



**SCT RESERVE CONSULTANTS, INC.**

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October 10, 2021

Job 2015-102-07 L2

Riviera Gardens Homeowners Association  
c/o Personalized Property Management  
68-950 Adelina Road  
Cathedral City, CA 92234  
Attn: Mr. David J. Schuknecht, CMCA, AMS, PCAM

Subject: Year 2022 Level II Reserve Study

Dear Mr. Schuknecht,


SCT Reserve Consultants, Inc. is pleased to submit this **2022 Level II Reserve Study**.

There are two summary sections (starting at pages 4 and 5) that are required to be included in the Association's year-end mailing to the membership. They are the "**Reserve Summary**" and the "**Assessment and Reserve Funding Disclosure Summary**". They are to be mailed 30 to 90 days prior to the Association's year-end. These pages will satisfy the current California Civil Code requirements for homeowner disclosure.

The 'Year 2022 Reserve Budget' table of this report is AICPA approved; this may be included in the mailing but is generally not required. Check with legal counsel for greater clarification.

We appreciate the opportunity to provide our professional services. Should you have any need for clarification please contact me at (951) 296-3520.

Sincerely,



Michael C. Graves, R.S. #00039

*SCT Reserve Consultants, Inc. are affiliated with*





YEAR 2022  
LEVEL II  
RESERVE STUDY  
(SITE VISIT UPDATE REPORT)  
FOR  
RIVIERA GARDENS  
HOMEOWNERS ASSOCIATION  
VERSION 2

C/O PERSONALIZED PROPERTY MANAGEMENT  
68-950 ADELINA ROAD  
CATHEDRAL CITY, CA 92234  
ATTN: MR. DAVID J. SCHUKNECHT, CMCA, AMS, PCAM

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TEMECULA, CALIFORNIA 92589-0129  
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# Reserve Summary

(As required by California Civil Code Section 5565)

## RIVIERA GARDENS HOMEOWNERS ASSOCIATION

SCT Reserve Consultants, Inc. is pleased to provide this Level II Reserve Study (Site Visit Update Report). In order to comply with the California Civil Code, specifically the Davis-Stirling Common Interest Development Act, Section 5565, we are providing the following information to the Homeowners within RIVIERA GARDENS HOMEOWNERS ASSOCIATION.

The following study has been prepared with several assumed factors taken into account: a 3.00% inflation rate; a 1.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

As of December 31, 2021, the estimated ending reserve fund balance is \$1,178,250 and the estimated current replacement cost is \$3,214,613 for the portfolio of reserve components. The projected future replacement cost of the portfolio is \$4,655,144, calculated at an annually compounded inflation rate of 3.00%. The Association's level of funding which is based upon the estimated ending reserve fund balance divided by the reserve components' fully funded amount is 59.69%. This is referred to as Percent Funded. The Association would be 100.00% funded if there were \$1,973,846.52 in the reserve fund.

The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is \$3,599.98. This is calculated by subtracting the ending balance (\$1,178,250) from the 100% funded figure (\$1,973,846.52), then divided by the number of ownership interests (221). There is currently no requirement to be fully funded.

Our original analysis of the cash flow for this association indicated future inadequate funding if there were no annual increases to the Reserves. It is our understanding the Board of Directors will allocate a total of \$15,344.00 starting in 2022 (\$69.43 per unit per month for each of the 221 ownership interests) towards the reserve fund. To offset the over/under cash results of the report, we recommend and have included a change of 5.44% starting in 2023 for 29 years. The Board of Directors may change the amount; however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

The following table represents additionally required information pursuant to the Davis-Stirling Common Interest Development Act, Section 5565.

**Fiscal Year: January 1, 2022 through December 31, 2022**

Category	Range of Full Useful Life	Range of Remaining Useful Life	Current Replacement Cost	Fund Balance on Jan 01, 2022	Reserve Allocation	Additional Revenue	Interest
Access System	10 to 30	1 to 17	\$90,059	\$23,774	\$3,715	\$0	\$165
Asphalt & Concrete	3 to 28	1 to 19	\$312,194	\$55,073	\$8,606	\$0	\$382
Buildings, Balconies & Decks	15 to 15	3 to 5	\$38,752	\$13,468	\$2,105	\$0	\$93
Buildings, Doors	10 to 10	5 to 5	\$5,225	\$1,385	\$216	\$0	\$10
Buildings, Plumbing	1 to 25	0 to 24	\$41,000	\$27,101	\$4,235	\$0	\$188
Buildings, Roofs	10 to 45	0 to 29	\$1,340,532	\$500,958	\$78,286	\$0	\$3,473
Electrical & Lights	20 to 30	5 to 24	\$276,155	\$44,492	\$6,953	\$0	\$308
Fence & Walls	32 to 32	10 to 29	\$280,040	\$74,240	\$11,602	\$0	\$515
Irrigation	12 to 25	7 to 24	\$123,800	\$13,391	\$2,093	\$0	\$93
Landscape	1 to 10	0 to 9	\$79,500	\$54,939	\$8,586	\$0	\$381
Mailboxes	30 to 30	26 to 26	\$54,275	\$3,996	\$624	\$0	\$28
Paint	4 to 10	0 to 0	\$311,802	\$289,769	\$45,283	\$0	\$2,009
Pool Furniture	5 to 20	1 to 12	\$17,385	\$4,335	\$677	\$0	\$30
Pools & Spas	5 to 24	0 to 23	\$234,294	\$70,072	\$10,950	\$0	\$486
Signage	30 to 30	29 to 29	\$6,000	\$177	\$28	\$0	\$1
Site Amenities	30 to 30	1 to 12	\$3,600	\$1,080	\$169	\$0	\$7
<b>Totals:</b>			<b>\$3,214,613</b>	<b>\$1,178,250</b>	<b>\$184,128</b>	<b>\$0</b>	<b>\$8,170</b>

The complete reserve study is available by request from the Association.



# Assessment and Reserve Funding Disclosure Summary

## For the Fiscal Year Ending December 31, 2022

*(As illustrated by California Civil Code Section 5570(a))*

(1) The regular assessment per ownership interest is \$ \_\_\_\_\_ per month, of which approximately \$69.43 is allocated to reserves, monthly.

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. **NOT APPLICABLE***

(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: **SEE ANSWER BELOW TO QUESTION #4 WHICH SUGGESTS THERE WILL BE INCREASES IN REGULAR ASSESSMENTS FOR RESERVE FUNDING.**

Date assessment will be due:	Amount per ownership interest per month or year:	Purpose of the assessment:
<i>(Intentionally left blank)</i>	<i>(Intentionally left blank)</i>	<i>(Intentionally left blank)</i>

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. **NOT APPLICABLE***

(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   X        No   X  

**Yes**, if the Association follows the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below\*.

**No**, if the Association does not follow the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below\*.

*\*Note: The information contained within the reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding future events based on information provided by and supplied to the Association's Board of Directors and/or management. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the data of this disclosure summary. Therefore, the actual replacement cost and remaining life may vary from the reserve study and the variation may be significant. Additionally, inflation and other economic events may impact the reserve study, particularly over a thirty (30) year period of time which could impact the accuracy of the reserve study and the funds available to meet the association's obligation for repair and/or replacement of major components during the next thirty (30) years. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God cannot be accounted for and are excluded when assessing life expectancy of the components. The reserve study only includes items that the Association has a clear and express responsibility to maintain, pursuant to the Association's CC&Rs.*

(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 that have not yet been approved by the Board or the members?

Approximate date assessment(s) will be due:	Amount per ownership interest per month:
<b>5.44% starting in 2023 for 29 years</b>	<b>(Current amount) X (the increases)</b>

(5) All major components 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 5550, the estimated amount required in the reserve fund at the end of the current fiscal year is \$1,739,257.27, as of **December 31, 2022**, based in whole or in part on the last reserve study or update prepared by **SCT RESERVE CONSULTANTS, INC.** The projected reserve fund cash balance at the end of the current fiscal year is \$893,645.33, resulting in reserves being **51.38%** percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required amount is \$476,902. (See explanation below).

**Explanation:** *Cash Flow Methodology - a method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.*



# Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending December 31, 2022

(continued)

7) See below: **30-Year Reserve Funding Plan Table**...Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5550 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$(see **"100% Funded" column below**), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$(see **"Cash Flow Balance with Funding Plan" column below**), leaving the reserve at (see **"Percent Funded" column below**) percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$(see **"Cash Flow Balance with Funding Plan" column below**), leaving the reserve at (see **"Percent Funded" column below**) percent funding. 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 earned on reserve funds was **1.00%** per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was **3.00%** per year.

**30-Year Reserve Funding Plan Table**

Year	End of Year			Revenue			Expenditures
	100% Funded	Cash Flow	Percent Funded	Contribution, Interest	Contribution Unit/Month	Funding Plan	Components, Taxes, Deferred Exp
2021	\$1,973,847	\$1,178,250	59.69%				
2022	\$1,739,257	\$893,645	51.38%	\$192,298	\$69.43	0.00%	\$476,902
2023	\$1,664,865	\$766,137	46.02%	\$200,934	\$73.21	5.44%	\$328,442
2024	\$1,644,183	\$694,698	42.25%	\$210,713	\$77.19	5.44%	\$282,153
2025	\$1,662,307	\$666,684	40.11%	\$221,502	\$81.39	5.44%	\$249,515
2026	\$1,740,047	\$709,383	40.77%	\$233,585	\$85.82	5.44%	\$190,886
2027	\$1,622,190	\$521,818	32.17%	\$244,139	\$90.48	5.44%	\$431,704
2028	\$1,727,822	\$600,389	34.75%	\$257,804	\$95.41	5.44%	\$179,233
2029	\$1,747,193	\$580,647	33.23%	\$271,350	\$100.60	5.44%	\$291,093
2030	\$1,912,868	\$751,559	39.29%	\$287,418	\$106.07	5.44%	\$116,506
2031	\$2,052,527	\$897,329	43.72%	\$304,111	\$111.84	5.44%	\$158,341
2032	\$1,660,261	\$351,699	21.18%	\$315,032	\$117.92	5.44%	\$860,662
2033	\$1,671,533	\$315,871	18.90%	\$331,398	\$124.34	5.44%	\$367,226
2034	\$1,761,720	\$391,492	22.22%	\$349,960	\$131.10	5.44%	\$274,339
2035	\$1,757,872	\$335,732	19.10%	\$368,288	\$138.23	5.44%	\$424,048
2036	\$1,956,248	\$583,268	29.82%	\$390,476	\$145.75	5.44%	\$142,940
2037	\$1,866,758	\$490,288	26.26%	\$410,625	\$153.68	5.44%	\$503,605
2038	\$2,062,839	\$762,898	36.98%	\$435,255	\$162.04	5.44%	\$162,645
2039	\$2,249,252	\$1,035,772	46.05%	\$461,241	\$170.86	5.44%	\$188,367
2040	\$2,423,524	\$1,321,703	54.54%	\$488,618	\$180.15	5.44%	\$202,687
2041	\$2,416,109	\$1,308,851	54.17%	\$514,487	\$189.95	5.44%	\$527,339
2042	\$1,966,008	\$752,033	38.25%	\$536,452	\$200.29	5.44%	\$1,093,271
2043	\$2,114,890	\$1,021,621	48.31%	\$567,554	\$211.18	5.44%	\$297,965
2044	\$2,272,322	\$1,310,415	57.67%	\$600,747	\$222.67	5.44%	\$311,953
2045	\$2,374,671	\$1,491,445	62.81%	\$634,571	\$234.79	5.44%	\$453,541
2046	\$2,401,172	\$1,474,391	61.40%	\$668,201	\$247.56	5.44%	\$685,255
2047	\$2,233,785	\$1,405,016	62.90%	\$703,085	\$261.02	5.44%	\$772,460
2048	\$2,284,171	\$1,472,961	64.49%	\$741,189	\$275.22	5.44%	\$673,245
2049	\$2,571,735	\$2,067,172	80.38%	\$786,408	\$290.20	5.44%	\$192,196
2050	\$2,797,804	\$2,602,324	93.01%	\$833,432	\$305.98	5.44%	\$298,279
2051	\$2,949,021	\$2,958,629	100.33%	\$880,994	\$322.63	5.44%	\$524,689
<b>30-Year Sum:</b>				<b>\$13,441,867</b>			<b>\$11,661,487</b>



## Summary

In accordance with our proposal, 2015-102, SCT Reserve Consultants, Inc. is pleased to provide this ***Level II Reserve Study Site Visit Update Report for RIVIERA GARDENS HOMEOWNERS ASSOCIATION***. Our study was performed in accordance with the Davis-Stirling Common Interest Development Act, specifically §5550, of the California Civil Code. This report included a site inspection on September 17, 2021. This *condominium* common interest development (CID) is located in the 2000 block of N. Via Miraleste, between E. Via Escuela and E. Vista Chino (2023 N. Via Miraleste), Palm Springs, California 92262. We are using an inception date for the components of January 1, 1977. ***This study is for January 1, 2022 through December 31, 2022, the Association's fiscal year.***

In general, reserve funds are funds set aside from collected association fees paid by owners of a common interest development. These funds earn interest and are disbursed when deemed necessary by the Board of Directors. The purpose of a reserve study is to determine how much money should exist in a reserve fund at a given point in time or to project required future contributions and expenditure amounts so that sufficient reserve funds are available when needed. Our reserve study is generated using proprietary SCT software and a combination of local industry standards and national average replacement costs.

