

# Reserve Analysis Report

## Surfside III COA

600 Sunfish Way  
Port Hueneme, CA 93041

### Level I Study with Site Inspection

Fiscal Year End Date: December 31, 2022



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## Preface

A reserve study is a detailed report that assists common interest developments (CID) in planning for long-term common area repair and replacement expenses. These common areas differ for every development. They can include streets, roofs, recreational facilities and many other items.

A reserve study estimates the costs of common area repairs and replacements over a 30 year period. Each component is given a useful life, remaining life, and estimated cost. A reserve study then calculates the funds necessary to cover these expenses by creating funding plans.

### **The Big Picture - What are the significant figures to look at in the report?**

- **The Component List** – What are our reserve components and when will they need maintenance

Every reserve study must start with a list of the components. The component summary contains the list of all the components, their useful and remaining lives, and their estimated costs. These numbers are the building blocks for most of the figures in the study.

- **Percent Funded** - What is our current financial standing

Probably the most important number in a reserve study is percent funded. It's almost like a credit score for an association. It tells them the current strength of their reserve fund.

Over 70% = Well Funded    Between 30-70% = Fairly Funded    Below 30% = Poorly Funded

The lower your percent funded the higher the risk of a special assessment. A low percent funded also increases the likelihood of deferred maintenance which can cause declining property values.

- **Funding Plans** - How much do we need to save for the future

The next important part of the study is the theoretical 30 year funding plans. The study contains 3 funding plans. It projects what the percent funded will be over the next 30 years if the CID follows each of these plans.

Current Funding Plan – This plan is based on what the association is currently contributing to its reserve fund. This information is supplied by the board or management

Recommended Funding Plan – This is McCaffery's recommendation, if a CID follows the recommended plan they should end up well funded and near the 100% funded level.

5% Threshold Funding Plan - The threshold funding plan is a 30 year cash flow plan that calculates the minimum amount a CID should contribute so their reserve balance won't fall below 5% funded and cause the need for a special assessment. The percent funded will at some point fall into poorly funded levels but will never drop below 5%. If a CID has a funding plan that is below this threshold plan they should also plan on a future special assessment and/or a deferred maintenance. (Following this plan does carry higher risk of a special assessment if a component fails early or costs more than expected)

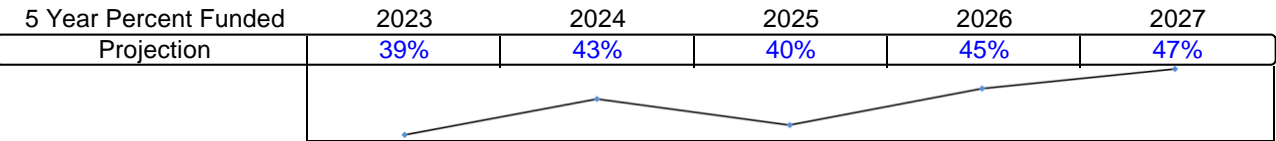
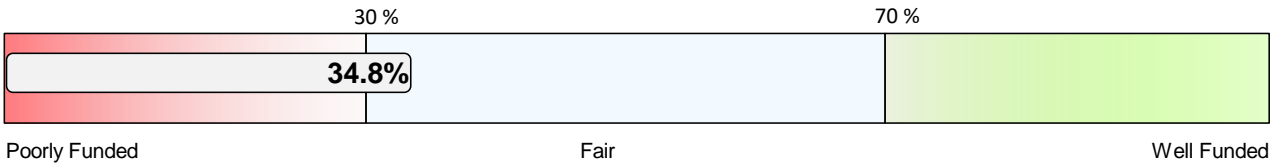
# Executive Summary

## Surfside III COA

This is a Homeowners Association with 309 Condominium Units.  
 The common area components include: asphalt, pool, and building exterior.  
 A Full Study with an on-site inspection was performed on June 15, 2022.

