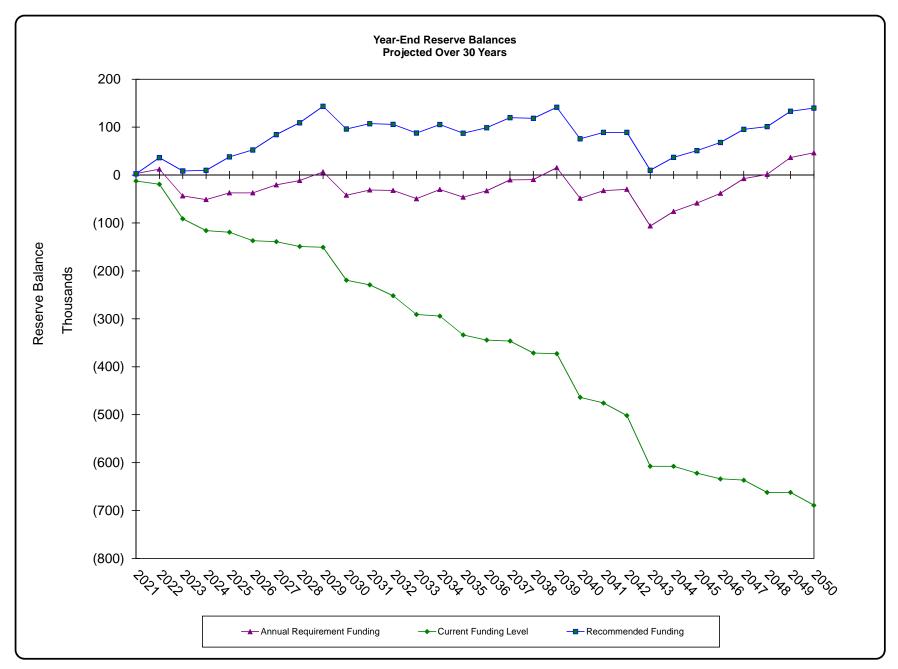
Cash at May 31, 2020

Monthly Allocations through Year End Anticipated Expenditures through Year End

Cash Projected at Year End December 31, 2020

0

0



Notes and Assumptions December 31, 2020

Note A Key to Reserve Funding Program:

These definitions correspond to the column headings on the Major Repair and Replacement Funding

Consultant's Estimate Section, page 5:

Component - Each major repair or replacement item considered by the Board of Directors and Consultant to require reserve funding.

Units Measured - The quantity in terms of area or item count as determined by actual measure, bids/invoices, DRE budget or other sources.

Unit Cost - The current replacement cost per unit of measure.

Source - Indicates where data was derived. C = Consultant's database/previous study; M = Management or Board of Directors information; V = Vendor (pool/landscape/roofer/elevator/etc) information; A = Actual cost; NA = No Access or data Not Available.

Condition - The physical condition from the consultant's visual inspection and other sources. Code: N = New or nearly new, G = Good, F = Fair, P = Poor condition, needs to be replaced soon.

Current Replacement Cost - The present cost of repairing or replacing the reserve components as estimated by the independent consultant or current bids/invoices. However, replacement costs will inevitably increase.

Estimated Useful Life - The estimated life of reserve components when they were new, and prior to any aging process.

Estimated Remaining Life - The remaining useful life for reserve components. As per CC 5550 only components with remaining lives of 30 years or less are included here. Repair, replacement or refurbishment will be necessary at the end of the component's remaining life.

Funding Projection Section - pages 5-6:

Annual Funding Requirement - This is the amount that should be set aside annually, exclusive of any reserve deficit or inflation, and is the method established by CC 5550 This requirement is computed by dividing the current replacement cost by the estimated useful life.

Accumulated Funding Requirement - This is the amount of reserve savings which should be on hand, according to the consultant's current replacement cost estimates, as of the date of this reserve report. This amount is computed by multiplying the difference between the estimated useful and remaining life times the annual reserve requirement.

Notes and Assumptions December 31, 2020

Funding Projection Section - pages 5-6 (continued):

Cash in Reserves - The amount of actual reserve savings on hand that have been accumulated for replacement of reserve components.

Deficit - That amount which is computed by subtracting the accumulated reserve requirement from the amount of cash on hand. This is the combined shortage, if any, of reserve savings for all of the reserve components. The opposite would be a Surplus.

Cost Projections by Year - The amounts of the estimated future replacement cost cash expenditures projected for each year. Some major repair expenditures may be spread over two or three years. Five years disbursements are shown on page 5 and the following 25 years are shown on pages 6.

30-year Cash Projections, page 7:

With every funding plan the projections start with the current reserve cash balance, and include the annual disbursements as projected on pages 5 through 6. All funding amounts are increased for inflation at three percent (3%) per year.

Option 1 - Annual Funding - This funding plan is to set aside the specific minimum amount of reserves required by CC 5550 These annual amounts are computed on page 5 and inserted as annual contributions to the reserves into the cash projections (adjusted for inflation). Any funding deficit is not considered in this method.

Option 2 - Current Budgeted Funding - As a comparison to Options 1 and 3, this option represents the *current* reserve budget projected over thirty years using an inflation factor of three percent (3%) per year.

Option 3 - Recommended Funding - This funding goal is to keep the year-end balance above zero during the 30-year cash projection while maintaining a reasonable contribution rate. First this funding option is calculated so that there is no deficit in the projected 30-year reserve balance. Then to create sufficient funding for the Association over the next 30 years, contributions in years 2 through 30 may be raised or lowered, and/or special assessments may be levied.