The SCT software utilizes the weighted average life (WAL) of the reserve components. The future cost method for the WAL is calculated by using the current replacement cost of each component, as of the analysis date, and the number of years until each reserve component is scheduled to be replaced. This determines the monthly reserve contributions needed and calculates the future reserve balances.

A 30-year "Cash Flow and Percent Funded Projection" analysis and "Graph" are produced to verify and define the relationship of the Cash Flow (annual beginning balance) with respect to the 100% funded amount. Ideally, the Cash Flow line of the graph should run parallel to and below the "Percent Funded" line of the graph, see funding goals.

The following study has been prepared with several assumed factors taken into account: 3.00% inflation rate; a 1.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

Typically, any component that has a life cycle (full life) of less than two years should be budgeted and paid for through normal operating or property maintenance funds and is not included as part of this study.

**The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is \$3,599.98.** This is calculated by subtracting the ending balance (\$1,178,250) from the 100% funded figure (\$1,973,846.52), then divided by the number of ownership interests (221). There is currently no requirement to be fully funded.



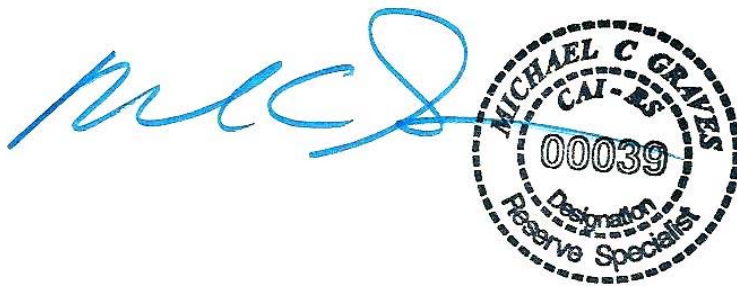
## Summary (continued)

As of January 1, 2022, the estimated reserve fund balance is \$1,178,250 and the estimated current replacement cost is \$3,214,613 of the portfolio of reserve components. The projected future replacement cost of the portfolio is \$4,655,144, calculated at an annually compounded inflation rate of 3.00%. The Davis-Stirling Common Interest Development Act requires the disclosure of the *current reserve fund balance divided by the current replacement cost* (this is not *Percent Funded*). Currently, *this factor for RIVIERA GARDENS HOMEOWNERS ASSOCIATION is 36.65%*.

The Association's level of funding for the fiscal year (January 1, 2022 through December 31, 2022) which is based upon the final estimated reserve fund balance divided by the reserve components' fully funded amount is **51.38%, and is referred to as *Percent Funded***. The Association would be 100.00% funded if there were \$1,739,257.27 in the reserve fund.

Our original analysis of the cash flow for this association indicated future inadequate funding (see the graph, the "square box and/or pink line"). This line represents the cash flow if there were no annual increases to the Reserves. ***It is our understanding the Board of Directors will allocate a total of \$15,344.00 starting in 2022 (\$69.43 per unit per month for each of the 221 ownership interests) towards the reserve fund. To offset the over/under cash results of the report, we recommend and have included a change of 5.44% starting in 2023 for 29 years.*** The Board of Directors may raise or lower this amount, however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

Sincerely,



The image shows a handwritten signature in blue ink that reads "mcd". To the right of the signature is a circular professional seal. The seal contains the text "MICHAEL C. GRAVES" around the top edge, "CAI - BS" in the center, and "00039" below that. At the bottom of the seal, it says "Designation Reserve Specialist".

Michael C. Graves, R.S. #00039  
SCT Reserve Consultants, Inc.



## Year 2022 Reserve Budget (AICPA Approved)

Category	Beginning Balance Jan 01, 2022	Annual Reserve Allocation	Monthly Reserve Allocation	Additional Revenue	Annual Interest Allocation	Expenditure	Ending Balance Dec 31, 2022	100% Funded Dec 31, 2022	Percent Funded Dec 31, 2022
Access System	\$23,773.53	\$3,715.15	\$309.60	\$0.00	\$164.84	\$0.00	\$27,653.52	\$53,820.67	51.38%
Asphalt & Concrete	\$55,073.47	\$8,606.47	\$717.21	\$0.00	\$381.86	\$0.00	\$64,061.80	\$124,680.27	51.38%
Buildings, Balconies & Decks	\$13,467.65	\$2,104.62	\$175.39	\$0.00	\$93.38	\$0.00	\$15,665.65	\$30,489.27	51.38%
Buildings, Doors	\$1,384.78	\$216.40	\$18.03	\$0.00	\$9.60	\$0.00	\$1,610.79	\$3,135.00	51.38%
Buildings, Plumbing	\$27,101.03	\$4,235.14	\$352.93	\$0.00	\$187.91	\$15,000.00	\$16,524.08	\$32,160.00	51.38%
Buildings, Roofs	\$500,957.52	\$78,285.85	\$6,523.82	\$0.00	\$3,473.48	\$110,000.00	\$472,716.85	\$920,025.20	51.38%
Electrical & Lights	\$44,492.30	\$6,952.92	\$579.41	\$0.00	\$308.50	\$0.00	\$51,753.71	\$100,725.67	51.38%
Fence & Walls	\$74,239.96	\$11,601.66	\$966.80	\$0.00	\$514.76	\$0.00	\$86,356.37	\$168,071.09	51.38%
Irrigation	\$13,391.11	\$2,092.66	\$174.39	\$0.00	\$92.85	\$0.00	\$15,576.62	\$30,316.00	51.38%
Landscape	\$54,939.45	\$8,585.52	\$715.46	\$0.00	\$380.93	\$39,500.00	\$24,405.91	\$47,500.00	51.38%
Mailboxes	\$3,995.70	\$624.42	\$52.03	\$0.00	\$27.70	\$0.00	\$4,647.83	\$9,045.83	51.38%
Paint	\$289,769.18	\$45,282.94	\$3,773.58	\$0.00	\$2,009.16	\$311,802.27	\$25,259.01	\$49,160.35	51.38%
Pool Furniture	\$4,335.24	\$677.48	\$56.46	\$0.00	\$30.06	\$0.00	\$5,042.77	\$9,814.50	51.38%
Pools & Spas	\$70,072.38	\$10,950.38	\$912.53	\$0.00	\$485.86	\$600.00	\$80,908.63	\$157,468.42	51.38%
Signage	\$176.69	\$27.61	\$2.30	\$0.00	\$1.23	\$0.00	\$205.52	\$400.00	51.38%
Site Amenities	\$1,080.00	\$168.77	\$14.06	\$0.00	\$7.49	\$0.00	\$1,256.26	\$2,445.00	51.38%
<b>Totals:</b>	<b>\$1,178,250.00</b>	<b>\$184,128.00</b>	<b>\$15,344.00</b>	<b>\$0.00</b>	<b>\$8,169.60</b>	<b>\$476,902.27</b>	<b>\$893,645.33</b>	<b>\$1,739,257.27</b>	<b>51.38%</b>



## Component Identification Report

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
<b>Access System</b>									
Card readers	4	Each	10	1	\$750.00	\$3,000.00	\$3,090.00	\$300.00	\$2,700.00
Card readers	4	Each	10	3	\$750.00	\$3,000.00	\$3,278.00	\$300.00	\$2,100.00
Gate operators	5	Each	10	2	\$4,500.00	\$22,500.00	\$23,870.00	\$2,250.00	\$18,000.00
Gate operators	1	Each	10	6	\$4,500.00	\$4,500.00	\$5,373.00	\$450.00	\$1,800.00
Gate operators	2	Each	10	7	\$4,500.00	\$9,000.00	\$11,069.00	\$900.00	\$2,700.00
Loop systems	8	Each	16	15	\$2,783.00	\$22,264.00	\$34,687.00	\$1,391.50	\$1,391.50
Phone directories	1	Each	12	1	\$5,000.00	\$5,000.00	\$5,150.00	\$416.67	\$4,583.33
Phone directories	2	Each	12	2	\$5,000.00	\$10,000.00	\$10,609.00	\$833.33	\$8,333.33
Phone directories	1	Each	12	5	\$5,000.00	\$5,000.00	\$5,796.00	\$416.67	\$2,916.67
Phone directories	1	Each	12	9	\$5,000.00	\$5,000.00	\$6,524.00	\$416.67	\$1,250.00
Phone directory structures	3	Each	30	17	\$265.00	\$795.00	\$1,314.00	\$26.50	\$344.50
<i>Subtotal:</i>						\$90,059.00	\$110,760.00	\$7,701.34	\$46,119.33
<b>Asphalt &amp; Concrete</b>									
Concrete repairs	1	Lump Sum	3	1	\$4,000.00	\$4,000.00	\$4,120.00	\$1,333.33	\$2,666.67
Overlay, streets & parking areas	89,368	Square Feet	20	19	\$1.90	\$169,799.20	\$297,744.00	\$8,489.96	\$8,489.96
Repair/overlay/R&R, under carports	36,594	Square Feet	28	7	\$3.30	\$120,760.20	\$148,520.00	\$4,312.86	\$90,570.15
Seal/stripe/repair/crack fill	125,962	Square Feet	4	3	\$0.14	\$17,634.68	\$19,270.00	\$4,408.67	\$4,408.67
<i>Subtotal:</i>						\$312,194.08	\$469,654.00	\$18,544.82	\$106,135.45
<b>Buildings, Balconies &amp; Decks</b>									
Balconies, concrete repairs, 10% of cost	9,139	Square Feet	15	3	\$1.70	\$15,536.30	\$16,977.00	\$1,035.75	\$12,429.04
Walkways, concrete repairs, 10% of cost	13,656	Square Feet	15	5	\$1.70	\$23,215.20	\$26,913.00	\$1,547.68	\$15,476.80
<i>Subtotal:</i>						\$38,751.50	\$43,890.00	\$2,583.43	\$27,905.84
<b>Buildings, Doors</b>									
Utility/water heater doors, 10% of total	11	Each	10	5	\$475.00	\$5,225.00	\$6,057.00	\$522.50	\$2,612.50
<i>Subtotal:</i>						\$5,225.00	\$6,057.00	\$522.50	\$2,612.50



## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
<b>Buildings, Plumbing</b>									
Backflow valves, 2-inch	4	Each	25	4	\$1,300.00	\$5,200.00	\$5,853.00	\$208.00	\$4,368.00
Backflow valves, 2-inch	5	Each	25	7	\$1,300.00	\$6,500.00	\$7,994.00	\$260.00	\$4,680.00
Backflow valves, 2-inch	5	Each	25	10	\$1,300.00	\$6,500.00	\$8,735.00	\$260.00	\$3,900.00
Backflow valves, 2-inch	5	Each	25	13	\$1,300.00	\$6,500.00	\$9,545.00	\$260.00	\$3,120.00
Backflow valves, 2-inch	1	Each	25	24	\$1,300.00	\$1,300.00	\$2,643.00	\$52.00	\$52.00
Plumbing, repairs	1	Lump Sum	1	0	\$15,000.00	\$15,000.00	\$15,450.00	\$15,000.00	\$15,000.00
<i>Subtotal:</i>						\$41,000.00	\$50,220.00	\$16,040.00	\$31,120.00
<b>Buildings, Roofs</b>									
Downspouts	2,343	Linear Feet	30	10	\$12.00	\$28,116.00	\$37,786.00	\$937.20	\$18,744.00
Downspouts	2,343	Linear Feet	30	11	\$12.00	\$28,116.00	\$38,919.00	\$937.20	\$17,806.80
Flat, built-up, w/wood repairs, Carports	129	Square	20	4	\$500.00	\$64,500.00	\$72,595.00	\$3,225.00	\$51,600.00
Flat, built-up, w/wood repairs, Carports	129	Square	20	5	\$500.00	\$64,500.00	\$74,773.00	\$3,225.00	\$48,375.00
Flat, built-up, w/wood repairs, Carports	129	Square	20	6	\$500.00	\$64,500.00	\$77,016.00	\$3,225.00	\$45,150.00
Flat, elastomeric coating, Building 01	44	Square	10	0	\$200.00	\$8,800.00	\$11,826.00	\$880.00	\$8,800.00
Flat, elastomeric coating, Building 02a	32	Square	10	0	\$200.00	\$6,400.00	\$8,601.00	\$640.00	\$6,400.00
Flat, elastomeric coating, Building 02b	49	Square	10	0	\$200.00	\$9,800.00	\$13,170.00	\$980.00	\$9,800.00
Flat, elastomeric coating, Building 03	49	Square	10	1	\$200.00	\$9,800.00	\$10,094.00	\$980.00	\$8,820.00
Flat, elastomeric coating, Building 04	49	Square	10	0	\$200.00	\$9,800.00	\$13,170.00	\$980.00	\$9,800.00
Flat, elastomeric coating, Building 05	49	Square	10	1	\$200.00	\$9,800.00	\$10,094.00	\$980.00	\$8,820.00



## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
Flat, elastomeric coating, Building 06	49	Square	10	0	\$200.00	\$9,800.00	\$13,170.00	\$980.00	\$9,800.00
Flat, elastomeric coating, Building 07	44	Square	10	2	\$200.00	\$8,800.00	\$9,336.00	\$880.00	\$7,040.00
Flat, elastomeric coating, Building 08	49	Square	10	1	\$200.00	\$9,800.00	\$10,094.00	\$980.00	\$8,820.00
Flat, elastomeric coating, Building 09	44	Square	10	0	\$200.00	\$8,800.00	\$11,826.00	\$880.00	\$8,800.00
Flat, elastomeric coating, Building 10a	32	Square	10	1	\$200.00	\$6,400.00	\$6,592.00	\$640.00	\$5,760.00
Flat, elastomeric coating, Building 10b	49	Square	10	1	\$200.00	\$9,800.00	\$10,094.00	\$980.00	\$8,820.00
Flat, elastomeric coating, Building 11	49	Square	10	0	\$200.00	\$9,800.00	\$13,170.00	\$980.00	\$9,800.00
Flat, elastomeric coating, Building 12	49	Square	10	2	\$200.00	\$9,800.00	\$10,397.00	\$980.00	\$7,840.00
Flat, elastomeric coating, Building 13	49	Square	10	1	\$200.00	\$9,800.00	\$10,094.00	\$980.00	\$8,820.00
Flat, elastomeric coating, Building 14	49	Square	10	2	\$200.00	\$9,800.00	\$10,397.00	\$980.00	\$7,840.00
Flat, elastomeric coating, Building 15a	32	Square	10	1	\$200.00	\$6,400.00	\$6,592.00	\$640.00	\$5,760.00
Flat, elastomeric coating, Building 15b	49	Square	10	1	\$200.00	\$9,800.00	\$10,094.00	\$980.00	\$8,820.00
Flat, elastomeric coating, Building 16a	32	Square	10	0	\$200.00	\$6,400.00	\$8,601.00	\$640.00	\$6,400.00
Flat, elastomeric coating, Building 16b	49	Square	10	0	\$200.00	\$9,800.00	\$13,170.00	\$980.00	\$9,800.00
Flat, elastomeric coating, Building 17	44	Square	10	1	\$200.00	\$8,800.00	\$9,064.00	\$880.00	\$7,920.00



## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
Flat, elastomeric coating, Building 18a	32	Square	10	0	\$200.00	\$6,400.00	\$8,601.00	\$640.00	\$6,400.00
Flat, elastomeric coating, Building 18bL	9	Square	10	1	\$200.00	\$1,800.00	\$1,854.00	\$180.00	\$1,620.00
Flat, elastomeric coating, Building 18bU	40	Square	10	0	\$200.00	\$8,000.00	\$10,751.00	\$800.00	\$8,000.00
Flat, elastomeric coating, Building 19a	32	Square	10	0	\$200.00	\$6,400.00	\$8,601.00	\$640.00	\$6,400.00
Flat, elastomeric coating, Building 19b	49	Square	10	0	\$200.00	\$9,800.00	\$13,170.00	\$980.00	\$9,800.00
Flat, elastomeric coating, Building 20	49	Square	10	1	\$200.00	\$9,800.00	\$10,094.00	\$980.00	\$8,820.00
Flat, elastomeric coating, Building 21a	32	Square	10	2	\$200.00	\$6,400.00	\$6,790.00	\$640.00	\$5,120.00
Flat, elastomeric coating, Building 21b	49	Square	10	2	\$200.00	\$9,800.00	\$10,397.00	\$980.00	\$7,840.00
Flat, polyurethane foam	250	Square	40	10	\$400.00	\$100,000.00	\$134,392.00	\$2,500.00	\$75,000.00
Flat, polyurethane foam	250	Square	40	20	\$400.00	\$100,000.00	\$180,611.00	\$2,500.00	\$50,000.00
Flat, polyurethane foam	250	Square	40	23	\$400.00	\$100,000.00	\$197,359.00	\$2,500.00	\$42,500.00
Flat, polyurethane foam	250	Square	40	26	\$400.00	\$100,000.00	\$215,659.00	\$2,500.00	\$35,000.00
Flat, polyurethane foam	233	Square	40	29	\$400.00	\$93,200.00	\$219,632.00	\$2,330.00	\$25,630.00
Slope, tile/underlayment	195	Square	45	1	\$600.00	\$117,000.00	\$120,510.00	\$2,600.00	\$114,400.00
Slope, tile/underlayment	195	Square	45	2	\$600.00	\$117,000.00	\$124,125.00	\$2,600.00	\$111,800.00
Slope, tile/underlayment	195	Square	45	3	\$600.00	\$117,000.00	\$127,849.00	\$2,600.00	\$109,200.00
<i>Subtotal:</i>						\$1,340,532.00	\$1,911,130.00	\$56,339.40	\$973,685.80
<b>Electrical &amp; Lights</b>									
Carport fixtures	104	Each	25	5	\$100.00	\$10,400.00	\$12,056.00	\$416.00	\$8,320.00
Landscape fixtures	96	Each	20	5	\$100.00	\$9,600.00	\$11,129.00	\$480.00	\$7,200.00
Poles/fixtures, site	90	Each	25	12	\$400.00	\$36,000.00	\$51,327.00	\$1,440.00	\$18,720.00
Sub-panel upgrades/breakers	218	Each	30	24	\$850.00	\$185,300.00	\$376,677.00	\$6,176.67	\$37,060.00



## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
Wall mount fixtures, buildings	126	Each	25	11	\$110.00	\$13,860.00	\$19,185.00	\$554.40	\$7,761.60
Wall mount fixtures, units	221	Each	25	11	\$95.00	\$20,995.00	\$29,062.00	\$839.80	\$11,757.20
<i>Subtotal:</i>						\$276,155.00	\$499,436.00	\$9,906.87	\$90,818.80
<b>Fence &amp; Walls</b>									
Fence, metal 3'	125	Linear Feet	32	17	\$35.00	\$4,375.00	\$7,231.00	\$136.72	\$2,050.78
Fence, metal 6' perimeter	1,626	Linear Feet	32	13	\$60.00	\$97,560.00	\$143,270.00	\$3,048.75	\$57,926.25
Fence, metal, Pool Area 1	99	Linear Feet	32	10	\$55.00	\$5,445.00	\$7,318.00	\$170.16	\$3,743.44
Fence, metal, Pool Area 2	193	Linear Feet	32	11	\$55.00	\$10,615.00	\$14,694.00	\$331.72	\$6,966.09
Fence, metal, Pool Area 3	230	Linear Feet	32	12	\$55.00	\$12,650.00	\$18,036.00	\$395.31	\$7,906.25
Fence, metal, Pool Area 4	225	Linear Feet	32	13	\$55.00	\$12,375.00	\$18,173.00	\$386.72	\$7,347.66
Gates, pedestrian, perimeter	2	Each	32	10	\$850.00	\$1,700.00	\$2,285.00	\$53.12	\$1,168.75
Gates, pedestrian, perimeter	10	Each	32	15	\$850.00	\$8,500.00	\$13,243.00	\$265.62	\$4,515.63
Gates, pedestrian, perimeter	2	Each	32	28	\$850.00	\$1,700.00	\$3,889.00	\$53.12	\$212.50
Gates, vehicle	3	Each	32	11	\$5,000.00	\$15,000.00	\$20,764.00	\$468.75	\$9,843.75
Gates, vehicle	4	Each	32	17	\$5,000.00	\$20,000.00	\$33,057.00	\$625.00	\$9,375.00
Gates, vehicle	1	Each	32	29	\$5,000.00	\$5,000.00	\$11,783.00	\$156.25	\$468.75
Handrail, metal 3'	20	Linear Feet	32	17	\$40.00	\$800.00	\$1,322.00	\$25.00	\$375.00
Rail, wood/metal 3' decks/stairs	700	Linear Feet	32	13	\$40.00	\$28,000.00	\$41,119.00	\$875.00	\$16,625.00
Rail, wood/metal 3' decks/stairs	700	Linear Feet	32	14	\$40.00	\$28,000.00	\$42,353.00	\$875.00	\$15,750.00
Rail, wood/metal 3' decks/stairs	708	Linear Feet	32	15	\$40.00	\$28,320.00	\$44,122.00	\$885.00	\$15,045.00
<i>Subtotal:</i>						\$280,040.00	\$422,659.00	\$8,751.24	\$159,319.84
<b>Irrigation</b>									
Backflow cages, large	2	Each	25	10	\$2,000.00	\$4,000.00	\$5,376.00	\$160.00	\$2,400.00
Backflow cages, medium	3	Each	25	10	\$1,200.00	\$3,600.00	\$4,838.00	\$144.00	\$2,160.00
Backflow cages, small	10	Each	25	8	\$750.00	\$7,500.00	\$9,501.00	\$300.00	\$5,100.00
Backflow valves, 2-inch	5	Each	25	9	\$1,300.00	\$6,500.00	\$8,481.00	\$260.00	\$4,160.00
Controller cabinet, metal	1	Each	25	7	\$1,700.00	\$1,700.00	\$2,091.00	\$68.00	\$1,224.00
Controllers	5	Each	12	7	\$1,200.00	\$6,000.00	\$7,379.00	\$500.00	\$2,500.00
System retrofit, Phase 1	1	Lump Sum	25	22	\$31,500.00	\$31,500.00	\$60,357.00	\$1,260.00	\$3,780.00



## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
System retrofit, Phase 2	1	Lump Sum	25	23	\$31,500.00	\$31,500.00	\$62,168.00	\$1,260.00	\$2,520.00
System retrofit, Phase 3	1	Lump Sum	25	24	\$31,500.00	\$31,500.00	\$64,033.00	\$1,260.00	\$1,260.00
<i>Subtotal:</i>						\$123,800.00	\$224,224.00	\$5,212.00	\$25,104.00
<b>Landscape</b>									
Landscape refurbish	1	Lump Sum	10	9	\$40,000.00	\$40,000.00	\$52,191.00	\$4,000.00	\$4,000.00
Tree removal	1	Lump Sum	1	0	\$4,500.00	\$4,500.00	\$4,635.00	\$4,500.00	\$4,500.00
Tree trimming	1	Lump Sum	1	0	\$35,000.00	\$35,000.00	\$36,050.00	\$35,000.00	\$35,000.00
<i>Subtotal:</i>						\$79,500.00	\$92,876.00	\$43,500.00	\$43,500.00
<b>Mailboxes</b>									
Mailboxes, 08/12-unit	8	Each	30	26	\$1,550.00	\$12,400.00	\$26,742.00	\$413.33	\$1,653.33
Mailboxes, 16-unit	25	Each	30	26	\$1,675.00	\$41,875.00	\$90,307.00	\$1,395.83	\$5,583.33
<i>Subtotal:</i>						\$54,275.00	\$117,049.00	\$1,809.16	\$7,236.67
<b>Paint</b>									
Buildings, stucco (~242877 SF)	221	Per Unit	10	0	\$597.29	\$132,001.09	\$177,398.00	\$13,200.11	\$132,001.09
Buildings, trim wood & metal	221	Per Unit	5	0	\$813.58	\$179,801.18	\$208,439.00	\$35,960.24	\$179,801.18
Carports	38,676	Square Feet	5	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fence, metal, Pool Areas	747	Linear Feet	4	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fence/gates, metal 6' perimeter	1,696	Linear Feet	4	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gates, vehicle	8	Each	4	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Poles/fixtures, site	90	Each	4	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rail, wood/metal, decks/stairs	2,108	Linear Feet	4	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Trash enclosures, siding/gates	18	Each	4	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utility boxes	46	Each	4	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Walls, stucco, Pool Areas	756	Square Feet	10	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Subtotal:</i>						\$311,802.27	\$385,837.00	\$49,160.35	\$311,802.27
<b>Pool Furniture</b>									
Chairs, replace	6	Each	20	12	\$175.00	\$1,050.00	\$1,497.00	\$52.50	\$420.00
Loungers, replace	39	Each	20	12	\$225.00	\$8,775.00	\$12,511.00	\$438.75	\$3,510.00
Restrap, chairs/loungers	13	Each	5	1	\$135.00	\$1,755.00	\$1,808.00	\$351.00	\$1,404.00



## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
Restrap, chairs/loungers	14	Each	5	2	\$135.00	\$1,890.00	\$2,005.00	\$378.00	\$1,134.00
Restrap, chairs/loungers	18	Each	5	3	\$135.00	\$2,430.00	\$2,655.00	\$486.00	\$972.00
Tables, small	11	Each	20	12	\$135.00	\$1,485.00	\$2,117.00	\$74.25	\$594.00
<i>Subtotal:</i>						\$17,385.00	\$22,593.00	\$1,780.50	\$8,034.00
<b>Pools &amp; Spas</b>									
P1, Deck coating, color seal	1,400	Square Feet	5	3	\$2.50	\$3,500.00	\$3,825.00	\$700.00	\$1,400.00
P1, Deck coating, texture	1,400	Square Feet	20	13	\$5.00	\$7,000.00	\$10,280.00	\$350.00	\$2,450.00
P1, Deck safety sign	1	Each	10	0	\$600.00	\$600.00	\$806.00	\$60.00	\$600.00
P1, Deck skimmers	3	Each	24	5	\$1,250.00	\$3,750.00	\$4,347.00	\$156.25	\$2,968.75
P1, Equipment cover/gate	1	Each	24	7	\$1,500.00	\$1,500.00	\$1,845.00	\$62.50	\$1,062.50
P1, Pool filter	1	Each	12	7	\$1,400.00	\$1,400.00	\$1,722.00	\$116.67	\$583.33
P1, Pool heater	1	Each	10	8	\$4,000.00	\$4,000.00	\$5,067.00	\$400.00	\$800.00
P1, Pool light LED	1	Each	10	2	\$658.00	\$658.00	\$698.00	\$65.80	\$526.40
P1, Pool pumpset	1	Each	8	4	\$1,000.00	\$1,000.00	\$1,126.00	\$125.00	\$500.00
P1, Pool resurface	105	Linear Feet	12	1	\$100.00	\$10,500.00	\$10,815.00	\$875.00	\$9,625.00
P1, Pool tile/coping	105	Linear Feet	24	1	\$50.00	\$5,250.00	\$5,408.00	\$218.75	\$5,031.25
P1, Spa blower	1	Each	10	6	\$500.00	\$500.00	\$597.00	\$50.00	\$200.00
P1, Spa filter	1	Each	12	6	\$1,200.00	\$1,200.00	\$1,433.00	\$100.00	\$600.00
P1, Spa heater	1	Each	10	7	\$3,500.00	\$3,500.00	\$4,305.00	\$350.00	\$1,050.00
P1, Spa light LED	1	Each	10	8	\$658.00	\$658.00	\$834.00	\$65.80	\$131.60
P1, Spa pumpsets, circulation	1	Each	8	4	\$1,000.00	\$1,000.00	\$1,126.00	\$125.00	\$500.00
P1, Spa pumpsets, jet	2	Each	12	7	\$1,000.00	\$2,000.00	\$2,460.00	\$166.67	\$833.33
P1, Spa resurface	34	Linear Feet	8	1	\$145.00	\$4,930.00	\$5,078.00	\$616.25	\$4,313.75
P1, Spa tile/coping	34	Linear Feet	16	1	\$50.00	\$1,700.00	\$1,751.00	\$106.25	\$1,593.75
P2, Deck coating, color seal	1,440	Square Feet	5	3	\$2.50	\$3,600.00	\$3,934.00	\$720.00	\$1,440.00
P2, Deck coating, texture	1,440	Square Feet	20	13	\$5.00	\$7,200.00	\$10,573.00	\$360.00	\$2,520.00
P2, Deck safety sign	1	Each	10	8	\$600.00	\$600.00	\$760.00	\$60.00	\$120.00
P2, Deck skimmers	3	Each	24	6	\$1,250.00	\$3,750.00	\$4,478.00	\$156.25	\$2,812.50
P2, Equipment cover/gate	1	Each	24	7	\$1,500.00	\$1,500.00	\$1,845.00	\$62.50	\$1,062.50





## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
P2, Pool filter	1	Each	12	7	\$1,400.00	\$1,400.00	\$1,722.00	\$116.67	\$583.33
P2, Pool heater	1	Each	10	8	\$4,000.00	\$4,000.00	\$5,067.00	\$400.00	\$800.00
P2, Pool light LED	1	Each	10	2	\$658.00	\$658.00	\$698.00	\$65.80	\$526.40
P2, Pool pumpset	1	Each	8	6	\$1,000.00	\$1,000.00	\$1,194.00	\$125.00	\$250.00
P2, Pool resurface	118	Linear Feet	12	1	\$100.00	\$11,800.00	\$12,154.00	\$983.33	\$10,816.67
P2, Pool tile/coping	118	Linear Feet	24	11	\$50.00	\$5,900.00	\$8,167.00	\$245.83	\$3,195.83
P2, Spa blower	1	Each	10	3	\$500.00	\$500.00	\$546.00	\$50.00	\$350.00
P2, Spa filter	1	Each	12	5	\$1,200.00	\$1,200.00	\$1,391.00	\$100.00	\$700.00
P2, Spa heater	1	Each	10	5	\$3,500.00	\$3,500.00	\$4,057.00	\$350.00	\$1,750.00
P2, Spa light LED	1	Each	10	8	\$658.00	\$658.00	\$834.00	\$65.80	\$131.60
P2, Spa pumpsets, circulation	1	Each	8	5	\$1,000.00	\$1,000.00	\$1,159.00	\$125.00	\$375.00
P2, Spa pumpsets, jet	2	Each	12	6	\$1,000.00	\$2,000.00	\$2,388.00	\$166.67	\$1,000.00
P2, Spa resurface	35	Linear Feet	8	1	\$145.00	\$5,075.00	\$5,227.00	\$634.38	\$4,440.63
P2, Spa tile/coping	35	Linear Feet	16	9	\$50.00	\$1,750.00	\$2,283.00	\$109.38	\$765.63
P3, Deck coating, color seal	2,080	Square Feet	5	3	\$2.50	\$5,200.00	\$5,682.00	\$1,040.00	\$2,080.00
P3, Deck coating, texture	2,080	Square Feet	20	13	\$5.00	\$10,400.00	\$15,273.00	\$520.00	\$3,640.00
P3, Deck safety sign	1	Each	10	9	\$600.00	\$600.00	\$783.00	\$60.00	\$60.00
P3, Deck skimmers	4	Each	24	5	\$1,250.00	\$5,000.00	\$5,796.00	\$208.33	\$3,958.33
P3, Equipment cover/gate	1	Each	24	9	\$1,500.00	\$1,500.00	\$1,957.00	\$62.50	\$937.50
P3, Pool filter	1	Each	12	6	\$1,400.00	\$1,400.00	\$1,672.00	\$116.67	\$700.00
P3, Pool heater	1	Each	10	6	\$4,000.00	\$4,000.00	\$4,776.00	\$400.00	\$1,600.00
P3, Pool light LED	1	Each	10	1	\$658.00	\$658.00	\$678.00	\$65.80	\$592.20
P3, Pool pumpset	1	Each	8	5	\$1,000.00	\$1,000.00	\$1,159.00	\$125.00	\$375.00
P3, Pool resurface	121	Linear Feet	12	4	\$100.00	\$12,100.00	\$13,619.00	\$1,008.33	\$8,066.67
P3, Pool tile/coping	121	Linear Feet	24	4	\$50.00	\$6,050.00	\$6,809.00	\$252.08	\$5,041.67
P3, Spa blower	1	Each	10	6	\$500.00	\$500.00	\$597.00	\$50.00	\$200.00
P3, Spa filter	1	Each	12	5	\$1,200.00	\$1,200.00	\$1,391.00	\$100.00	\$700.00
P3, Spa heater	1	Each	10	5	\$3,500.00	\$3,500.00	\$4,057.00	\$350.00	\$1,750.00
P3, Spa light LED	1	Each	10	1	\$658.00	\$658.00	\$678.00	\$65.80	\$592.20



## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
P3, Spa pumpsets, circulation	1	Each	8	4	\$1,000.00	\$1,000.00	\$1,126.00	\$125.00	\$500.00
P3, Spa pumpsets, jet	2	Each	12	7	\$1,000.00	\$2,000.00	\$2,460.00	\$166.67	\$833.33
P3, Spa resurface	35	Linear Feet	8	2	\$145.00	\$5,075.00	\$5,384.00	\$634.38	\$3,806.25
P3, Spa tile/coping	35	Linear Feet	16	2	\$50.00	\$1,750.00	\$1,857.00	\$109.38	\$1,531.25
P4, Deck coating, color seal	1,650	Square Feet	5	3	\$2.50	\$4,125.00	\$4,507.00	\$825.00	\$1,650.00
P4, Deck coating, texture	1,650	Square Feet	20	13	\$5.00	\$8,250.00	\$12,115.00	\$412.50	\$2,887.50
P4, Deck safety sign	1	Each	10	1	\$600.00	\$600.00	\$618.00	\$60.00	\$540.00
P4, Deck skimmers	1	Each	24	4	\$1,250.00	\$1,250.00	\$1,407.00	\$52.08	\$1,041.67
P4, Deck skimmers	2	Each	24	23	\$1,250.00	\$2,500.00	\$4,934.00	\$104.17	\$104.17
P4, Equipment cover/gate	1	Each	24	9	\$1,500.00	\$1,500.00	\$1,957.00	\$62.50	\$937.50
P4, Pool filter	1	Each	12	7	\$1,400.00	\$1,400.00	\$1,722.00	\$116.67	\$583.33
P4, Pool heater	1	Each	10	6	\$4,000.00	\$4,000.00	\$4,776.00	\$400.00	\$1,600.00
P4, Pool light LED	1	Each	10	3	\$658.00	\$658.00	\$719.00	\$65.80	\$460.60
P4, Pool pumpset	1	Each	8	4	\$1,000.00	\$1,000.00	\$1,126.00	\$125.00	\$500.00
P4, Pool resurface	120	Linear Feet	12	4	\$100.00	\$12,000.00	\$13,506.00	\$1,000.00	\$8,000.00
P4, Pool tile/coping	120	Linear Feet	24	4	\$50.00	\$6,000.00	\$6,753.00	\$250.00	\$5,000.00
P4, Spa blower	1	Each	10	2	\$500.00	\$500.00	\$530.00	\$50.00	\$400.00
P4, Spa filter	1	Each	12	8	\$1,200.00	\$1,200.00	\$1,520.00	\$100.00	\$400.00
P4, Spa heater	1	Each	10	6	\$3,500.00	\$3,500.00	\$4,179.00	\$350.00	\$1,400.00
P4, Spa light LED	1	Each	10	3	\$658.00	\$658.00	\$719.00	\$65.80	\$460.60
P4, Spa pumpsets, circulation	1	Each	8	6	\$1,000.00	\$1,000.00	\$1,194.00	\$125.00	\$250.00
P4, Spa pumpsets, jet	2	Each	12	6	\$1,000.00	\$2,000.00	\$2,388.00	\$166.67	\$1,000.00
P4, Spa resurface	35	Linear Feet	8	2	\$145.00	\$5,075.00	\$5,384.00	\$634.38	\$3,806.25
P4, Spa tile/coping	35	Linear Feet	16	2	\$50.00	\$1,750.00	\$1,857.00	\$109.38	\$1,531.25
<b>Subtotal:</b>						<b>\$234,294.00</b>	<b>\$279,665.00</b>	<b>\$20,141.44</b>	<b>\$137,927.02</b>
<b>Signage</b>									
Monument, replace	1	Each	30	29	\$6,000.00	\$6,000.00	\$14,139.00	\$200.00	\$200.00
<b>Subtotal:</b>						<b>\$6,000.00</b>	<b>\$14,139.00</b>	<b>\$200.00</b>	<b>\$200.00</b>
<b>Site Amenities</b>									



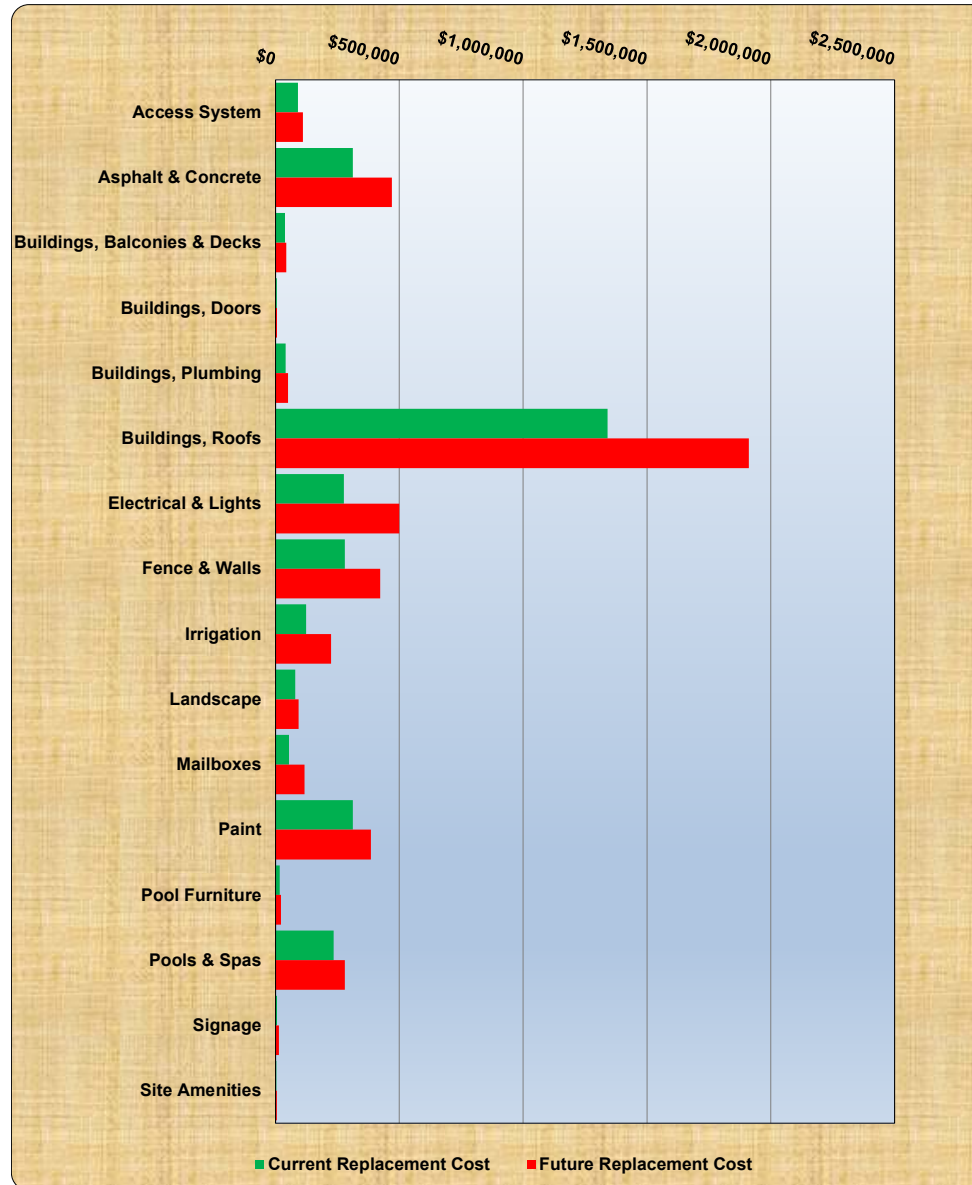
## Component Identification Report

(continued)

Identified Major Components	Quantity	Measurement Basis	FUL	RUL	Basis Cost	Current Replacement Cost	Future Replacement Cost (3% inflation)	Straight Line Allocation	100% Funded Jan, 2022
Benches, concrete	1	Each	30	1	\$450.00	\$450.00	\$464.00	\$15.00	\$435.00
Benches, concrete	7	Each	30	12	\$450.00	\$3,150.00	\$4,491.00	\$105.00	\$1,890.00
<i>Subtotal:</i>						\$3,600.00	\$4,955.00	\$120.00	\$2,325.00
<b>Totals:</b>						<b>\$3,214,612.85</b>	<b>\$4,655,144.00</b>	<b>\$242,313.05</b>	<b>\$1,973,846.52</b>



## Component Replacement Cost Chart (by category)



## Cash Flow and Percent Funded Projections

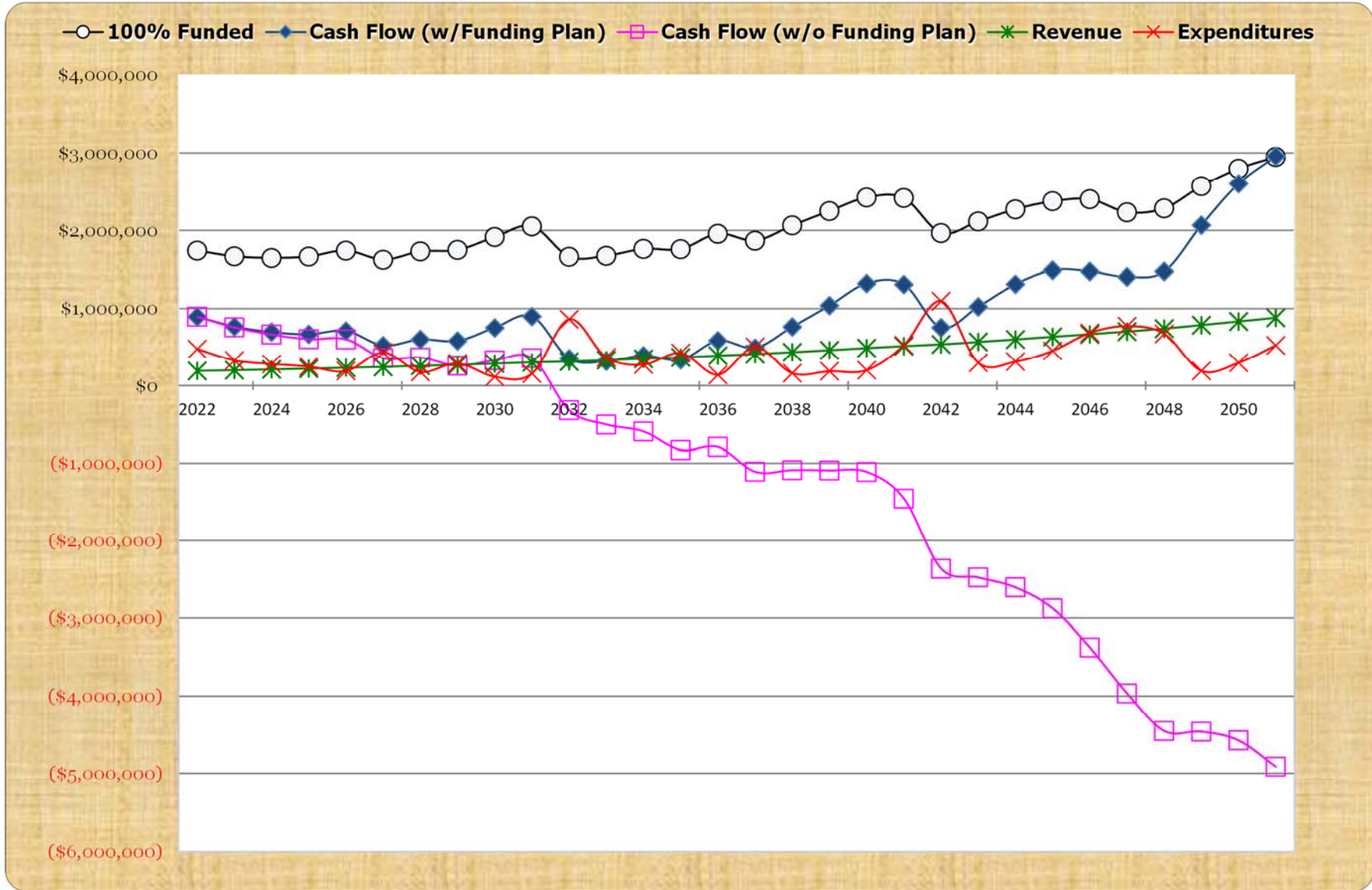
Fiscal Year: January 1, 2022 through December 31, 2022