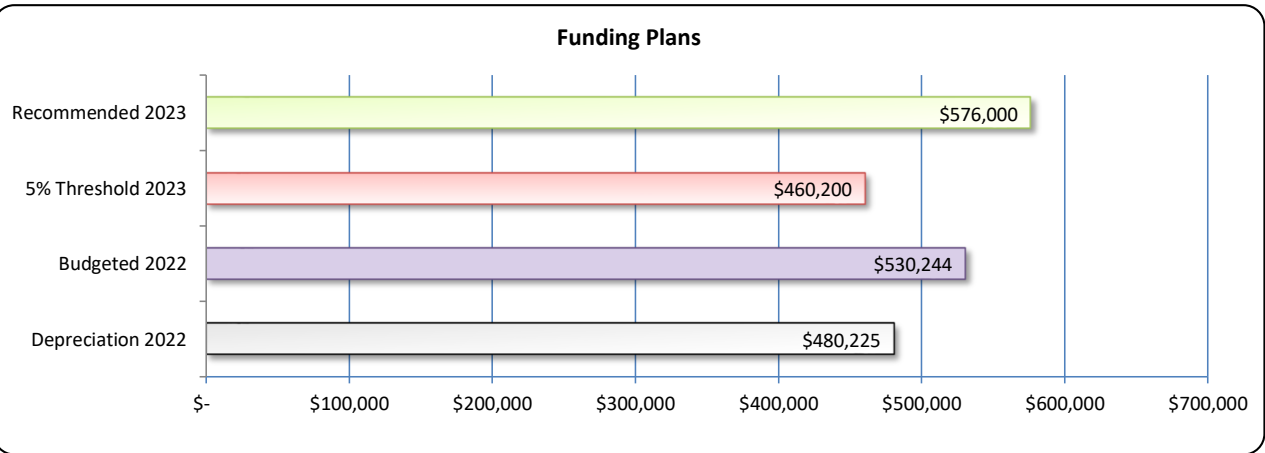
### Reserve Fund Balance at Fiscal Year End

Fully Funded Reserve Balance	\$ 4,746,157
Projected Balance December 31, 2022	\$ 1,651,998
Under Funded (Deficiency in Reserve Funding)	\$ 3,094,159
Deficiency in Reserve Funding Per Unit	\$ 10,013.46
<b>Percent Funded</b>	<b>34.8%</b>



### Funding Plans

	Annually	Monthly	Per Unit Monthly
Depreciation of Components in 2022	\$ 480,225	\$ 40,019	\$ 129.51
Budgeted Reserve Contribution 2022	\$ 530,244	\$ 44,187	\$ 143.00
5% Threshold Reserve Contribution for 2023	\$ 460,200	\$ 38,350	\$ 124.11
<b>Recommended Reserve Contribution for 2023</b>	<b>\$ 576,000</b>	<b>\$ 48,000</b>	<b>\$ 155.34</b>



## Theoretical 30 Year Funding Plans

Surfside III COA

Above 70% = Well Funded   
 Between 30% and 70% = Fairly Funded   
 Below 30% = Poorly Funded  
(Low Risk of Special Assessment)                     
 (Higher Risk of Special Assessment)

Before Tax Interest Rate	1.5%
Annual Inflation Rate	3.0%
Annual Funding Increase	3.0%

Year End	Annual Expenses	Fully Funded Balance	Current Funding Plan			Recommended Funding Plan			5% Threshold Funding Plan		
			Contribution	Balance	% Funded	Contribution	Balance	% Funded	Contribution	Balance	% Funded
2022	\$ -	\$ 4,746,157	\$ 530,244	\$ 1,651,998	35%	\$ -	\$ 1,651,998	35%	\$ -	\$ 1,651,998	35%
2023	\$ 198,755	\$ 5,168,220	\$ 546,151	\$ 2,024,174	39%	\$ 576,000	\$ 2,054,023	40%	\$ 460,200	\$ 1,938,223	38%
2024	\$ 168,973	\$ 5,649,993	\$ 562,536	\$ 2,448,100	43%	\$ 593,280	\$ 2,509,140	44%	\$ 474,006	\$ 2,272,329	40%
2025	\$ 898,103	\$ 5,372,950	\$ 579,412	\$ 2,166,131	40%	\$ 611,078	\$ 2,259,753	42%	\$ 488,226	\$ 1,896,538	35%
2026	\$ 172,485	\$ 5,888,094	\$ 596,794	\$ 2,622,932	45%	\$ 629,411	\$ 2,750,576	47%	\$ 502,873	\$ 2,255,374	38%
2027	\$ 358,905	\$ 6,233,293	\$ 614,698	\$ 2,918,069	47%	\$ 648,293	\$ 3,081,222	49%	\$ 517,959	\$ 2,448,259	39%
2028	\$ 101,093	\$ 6,884,374	\$ 633,139	\$ 3,493,886	51%	\$ 667,742	\$ 3,694,090	54%	\$ 533,498	\$ 2,917,388	42%
2029	\$ 476,069	\$ 7,166,653	\$ 652,133	\$ 3,722,359	52%	\$ 687,774	\$ 3,961,206	55%	\$ 549,503	\$ 3,034,583	42%
2030	\$ 499,504	\$ 7,449,774	\$ 671,697	\$ 3,950,388	53%	\$ 708,407	\$ 4,229,528	57%	\$ 565,988	\$ 3,146,586	42%
2031	\$ 720,646	\$ 7,520,474	\$ 691,848	\$ 3,980,846	53%	\$ 729,660	\$ 4,301,984	57%	\$ 582,968	\$ 3,056,106	41%
2032	\$ 568,380	\$ 7,776,768	\$ 712,604	\$ 4,184,782	54%	\$ 751,549	\$ 4,549,683	59%	\$ 600,457	\$ 3,134,024	40%
2033	\$ 880,250	\$ 7,722,824	\$ 733,982	\$ 4,101,285	53%	\$ 774,096	\$ 4,511,774	58%	\$ 618,470	\$ 2,919,254	38%
2034	\$ 1,571,546	\$ 6,939,568	\$ 756,001	\$ 3,347,260	48%	\$ 797,319	\$ 3,805,224	55%	\$ 637,024	\$ 2,028,522	29%
2035	\$ 1,205,109	\$ 6,549,657	\$ 778,681	\$ 2,971,041	45%	\$ 821,238	\$ 3,478,432	53%	\$ 656,135	\$ 1,509,976	23%
2036	\$ 423,367	\$ 7,014,658	\$ 802,042	\$ 3,394,281	48%	\$ 845,875	\$ 3,953,116	56%	\$ 675,819	\$ 1,785,078	25%