Year	End of Year				Revenue					Expenditures		
	100% Funded	Cash Flow	Percent Funded	Cash Flow (w/o Funding Plan)	Contribution Annual	Contribution Unit/Month	Funding Plan	Additional Revenue	Interest	Components	Deferred & Non-Recurring	Taxes
2021	\$1,973,847	\$1,178,250	59.69%	\$1,178,250								
2022	\$1,739,257	\$893,645	51.38%	\$893,646	\$184,128.00	\$69.43		\$0	\$8,170	\$476,902	\$0	\$0
2023	\$1,664,865	\$766,137	46.02%	\$756,071	\$194,144.56	\$73.21	5.44%	\$0	\$6,790	\$328,442	\$0	\$0
2024	\$1,644,183	\$694,698	42.25%	\$663,849	\$204,706.03	\$77.19	5.44%	\$0	\$6,007	\$282,153	\$0	\$0
2025	\$1,662,307	\$666,684	40.11%	\$603,653	\$215,842.04	\$81.39	5.44%	\$0	\$5,660	\$249,515	\$0	\$0
2026	\$1,740,047	\$709,383	40.77%	\$602,045	\$227,583.84	\$85.82	5.44%	\$0	\$6,001	\$190,886	\$0	\$0
2027	\$1,622,190	\$521,818	32.17%	\$357,285	\$239,964.40	\$90.48	5.44%	\$0	\$4,174	\$431,704	\$0	\$0
2028	\$1,727,822	\$600,389	34.75%	\$364,967	\$253,018.47	\$95.41	5.44%	\$0	\$4,786	\$179,233	\$0	\$0
2029	\$1,747,193	\$580,647	33.23%	\$259,790	\$266,782.67	\$100.60	5.44%	\$0	\$4,567	\$291,093	\$0	\$0
2030	\$1,912,868	\$751,559	39.29%	\$329,824	\$281,295.65	\$106.07	5.44%	\$0	\$6,122	\$116,506	\$0	\$0
2031	\$2,052,527	\$897,329	43.72%	\$358,324	\$296,598.13	\$111.84	5.44%	\$0	\$7,513	\$158,341	\$0	\$0
2032	\$1,660,261	\$351,699	21.18%	(\$318,210)	\$312,733.07	\$117.92	5.44%	\$0	\$2,299	\$860,662	\$0	\$0
2033	\$1,671,533	\$315,871	18.90%	(\$501,308)	\$329,745.75	\$124.34	5.44%	\$0	\$1,652	\$367,226	\$0	\$0
2034	\$1,761,720	\$391,492	22.22%	(\$591,519)	\$347,683.92	\$131.10	5.44%	\$0	\$2,276	\$274,339	\$0	\$0
2035	\$1,757,872	\$335,732	19.10%	(\$831,439)	\$366,597.92	\$138.23	5.44%	\$0	\$1,690	\$424,048	\$0	\$0
2036	\$1,956,248	\$583,268	29.82%	(\$790,251)	\$386,540.85	\$145.75	5.44%	\$0	\$3,935	\$142,940	\$0	\$0
2037	\$1,866,758	\$490,288	26.26%	(\$1,109,728)	\$407,568.67	\$153.68	5.44%	\$0	\$3,056	\$503,605	\$0	\$0
2038	\$2,062,839	\$762,898	36.98%	(\$1,088,245)	\$429,740.41	\$162.04	5.44%	\$0	\$5,515	\$162,645	\$0	\$0
2039	\$2,249,252	\$1,035,772	46.05%	(\$1,092,484)	\$453,118.28	\$170.86	5.44%	\$0	\$8,123	\$188,367	\$0	\$0
2040	\$2,423,524	\$1,321,703	54.54%	(\$1,111,043)	\$477,767.92	\$180.15	5.44%	\$0	\$10,850	\$202,687	\$0	\$0
2041	\$2,416,109	\$1,308,851	54.17%	(\$1,454,254)	\$503,758.49	\$189.95	5.44%	\$0	\$10,728	\$527,339	\$0	\$0
2042	\$1,966,008	\$752,033	38.25%	(\$2,363,397)	\$531,162.96	\$200.29	5.44%	\$0	\$5,289	\$1,093,271	\$0	\$0
2043	\$2,114,890	\$1,021,621	48.31%	(\$2,477,234)	\$560,058.22	\$211.18	5.44%	\$0	\$7,495	\$297,965	\$0	\$0
2044	\$2,272,322	\$1,310,415	57.67%	(\$2,605,059)	\$590,525.39	\$222.67	5.44%	\$0	\$10,222	\$311,953	\$0	\$0
2045	\$2,374,671	\$1,491,445	62.81%	(\$2,874,472)	\$622,649.97	\$234.79	5.44%	\$0	\$11,921	\$453,541	\$0	\$0
2046	\$2,401,172	\$1,474,391	61.40%	(\$3,375,599)	\$656,522.13	\$247.56	5.44%	\$0	\$11,679	\$685,255	\$0	\$0
2047	\$2,233,785	\$1,405,016	62.90%	(\$3,963,931)	\$692,236.93	\$261.02	5.44%	\$0	\$10,848	\$772,460	\$0	\$0
2048	\$2,284,171	\$1,472,961	64.49%	(\$4,453,048)	\$729,894.62	\$275.22	5.44%	\$0	\$11,295	\$673,245	\$0	\$0
2049	\$2,571,735	\$2,067,172	80.38%	(\$4,461,116)	\$769,600.89	\$290.20	5.44%	\$0	\$16,807	\$192,196	\$0	\$0
2050	\$2,797,804	\$2,602,324	93.01%	(\$4,575,267)	\$811,467.17	\$305.98	5.44%	\$0	\$21,965	\$298,279	\$0	\$0
2051	\$2,949,021	\$2,958,629	100.33%	(\$4,915,828)	\$855,610.99	\$322.63	5.44%	\$0	\$25,383	\$524,689	\$0	\$0
<b>Totals:</b>					<b>\$13,199,048.31</b>			<b>\$0</b>	<b>\$242,818</b>	<b>\$11,661,487</b>	<b>\$0</b>	<b>\$0</b>



## Cash Flow and Percent Funded Chart

(December 31, 2022)



## 10 Year Expenditure and Cash Flow by Category

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Balance</b>	\$1,178,250	\$893,645	\$766,137	\$694,698	\$666,684	\$709,383	\$521,818	\$600,389	\$580,647	\$751,559
<b>Contribution</b>	\$184,128	\$194,145	\$204,706	\$215,842	\$227,584	\$239,964	\$253,018	\$266,783	\$281,296	\$296,598
<i>Average/Month/Unit</i>	\$69.43	\$73.21	\$77.19	\$81.39	\$85.82	\$90.48	\$95.41	\$100.60	\$106.07	\$111.84
<i>Percent Change</i>	0.00%	5.44%	5.44%	5.44%	5.44%	5.44%	5.44%	5.44%	5.44%	5.44%
<b>Additional Revenue</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Interest Earned</b>	\$8,170	\$6,790	\$6,007	\$5,660	\$6,001	\$4,174	\$4,786	\$4,567	\$6,122	\$7,513
<b>Tax on Interest</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Interest	\$8,170	\$6,790	\$6,007	\$5,660	\$6,001	\$4,174	\$4,786	\$4,567	\$6,122	\$7,513
<b>Access System</b>										
Card readers		\$3,090		\$3,278						
Gate operators			\$23,870				\$5,373	\$11,069		
Loop systems										
Phone directories		\$5,150	\$10,609			\$5,796				\$6,524
Phone directory structures										
<b>Asphalt &amp; Concrete</b>										
Concrete repairs		\$4,120			\$4,502			\$4,920		
Overlay, streets & parking areas										
Repair/overlay/R&R, under carports								\$148,520		
Seal/stripe/repair/crack fill				\$19,270				\$21,688		
<b>Buildings, Balconies &amp; Decks</b>										
Balconies, concrete repairs, 10% of cost				\$16,977						
Walkways, concrete repairs, 10% of cost						\$26,913				
<b>Buildings, Doors</b>										
Utility/water heater doors, 10% of total						\$6,057				
<b>Buildings, Plumbing</b>										
Backflow valves, 2-inch					\$5,853			\$7,994		
Plumbing, repairs	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389	\$17,911	\$18,448	\$19,002	\$19,572
<b>Buildings, Roofs</b>										
Downspouts										



## Expenditure and Cash Flow Report

(continued)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Flat, built-up, w/wood repairs, Carports					\$72,595	\$74,773	\$77,016			
Flat, elastomeric coating, Building 01	\$8,800									
Flat, elastomeric coating, Building 02a	\$6,400									
Flat, elastomeric coating, Building 02b	\$9,800									
Flat, elastomeric coating, Building 03		\$10,094								
Flat, elastomeric coating, Building 04	\$9,800									
Flat, elastomeric coating, Building 05		\$10,094								
Flat, elastomeric coating, Building 06	\$9,800									
Flat, elastomeric coating, Building 07			\$9,336							
Flat, elastomeric coating, Building 08		\$10,094								
Flat, elastomeric coating, Building 09	\$8,800									
Flat, elastomeric coating, Building 10a		\$6,592								
Flat, elastomeric coating, Building 10b		\$10,094								
Flat, elastomeric coating, Building 11	\$9,800									
Flat, elastomeric coating, Building 12			\$10,397							
Flat, elastomeric coating, Building 13		\$10,094								





## Expenditure and Cash Flow Report

(continued)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Flat, elastomeric coating, Building 14			\$10,397							
Flat, elastomeric coating, Building 15a		\$6,592								
Flat, elastomeric coating, Building 15b		\$10,094								
Flat, elastomeric coating, Building 16a	\$6,400									
Flat, elastomeric coating, Building 16b	\$9,800									
Flat, elastomeric coating, Building 17		\$9,064								
Flat, elastomeric coating, Building 18a	\$6,400									
Flat, elastomeric coating, Building 18bL		\$1,854								
Flat, elastomeric coating, Building 18bU	\$8,000									
Flat, elastomeric coating, Building 19a	\$6,400									
Flat, elastomeric coating, Building 19b	\$9,800									
Flat, elastomeric coating, Building 20		\$10,094								
Flat, elastomeric coating, Building 21a			\$6,790							
Flat, elastomeric coating, Building 21b			\$10,397							
Flat, polyurethane foam										
Slope, tile/underlayment		\$120,510	\$124,125	\$127,849						
<b>Electrical &amp; Lights</b>										
Carport fixtures						\$12,056				



## Expenditure and Cash Flow Report

(continued)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Landscape fixtures						\$11,129				
Poles/fixtures, site										
Sub-panel upgrades/breakers										
Wall mount fixtures, buildings										
Wall mount fixtures, units										
<b>Fence &amp; Walls</b>										
Fence, metal 3'										
Fence, metal 6' perimeter										
Fence, metal, Pool Area 1										
Fence, metal, Pool Area 2										
Fence, metal, Pool Area 3										
Fence, metal, Pool Area 4										
Gates, pedestrian, perimeter										
Gates, vehicle										
Handrail, metal 3'										
Rail, wood/metal 3' decks/stairs										
<b>Irrigation</b>										
Backflow cages, large										
Backflow cages, medium										
Backflow cages, small									\$9,501	
Backflow valves, 2-inch										\$8,481
Controller cabinet, metal								\$2,091		
Controllers								\$7,379		
System retrofit, Phase 1										
System retrofit, Phase 2										
System retrofit, Phase 3										
<b>Landscape</b>										
Landscape refurbish										\$52,191
Tree removal	\$4,500	\$4,635	\$4,774	\$4,917	\$5,065	\$5,217	\$5,373	\$5,534	\$5,700	\$5,871
Tree trimming	\$35,000	\$36,050	\$37,132	\$38,245	\$39,393	\$40,575	\$41,792	\$43,046	\$44,337	\$45,667
<b>Mailboxes</b>										
Mailboxes, 08/12-unit										