2037	\$ 1,432,070	\$ 6,424,489	\$ 826,103	\$ 2,839,228	44%	\$ 871,252	\$ 3,451,595	54%	\$ 696,094	\$ 1,075,878	17%
2038	\$ 928,376	\$ 6,383,806	\$ 850,886	\$ 2,804,327	44%	\$ 897,389	\$ 3,472,382	54%	\$ 716,977	\$ 880,617	14%
2039	\$ 587,676	\$ 6,733,487	\$ 876,413	\$ 3,135,128	47%	\$ 924,311	\$ 3,861,102	57%	\$ 738,486	\$ 1,044,636	16%
2040	\$ 668,278	\$ 7,030,301	\$ 902,705	\$ 3,416,582	49%	\$ 952,040	\$ 4,202,781	60%	\$ 760,640	\$ 1,152,668	16%
2041	\$ 752,721	\$ 7,269,220	\$ 929,786	\$ 3,644,896	50%	\$ 980,601	\$ 4,493,704	62%	\$ 783,460	\$ 1,200,697	17%
2042	\$ 1,771,921	\$ 6,438,304	\$ 957,680	\$ 2,885,328	45%	\$ 1,010,019	\$ 3,799,208	59%	\$ 806,963	\$ 253,750	4%
2043	\$ 854,094	\$ 6,601,111	\$ 986,410	\$ 3,060,924	46%	\$ 1,040,320	\$ 4,042,422	61%	\$ 831,172	\$ 234,634	4%
2044	\$ 272,107	\$ 7,425,021	\$ 1,016,002	\$ 3,850,733	52%	\$ 1,071,530	\$ 4,902,481	66%	\$ 856,108	\$ 822,154	11%
2045	\$ 516,649	\$ 8,036,781	\$ 1,046,482	\$ 4,438,327	55%	\$ 1,103,676	\$ 5,563,044	69%	\$ 881,791	\$ 1,199,628	15%
2046	\$ 347,345	\$ 8,878,429	\$ 1,077,877	\$ 5,235,434	59%	\$ 1,136,786	\$ 6,435,930	72%	\$ 908,245	\$ 1,778,522	20%
2047	\$ 1,187,528	\$ 8,865,956	\$ 1,110,213	\$ 5,236,651	59%	\$ 1,170,889	\$ 6,515,831	73%	\$ 935,492	\$ 1,553,163	18%
2048	\$ 272,574	\$ 9,872,795	\$ 1,143,520	\$ 6,186,146	63%	\$ 1,206,016	\$ 7,547,010	76%	\$ 963,557	\$ 2,267,443	23%
2049	\$ 1,421,877	\$ 9,697,938	\$ 1,177,825	\$ 6,034,886	62%	\$ 1,242,197	\$ 7,480,535	77%	\$ 992,463	\$ 1,872,042	19%
2050	\$ 773,774	\$ 10,250,759	\$ 1,213,160	\$ 6,564,795	64%	\$ 1,279,462	\$ 8,098,431	79%	\$ 1,022,237	\$ 2,148,585	21%
2051	\$ 694,942	\$ 10,938,385	\$ 1,249,555	\$ 7,217,880	66%	\$ 1,317,846	\$ 8,842,813	81%	\$ 1,052,904	\$ 2,538,776	23%
2052	\$ 793,938	\$ 11,573,524	\$ 1,287,041	\$ 7,819,252	68%	\$ 1,357,382	\$ 9,538,898	82%	\$ 1,084,491	\$ 2,867,411	25%

Note: All future projections are theoretical. The estimated lives and costs of components will likely change over time depending on factors such as inflation rates and levels of maintenance. Reserve analysis should be performed annually to account for these factors.

**Component Summary**  
Surfside III COA

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
<b>Roofing</b>							
Carports (Metal Roof) - Replacement	20	Allowance	40	0	\$ 1,092	\$ 21,840	1
Carports (Metal Roof) - Replacement	20	Allowance	40	12	\$ 1,092	\$ 21,840	1
Carports (Metal Roof) - Replacement	20	Allowance	40	15	\$ 1,092	\$ 21,840	1
Carports (Metal Roof) - Replacement	20	Allowance	40	18	\$ 1,092	\$ 21,840	1
Carports (Metal Roof) - Replacement	20	Allowance	40	21	\$ 1,092	\$ 21,840	1
Carports (Metal Roof) - Replacement	20	Allowance	40	24	\$ 1,092	\$ 21,840	1
Carports (Metal Roof) - Replacement	138	Allowance	40	27	\$ 1,092	\$ 150,696	1
Comp Shingle - Replace Condo(Ph. 1)	29000	SF	25	10	\$ 7.11	\$ 206,103	1
Comp Shingle - Replace Condo(Ph. 2)	29000	SF	25	11	\$ 7.11	\$ 206,103	1
Comp Shingle - Replace Condo(Ph. 3)	29000	SF	25	12	\$ 7.11	\$ 206,103	1
Comp Shingle - Replace Condo(Ph. 4)	27650	SF	25	13	\$ 7.11	\$ 196,509	1
Tile Roof (Clubhouse)	8000	SF	30	26	\$ 7.65	\$ 61,200	1
Flat Roof (Clubhouse)	5100	SF	20	6	\$ 7.11	\$ 36,246	1
Townhome Roofs Including Garage	10	Allowance	20	10	\$ 6,993	\$ 69,930	1
Townhome Roofs Including Garage	10	Allowance	20	11	\$ 6,993	\$ 69,930	1
Townhome Roofs Including Garage	10	Allowance	20	12	\$ 6,993	\$ 69,930	1
Townhome Roofs Including Garage	10	Allowance	20	13	\$ 6,993	\$ 69,930	1
Townhome Roofs Including Garage	11	Allowance	20	14	\$ 6,993	\$ 76,923	1
Gutters & Downspouts - Repair	1	Allowance	20	6	\$ 16,391	\$ 16,391	1
						\$ 1,567,033	
<b>Painting</b>							
Exterior Stucco - Partial (A)	66	Each	12	2	\$ 2,185	\$ 144,210	1
Exterior Stucco - Partial (B)	66	Each	12	4	\$ 2,185	\$ 144,210	1
Exterior Stucco - Partial (C)	66	Each	12	6	\$ 2,185	\$ 144,210	1
Exterior Stucco - Partial (D)	66	Each	12	8	\$ 2,185	\$ 144,210	1
Exterior Surfaces - High Fascia	8	Each	5	2	\$ 5,464	\$ 43,712	1
Exterior Stucco - Townhome	12	Allowance	12	2	\$ 3,278	\$ 39,336	1
Exterior Stucco - Townhome	12	Allowance	12	4	\$ 3,278	\$ 39,336	1
Exterior Stucco - Townhome	12	Allowance	12	6	\$ 3,278	\$ 39,336	1
Exterior Stucco - Townhome	15	Allowance	12	8	\$ 3,278	\$ 49,170	1
Condo Building Rails	2	Each	8	7	\$ 51,500	\$ 103,000	1
Condo Building Rails	2	Each	8	1	\$ 51,500	\$ 103,000	1
Condo Building Rails	2	Each	8	2	\$ 51,500	\$ 103,000	1
Condo Building Rails	2	Each	8	3	\$ 51,500	\$ 103,000	1
Town Home Rails	20	Each	8	0	\$ 1,287	\$ 25,740	1
Town Home Rails	20	Each	8	2	\$ 1,287	\$ 25,740	1
Town Home Rails	11	Each	8	3	\$ 1,311	\$ 14,421	1
Metal Fences	2	Each	8	2	\$ 10,300	\$ 20,600	1
						\$ 1,286,231	
<b>Asphalt</b>							
Concrete Repairs	1	Allowance	25	0	\$ 4,371	\$ 4,371	1
Overlay & Replace (Parking Areas)	35000	SF	25	20	\$ 3.00	\$ 104,895	1
Overlay & Replace (Streets)	125000	SF	25	19	\$ 3.00	\$ 374,625	1
Seal Coat/Repair/Restripe	160000	SF	3	2	\$ 0.30	\$ 48,000	1
						\$ 531,891	
<b>Fencing/Rails</b>							
Metal Fence/Railings - Repair	1	Allowance	20	8	\$ 10,927	\$ 10,927	1
Surfside Drive Fence	1	Allowance	20	14	\$ 32,781	\$ 32,781	1
Beach Fence	1	Allowance	25	17	\$ 82,400	\$ 82,400	1
Townhome Fences	1	Allowance	25	19	\$ 61,192	\$ 61,192	1
Trash Enclosures - Replace	11	Each	30	15	\$ 7,210	\$ 79,310	1
Vehicle Gates	3	Each	30	11	\$ 7,648	\$ 22,944	1
						\$ 289,554	
<b>Decks &amp; Landings</b>							
Balcony Inspection/Repairs	1	Allowance	9	8	\$ 51,500	\$ 51,500	1
Balcony Decks - Repair	2	Each	10	9	\$ 6,555	\$ 13,110	1
Balcony Decks - Repair	2	Each	10	0	\$ 6,555	\$ 13,110	1
Balcony Decks - Repair	2	Each	10	0	\$ 6,555	\$ 13,110	1
Balcony Decks - Repair	2	Each	10	1	\$ 6,555	\$ 13,110	1
Walkways/Landings - Reseal	8	Each	12	9	\$ 10,927	\$ 87,416	1
Stairs/Landings- Repair	2	Each	12	0	\$ 3,278	\$ 6,556	1
Stairs/Landings- Repair	2	Each	12	1	\$ 3,278	\$ 6,556	1
Stairs/Landings- Repair	2	Each	12	2	\$ 3,278	\$ 6,556	1
Stairs/Landings- Repair	2	Each	12	3	\$ 3,278	\$ 6,556	1
						\$ 217,580	