## Expenditure and Cash Flow Report

(continued)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Mailboxes, 16-unit										
<b>Paint</b>										
Buildings, stucco (~242877 SF)	\$132,001									
Buildings, trim wood & metal	\$179,801					\$208,439				
Carports										
Fence, metal, Pool Areas										
Fence/gates, metal 6' perimeter										
Gates, vehicle										
Poles/fixtures, site										
Rail, wood/metal, decks/stairs										
Trash enclosures, siding/gates										
Utility boxes										
Walls, stucco, Pool Areas										
<b>Pool Furniture</b>										
Chairs, replace										
Loungers, replace										
Restrap, chairs/loungers		\$1,808	\$2,005	\$2,655			\$2,096	\$2,324	\$3,078	
Tables, small										
<b>Pools &amp; Spas</b>										
P1, Deck coating, color seal				\$3,825					\$4,434	
P1, Deck coating, texture										
P1, Deck safety sign	\$600									
P1, Deck skimmers						\$4,347				
P1, Equipment cover/gate								\$1,845		
P1, Pool filter								\$1,722		
P1, Pool heater									\$5,067	
P1, Pool light LED			\$698							
P1, Pool pumpset					\$1,126					
P1, Pool resurface		\$10,815								
P1, Pool tile/coping		\$5,408								
P1, Spa blower							\$597			
P1, Spa filter							\$1,433			



## Expenditure and Cash Flow Report

(continued)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
P1, Spa heater								\$4,305		
P1, Spa light LED									\$834	
P1, Spa pumpsets, circulation					\$1,126					
P1, Spa pumpsets, jet								\$2,460		
P1, Spa resurface		\$5,078								\$6,433
P1, Spa tile/coping		\$1,751								
P2, Deck coating, color seal				\$3,934					\$4,560	
P2, Deck coating, texture										
P2, Deck safety sign									\$760	
P2, Deck skimmers							\$4,478			
P2, Equipment cover/gate								\$1,845		
P2, Pool filter								\$1,722		
P2, Pool heater									\$5,067	
P2, Pool light LED			\$698							
P2, Pool pumpset							\$1,194			
P2, Pool resurface		\$12,154								
P2, Pool tile/coping										
P2, Spa blower				\$546						
P2, Spa filter						\$1,391				
P2, Spa heater						\$4,057				
P2, Spa light LED									\$834	
P2, Spa pumpsets, circulation						\$1,159				
P2, Spa pumpsets, jet							\$2,388			
P2, Spa resurface		\$5,227								\$6,622
P2, Spa tile/coping										\$2,283
P3, Deck coating, color seal				\$5,682					\$6,587	
P3, Deck coating, texture										
P3, Deck safety sign										\$783
P3, Deck skimmers						\$5,796				
P3, Equipment cover/gate										\$1,957
P3, Pool filter							\$1,672			
P3, Pool heater							\$4,776			



## Expenditure and Cash Flow Report

(continued)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
P3, Pool light LED		\$678								
P3, Pool pumpset						\$1,159				
P3, Pool resurface					\$13,619					
P3, Pool tile/coping					\$6,809					
P3, Spa blower							\$597			
P3, Spa filter						\$1,391				
P3, Spa heater						\$4,057				
P3, Spa light LED		\$678								
P3, Spa pumpsets, circulation					\$1,126					
P3, Spa pumpsets, jet								\$2,460		
P3, Spa resurface			\$5,384							
P3, Spa tile/coping			\$1,857							
P4, Deck coating, color seal				\$4,508					\$5,225	
P4, Deck coating, texture										
P4, Deck safety sign		\$618								
P4, Deck skimmers					\$1,407					
P4, Equipment cover/gate										\$1,957
P4, Pool filter								\$1,722		
P4, Pool heater							\$4,776			
P4, Pool light LED				\$719						
P4, Pool pumpset					\$1,126					
P4, Pool resurface					\$13,506					
P4, Pool tile/coping					\$6,753					
P4, Spa blower			\$530							
P4, Spa filter									\$1,520	
P4, Spa heater							\$4,179			
P4, Spa light LED				\$719						
P4, Spa pumpsets, circulation							\$1,194			
P4, Spa pumpsets, jet							\$2,388			
P4, Spa resurface			\$5,384							
P4, Spa tile/coping			\$1,857							
<b>Signage</b>										



## Expenditure and Cash Flow Report

(continued)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Monument, replace										
<b>Site Amenities</b>										
Benches, concrete		\$464								
<b>Component Exp</b>	\$476,902	\$328,442	\$282,153	\$249,515	\$190,886	\$431,704	\$179,233	\$291,093	\$116,506	\$158,341
<b>Non-recurring Exp</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Ending Balance</b>	<b>\$893,645</b>	<b>\$766,137</b>	<b>\$694,698</b>	<b>\$666,684</b>	<b>\$709,383</b>	<b>\$521,818</b>	<b>\$600,389</b>	<b>\$580,647</b>	<b>\$751,559</b>	<b>\$897,329</b>





## Professional Credentials

*Michael C. Graves R.S.*  
*Reserve Funding Specialist*

### Designations

- ◆ Reserve Specialist (RS), 2000,  
Community Association Institute

### Distinctions

- ◆ Educated Business Partner (EBP), 2013,  
Community Association Institute

### Degrees

- ◆ B.A., Economics, 1983,  
San Diego State University
- ◆ A.S., Business Administration, 1980,  
Citrus College

### Associations

- ◆ California Association of Community Managers (CACM):

*Past Instructor for Facilities Management Course VIII, "The Guide to Reserve Study Components & Funding",*

*Past Ambassador Committee Member*

- ◆ Community Associations Institute (CAI),  
Affiliate Member:
  - Coachella Valley Chapter (CV)
  - Greater Inland Empire Chapter (GRIE)
    - *Past President,*
  - Orange County Regional Chapter (OCRC)
    - *Past Board Treasurer*
  - San Diego Chapter (SD)
    - *Past Board Treasurer*

### Publications

- ◆ "Ask The Experts", O.C. View, May/June 2004.
- ◆ "Fiduciary Responsibility Forum",  
CondoManagement, December 2003.
- ◆ "Does Our Association Have Money Or Not",  
Quorum, June 2001.
- ◆ "How Do You Use Your Reserve Study To  
Finance Remodeling Work", Quorum, April  
2000.
- ◆ Numerous Speaking and Panel Engagements

### Awards

- ◆ Community Associations Institute, GRIE,  
2012 Hall of Fame  
2000 *Committee Member of the Year*
- ◆ Community Associations Institute, OCRC,  
2009 Committee Member of the Year  
2006 *Ellen Elish Award*  
2006 *Presidents Award*
- ◆ California Association of Community Managers,  
2001, Vision Award, *Excellence in Service*

### Professional Responsibilities

As Reserve Fund Specialist for SCT Reserve Consultants, Inc. Mr. Graves:

- ◆ Manages reserve study site inspections and funding analyses
- ◆ Prepares reserve study reports and proposals
- ◆ Markets reserve study services through professional contacts and trade associations' meetings and shows

### Professional Experience

Mr. Graves' reserve study experience includes:

- ◆ Numerous Levels I, II, and III reserve studies throughout San Diego, Los Angeles, Orange, Riverside, San Bernardino, and Imperial Counties.
- ◆ Familiar with components that go into a reserve study.
- ◆ Able to assist Associations in determining a well-suited funding plan that fits their reserve goals.
- ◆ Utilizing Property Reserve Analysis (PRA) System software to generate Component definition files.
- ◆ Developing SCT Reserve Analysis System software to calculate elements used in the Rough Draft and Final Reports.
- ◆ Meet with Association's Board of Directors to review the draft of the reserve study.
- ◆ Consideration of Board's input with respect to incorporate component replacement and funding policies.



## Disclosure Statements

SCT Reserve Consultants, Inc. endeavors to provide the most accurate reserve study possible. However, the current replacement costs of the listed components are based on estimates utilizing local trades, contractor interviews, and national cost databases. Regular maintenance of reserve components is required to realize the full useful life of each component. Changes in fees for labor and materials, acts of God, extraordinary weather conditions, vandalism and unusual wear of the reserve components may have an adverse impact on the useful life and the cost to replace a particular reserve component. SCT Reserve Consultants, Inc. did not identify, nor did it purport to expound on, any possible construction defects on the project. All dollar figures are subject to rounding errors.

The completeness of this reserve study relies heavily on information provided to us by the Association's representative(s). Incomplete or missing information may cause a distortion of the Association's financial condition. The reserve balance presented in this reserve study is based on information provided and was not audited. SCT Reserve Consultants, Inc. assumes that the information provided to us by the Association's representative(s) is both reliable and accurate and for a Level II study (update with-site-visit) and Level III study (update with no-site-visit) the Association is to have considered previously developed component quantities and/or lump sum expenditures as accurate and reliable. Information provided about reserve projects is also understood to be reliable. Any on-site inspection should not be considered a project audit or quality inspection.

In the event we have performed an on-site inspection of the community, the data compiled has been used with financial, physical, quantity, and historical information provided by the Association's representative(s). Our physical inspection would consist primarily of visual inspection, measurement, drawing take-offs, and photographic documentation. No destructive testing methods were used.

SCT Reserve Consultants, Inc. has prepared this reserve study in conformance with the requirements laid out by the California Civil Code (§5550) and the Community Association Institute (CAI). We have no other current involvement with RIVIERA GARDENS HOMEOWNERS ASSOCIATION and have no actual or perceived conflicts of interest with RIVIERA GARDENS HOMEOWNERS ASSOCIATION.

This reserve study is a reflection of the information provided to us by the Association's representative(s) and is assembled for the budgeting and planning purposes of the Board of Directors only. Information provided about reserve projects will be considered reliable. The reserve study is not to be used for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.





## Definition of Terms

**100% Funded** – from the “Component Identification Report”, see Fully Funded Balance (FFB).

**Basis Cost** - the estimated unit (of measurement basis) replacement cost.

**Cash Flow Method** - a method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

**Contingency Fund** – typically 3.0% to 5.0% of annual reserve allocation may be established to pay for incidental and miscellaneous reserve expenditures (optional).

**Current Replacement Cost (estimated)** - the total estimated cost of a component’s replacement or long-term maintenance action at the time of the study. This amount is calculated by multiplying the measurement basis quantity times the basis cost.

**Davis-Stirling Common Interest Development Act** - the name for the sections of the California Civil Code (4000 through 6150) that are the framework for the operation and management of common interest developments in California.

**Fully Funded Balance (FFB)** - total accrued depreciation. This number is calculated for each reserve component, then summed together for a total dollar value.

Expressed as  $FFB = (Estimated\ Used\ Life) / (Estimated\ Full\ Life) \times (Current\ Replacement\ Cost)$

**FUL Full Useful Life (estimated)** - the original estimate of a period of time that a component will last before major long-term maintenance or replacement is required.

**Funding Goals** – there are four basic categories of funding plan goals:

- ⇒ **Baseline Funding** – establishing a reserve-funding goal of keeping the reserve cash balance above zero.
- ⇒ **Full Funding** – setting a reserve-funding goal of attaining and maintaining reserves at or near 100% funded.
- ⇒ **Statutory Funding** – establishing a reserve-funding goal of setting aside the specific minimum amount of reserves required by local statutes.
- ⇒ **Threshold Funding** – establishing a reserve-funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

**Funding Plan** – this is the year-by-year percentage increase to the reserve allocation.

**Future Replacement Cost (estimated)** – the current replacement cost multiplied by an inflation factor (compounded annually).

**Level I Reserve Study** - is considered a full study, it consists of:

- ⇒ **Component Inventory** - quantification and verification of the reserve components.
- ⇒ **Condition Assessment** – the task of evaluating the current condition of the component based on observed or reported conditions.
- ⇒ **Life and Valuation Estimates** – the task of estimating Full Life, Remaining Life and repair and replacement costs for the components.
- ⇒ **Fund Status** – status of the reserve fund as compared to an established benchmark such as percent funding.
- ⇒ **Funding Plan** – an Association’s plan to provide income to the reserve fund to offset anticipated expenditures from that fund.