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
<b>Clubhouse</b>							
Furnishings	1	Allowance	20	3	\$ 5,464	\$ 5,464	1
Carpet	650	SY	15	1	\$ 21.85	\$ 14,203	1
Office Equipment (Partial Replace)	1	Allowance	6	1	\$ 3,278	\$ 3,278	1
Bathrooms - Refurbish	2	Each	25	3	\$ 6,555	\$ 13,110	1
Copier	1	Each	15	4	\$ 5,464	\$ 5,464	1
Tile Flooring - Repair/Replace	1	Allowance	20	3	\$ 6,555	\$ 6,555	1
Game Tables	3	Each	10	4	\$ 4,371	\$ 13,113	1
Exercise Equipment	4	Each	10	6	\$ 3,824	\$ 15,296	1
Kitchen Area - Refurbish	1	Allowance	20	9	\$ 13,112	\$ 13,112	1
Gym Flooring - Replace	1	Allowance	18	8	\$ 3,824	\$ 3,824	1
						\$ 93,419	
<b>Pool &amp; Spa Area</b>							
Pool Bathrooms - Refurbish	2	Each	20	13	\$ 6,010	\$ 12,020	1
Pool Resurface	1352	LF	25	22	\$ 20	\$ 26,592	1
Pool Hardware	1	Allowance	25	22	\$ 10,927	\$ 10,927	1
Spa	1	Each	10	1	\$ 10,927	\$ 10,927	1
						\$ 60,466	
<b>Common Areas</b>							
Recreation and Outdoor Furnishings	1	Allowance	22	2	\$ 4,371	\$ 4,371	1
Recreation and Outdoor Furnishings	1	Allowance	22	7	\$ 4,371	\$ 4,371	1
Recreation and Outdoor Furnishings	1	Allowance	22	11	\$ 4,371	\$ 4,371	1
Recreation and Outdoor Furnishings	1	Allowance	22	17	\$ 4,371	\$ 4,371	1
						\$ 17,484	
<b>Mechanical/Electrical</b>							
Electrical Box Replacement Condos	10	each	25	2	\$ 874	\$ 8,742	1
Electrical Box Replacement Condos	10	each	25	3	\$ 874	\$ 8,742	1
Electrical Box Replacement Condos	10	each	25	4	\$ 874	\$ 8,742	1
Electrical Box Replacement Condos	30	each	25	5	\$ 874	\$ 26,225	1
Electrical Box Replacement Condos	30	each	25	6	\$ 874	\$ 26,225	1
Electrical Box Replacement Condos	30	each	25	7	\$ 874	\$ 26,225	1
Electrical Box Replacement Condos	131	each	25	8	\$ 874	\$ 114,518	1
Elevators - Modernization	8	Each	25	11	\$ 76,490	\$ 611,920	1
Fire Control Panels	8	Each	18	11	\$ 3,824	\$ 30,592	1
Plumbing Repairs	2	Allowance	2	0	\$ 43,709	\$ 87,418	1
						\$ 949,349	
<b>Plumbing</b>							
Sewer Main Lines - Partial Replace	1	Allowance	50	2	\$ 191,226	\$ 191,226	1
Sewer Main Lines - Partial Replace	1	Allowance	50	7	\$ 191,226	\$ 191,226	1
Sewer Main Lines - Partial Replace	2	Allowance	50	12	\$ 191,226	\$ 382,452	1
Sewer Main Lines - Partial Replace	2	Allowance	50	14	\$ 191,226	\$ 382,452	1
Sewer Main Lines - Partial Replace	2	Allowance	50	15	\$ 191,226	\$ 382,452	1
Town Home Water Line Re-Pipe	2	Allowance	30	0	\$ 10,300	\$ 20,600	1
Town Home Water Line Re-Pipe	2	Allowance	30	2	\$ 10,300	\$ 20,600	1
Town Home Water Line Re-Pipe	2	Allowance	30	4	\$ 10,300	\$ 20,600	1
Town Home Water Line Re-Pipe	2	Allowance	30	6	\$ 10,300	\$ 20,600	1
Town Home Water Line Re-Pipe	2	Allowance	30	8	\$ 10,300	\$ 20,600	1
Town Home Water Line Re-Pipe	10	Allowance	30	10	\$ 10,300	\$ 103,000	1
Town Home Water Line Re-Pipe	10	Allowance	30	14	\$ 10,300	\$ 103,000	1
Town Home Water Line Re-Pipe	21	Allowance	30	19	\$ 10,300	\$ 216,300	1
Condo Building Water Line Re-Pipe	2	Allowance	30	9	\$ 103,000	\$ 206,000	1
Condo Building Water Line Re-Pipe	2	Allowance	30	19	\$ 103,000	\$ 206,000	1
Condo Building Water Line Re-Pipe	2	Allowance	30	24	\$ 103,000	\$ 206,000	1
Condo Building Water Line Re-Pipe	2	Allowance	30	29	\$ 103,000	\$ 206,000	1
						\$ 2,879,108	
<b>Water Heaters</b>							
Water Heaters - Replace	2	Each	15	14	\$ 6,489	\$ 12,978	1
Water Heaters - Replace	2	Each	15	1	\$ 6,489	\$ 12,978	1
Water Heaters - Replace	2	Each	15	2	\$ 6,489	\$ 12,978	1
Water Heaters - Replace	2	Each	15	5	\$ 6,489	\$ 12,978	1
Water Heaters - Replace	2	Each	15	6	\$ 6,489	\$ 12,978	1
Water Heaters - Replace	2	Each	15	8	\$ 6,489	\$ 12,978	1
Water Heaters - Replace	2	Each	15	9	\$ 6,489	\$ 12,978	1
Water Heaters - Replace	2	Each	15	10	\$ 6,489	\$ 12,978	1
						\$ 103,824	
<b>Landscaping</b>							
Irrigation Replacement	1	Allowance	12	7	\$ 13,112	\$ 13,112	1
						\$ 13,112	

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
<b>Lighting</b>							
Campus Lighting - Replace	1	Allowance	25	22	\$ 76,490	\$ 76,490	1
Hallway Lighting - Replace	1	Allowance	25	16	\$ 27,040	\$ 27,040	1
Main Electrical Junction Box	1	Allowance	40	2	\$ 65,563	\$ 65,563	1
						\$ 169,093	
<b>Miscellaneous</b>							
Bridge - Repair	1	Allowance	40	37	\$ 109,272	\$ 109,272	1
Concrete Walkways - Repair	1	Allowance	5	2	\$ 21,218	\$ 21,218	1
Directional Signage	1	Allowance	18	15	\$ 2,731	\$ 2,731	1
Intercom (Gate)	1	Each	12	0	\$ 6,010	\$ 6,010	1
Mailbox Kiosks	20	Each	20	17	\$ 1,857	\$ 37,140	1
Monument Sign	1	Each	20	2	\$ 3,278	\$ 3,278	1
Utility Doors	1	Allowance	30	24	\$ 200,159	\$ 200,159	1
						\$ 379,808	
<b>Contingency</b>							
5%							1

**TOTALS**

**\$ 8,557,952**

Notes: Any other items not listed are included in operating budget.

**Assessment and Reserve Funding Disclosure Summary**  
Surfside III COA

(1) The current regular assessment per ownership interest per month is:

\$ 489.00 per month for the year ending 12/31/22

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members: As of 6/21/2022

Date Assessment is Due	Amount per unit	Purpose of Assessment
TBD	From Operating	Balcony Reinforce
Total:		

(3) 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

**Note:** This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(4) 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?

Not Applicable

**Note:** This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(5) All major components appropriate for reserve funding are included in the reserve study and are included in its calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the civil code the estimated amount required in the reserve fund at the end of the current fiscal year is:

\$ 4,746,157

based in whole or in part on the last reserve study or update prepared by McCaffery Reserve Consulting as of 12/31/2022 the projected reserve fund cash balance at the end of the current fiscal year is: \$ 1,651,998 resulting in the reserves being 35% funded at this date.



(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the civil code the projected required amount in reserves, projected reserve fund cash balance and projected percent funded for each of the next 5 years is:

Year	Amt Required	Proj. Balance	% Funded
2023	\$ 5,168,220	\$ 2,024,174	39%
2024	\$ 5,649,993	\$ 2,448,100	43%
2025	\$ 5,372,950	\$ 2,166,131	40%
2026	\$ 5,888,094	\$ 2,622,932	45%
2027	\$ 6,233,293	\$ 2,918,069	47%

For more detail see attached theoretical 30 year funding plans.

**Note:** This calculation assumes the association will raise their reserve contribution 3% per year over the next 30 years.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate was : 1.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was: 3.00% per year

(b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

The Preparer of this form will be indemnified and held harmless against all losses, claims, action, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been provided to Preparer by others and relied upon by Preparer which may result from any improper use or reliance on this disclosure.