**Level II Reserve Study** - is considered an update (on-site) study, it consists of:

- ⇒ **Component Inventory** - verification of the reserve components only, no quantification.
- ⇒ **Condition Assessment** – the task of evaluating the current condition of the component based on observed or reported conditions.
- ⇒ **Life and Valuation Estimates** – the task of estimating Full Life, Remaining Life and repair and replacement costs for the components.



## Definition of Terms (continued)

- ⇒ **Fund Status** – status of the reserve fund as compared to an established benchmark such as percent funding.
- ⇒ **Funding Plan** – an Association’s plan to provide income to the reserve fund to offset anticipated expenditures from that fund.

**Level III Reserve Study** - is considered a financial update, it consists of:

- ⇒ **Life and Valuation Estimates** – the task of estimating Full Life, Remaining Life and repair and replacement costs for the components.
- ⇒ **Fund Status** – status of the reserve fund as compared to an established benchmark such as percent funding.
- ⇒ **Funding Plan** – an Association’s plan to provide income to the reserve fund to offset anticipated expenditures from that fund.

**Measurement Basis** - the unit of measurement, i.e.: each, linear feet, square feet, squares (100 sf).

**Percent Funded** – the ratio, at a particular point of time, of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

**RUL Remaining Useful Life (estimated)** - an educated evaluation of the amount of time before the component will need replacement.

**Reserve Allocation** - money that is collected and applied to particular components (see Year 2022 Reserve Budget).

**Reserve Component** - is defined as any major component that needs major maintenance or replacement at a frequency exceeding two years but typically not more than 30 years.

**Reserve Fund Balance (estimated)** - the estimated amount of money in the reserve account(s) as of the study date, typically calculated by adding the prior year’s current reserve balance, remaining reserve allocations, and interest, and then subtracting any known reserve expenditures through the same prior year.

**Reserve Study** - is a budget-planning tool that identifies the current status of the reserve fund and offers a stable and equitable funding plan to offset the anticipated future major common area expenditures. It consists of two parts:

- ⇒ **Financial Analysis** - the portion of the reserve study where the current status of the reserves (Fund Status) are measured as cash or percent funded and a recommended reserve contribution rate (Funding Plan) are derived, and the projected reserve income and expense over time is presented.
- ⇒ **Physical Analysis** - the portion of the reserve study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed.

**Straight Line Allocation (Annual)** – from the “Component Identification Report” is a single year’s 100% funded amount, often referred to as the ideal or recommended allocation level.

Expressed as  $SLA = (I) / (Estimated\ Full\ Life) \times (Current\ Replacement\ Cost)$

**Weighted Average Life (WAL)** - is calculated by multiplying the cost of each component by the number of months until replacement, creating a weighted average life factor. The total of the factors is divided by the total replacement cost, producing the WAL.



## 2020 California Civil Code (Selected Sections)

### PART 5. COMMON INTEREST DEVELOPMENTS

#### CHAPTER 6. ASSOCIATION GOVERNANCE

##### ARTICLE 7. ANNUAL REPORTS

###### §5300. Annual Budget, Reserves and Other Required Disclosures

(a) Notwithstanding a contrary provision in the governing documents, an association shall distribute an annual budget report 30 to 90 days before the end of its fiscal year.

(b) Unless the governing documents impose more stringent standards, the annual budget report shall include all of the following information:

(1) A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.

(2) A summary of the association's reserves, prepared pursuant to Section 5565.

(3) A summary of the reserve funding plan adopted by the board, as specified in paragraph (5) of subdivision (b) of Section 5550. The summary shall include notice to members that the full reserve study plan is available upon request, and the association shall provide the full reserve plan to any member upon request.

(4) A statement as to whether the board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

(5) A statement as to whether the board, consistent with the reserve funding plan adopted pursuant to Section 5560, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.

(6) A statement as to the mechanism or mechanisms by which the board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.

(7) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Section 5570, and may not assume a rate of return on cash reserves in excess of 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

(8) A statement as to whether the association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.

(9) A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the following statement:

"This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."



(10) When the common interest development is a condominium project, a statement describing the status of the common interest development as a Federal Housing Administration (FHA)-approved condominium project pursuant to FHA guidelines, including whether the common interest development is an FHA-approved condominium project. The statement shall be in at least 10-point font on a separate piece of paper and in the following form:

“Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not (circle one)] a condominium project. The association of this common interest development [is/is not (circle one)] certified by the Federal Housing Administration.”

(11) When the common interest development is a condominium project, a statement describing the status of the common interest development as a federal Department of Veterans Affairs (VA)-approved condominium project pursuant to VA guidelines, including whether the common interest development is a VA-approved condominium project. The statement shall be in at least 10-point font on a separate piece of paper and in the following form:

“Certification by the federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not (circle one)] a condominium project. The association of this common interest development [is/is not (circle one)] certified by the federal Department of Veterans Affairs.”

(12) A copy of the completed “Charges For Documents Provided” disclosure identified in Section 4528. For purposes of this section, “completed” means that the “Fee for Document” section of the form individually identifies the costs associated with providing each document listed on the form.

(c) The annual budget report shall be made available to the members pursuant to Section 5320.

(d) The summary of the association’s reserves disclosed pursuant to paragraph (2) of subdivision (b) shall not be admissible in evidence to show improper financial management of an association, provided that other relevant and competent evidence of the financial condition of the association is not made inadmissible by this provision.

(e) The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Section 5570, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to this article. [2017 - Based on former §§1365 & 1365.2.5(b)(2)]

## **CHAPTER 7. FINANCES**

### **ARTICLE 1. ACCOUNTING**

#### **§5500. Board’s Duty to Review Financial Statements and Accounts**

Unless the governing documents impose more stringent standards, the board shall do all of the following:

(a) Review, on a monthly basis, a current reconciliation of the association’s operating accounts.

(b) Review, on a monthly basis, a current reconciliation of the association’s reserve accounts.

(c) Review, on a monthly basis, the current year’s actual operating revenues and expenses compared to the current year’s budget.

(d) Review, on a monthly basis, the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts.

(e) Review, on a monthly basis, an income and expense statement for the association’s operating and reserve accounts.

(f) Review, on a monthly basis, the check register, monthly general ledger, and delinquent assessment receivable reports. [2018 - Based on former §1365.5(a)]

#### **§5501. Review of Financial Statements and Accounts**

The review requirements of Section 5500 may be met when every individual member of the board, or a subcommittee of the board consisting of the treasurer and at least one other board member, reviews the documents and statements described in Section 5500 independent of a board meeting, so long as the review is ratified at the board meeting subsequent to the review and that ratification is reflected in the minutes of that meeting. [2018]



### **§5502. Account Deposits and Transfers**

Notwithstanding any other law, transfers of greater than ten thousand dollars (\$10,000) or 5 percent of an association's total combined reserve and operating account deposits, whichever is lower, shall not be authorized from the association's reserve or operating accounts without prior written board approval. This section applies in addition to any other applicable requirements of this part. [2019]

## **ARTICLE 2. USE OF RESERVE FUNDS**

### **§5510. Signatures on and Limitation on Use of Reserve Funds**

- (a) The signatures of at least two persons, who shall be directors, or one officer who is not a director and one who is a director, shall be required for the withdrawal of moneys from the association's reserve accounts.
- (b) The board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. [2012 - Based on former §1365.5(b & (c)(1)]

### **§5515. Transfer or Borrowing from Reserve Funds**

- (a) Notwithstanding Section 5510, the board may authorize the temporary transfer of moneys from a reserve fund to the association's general operating fund to meet short-term cashflow requirements or other expenses, if the board has provided notice of the intent to consider the transfer in a board meeting notice provided pursuant to Section 4920.
- (b) The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered.
- (c) If the board authorizes the transfer, the board shall issue a written finding, recorded in the board's minutes, explaining the reasons that the transfer is needed, and describing when and how the moneys will be repaid to the reserve fund.
- (d) The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the common interest development, temporarily delay the restoration.
- (e) The board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is subject to the limitation imposed by Section 5605. The board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the board from pursuing any legal remedy to enforce the collection of an unpaid special assessment. [2012 - Based on former §1365.5(c)(2)]

### **§5520. Using Reserve Funds for Litigation; Notice; Accounting**

- (a) When the decision is made to use reserve funds or to temporarily transfer moneys from the reserve fund to pay for litigation pursuant to subdivision (b) of Section 5510, the association shall provide general notice pursuant to Section 4045 of that decision, and of the availability of an accounting of those expenses.
- (b) Unless the governing documents impose more stringent standards, the association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by members of the association at the association's office. [2012- Based on former §1365.5(d)]

## **ARTICLE 3. RESERVE PLANNING**

### **§5550. Reserve Study Inspection Frequency; Contents; Funding Plan**

- (a) At least once every three years, the board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the



gross budget of the association, excluding the association's reserve account for that period. The board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review.

(b) The study required by this section shall at a minimum include:

- (1) Identification of the major components that the association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years.
- (2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.
- (3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1).
- (4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.
- (5) A reserve funding plan that indicates how the association plans to fund the contribution identified in paragraph (4) to meet the association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the board has determined will not be replaced or repaired. [2012 - Based on former §1365.5(e)]

### **§5551. Inspection of Elevated Elements (effective 1/1/2020)**

(a) For purposes of this section, the following definitions apply:

- (1) "Associated waterproofing systems" include flashings, membranes, coatings, and sealants that protect the load-bearing components of exterior elevated elements from exposure to water.
- (2) "Exterior elevated elements" mean the load-bearing components together with their associated waterproofing system.
- (3) "Load-bearing components" means those components that extend beyond the exterior walls of the building to deliver structural loads to the building from decks, balconies, stairways, walkways, and their railings, that have a walking surface elevated more than six feet above ground level, that are designed for human occupancy or use, and that are supported in whole or in substantial part by wood or wood-based products.
- (4) "Statistically significant sample" means a sufficient number of units inspected to provide 95 percent confidence that the results from the sample are reflective of the whole, with a margin of error of no greater than plus or minus 5 percent.
- (5) "Visual inspection" means inspection through the least intrusive method necessary to inspect load-bearing components, including visual observation only or visual observation in conjunction with, for example, the use of moisture meters, borescopes, or infrared technology.

(b)

- (1) At least once every nine years, the board of an association of a condominium project shall cause a reasonably competent and diligent visual inspection to be conducted by a licensed structural engineer or architect of a random and statistically significant sample of exterior elevated elements for which the association has maintenance or repair responsibility.
- (2) The inspection shall determine whether the exterior elevated elements are in a generally safe condition and performing in accordance with applicable standards.

(c) Prior to conducting the first visual inspection, the inspector shall generate a random list of the locations of each type of exterior elevated element. The list shall include all exterior elevated elements for which the association has maintenance or repair responsibility. The list shall be provided to the association for future use.

(d) The inspector shall perform the visual inspections in accordance with the random list generated pursuant to subdivision (c). If during the visual inspection the inspector observes building conditions indicating that unintended water or water vapor has passed into the associated waterproofing system, thereby creating the potential for damage to the load-bearing components, then the inspector may conduct a further inspection. The inspector shall exercise their best professional judgment in determining the necessity, scope, and breadth of any further inspection.

(e) Based upon the inspector's visual inspections, further inspection, and construction and materials expertise, the inspector shall issue a written report containing the following information:

- (1) The identification of the building components comprising the load-bearing components and associated waterproofing system.
- (2) The current physical condition of the load-bearing components and associated waterproofing system, including whether the condition presents an immediate threat to the health and safety of the residents.



- (3) The expected future performance and remaining useful life of the load-bearing components and associated waterproofing system.
- (4) Recommendations for any necessary repair or replacement of the load-bearing components and associated waterproofing system.
- (f) The report issued pursuant to subdivision (e) shall be stamped or signed by the inspector, presented to the board, and incorporated into the study required by Section 5550.
- (g)
  - (1) If, after inspection of any exterior elevated element, the inspector advises that the exterior elevated element poses an immediate threat to the safety of the occupants, the inspector shall provide a copy of the inspection report to the association immediately upon completion of the report, and to the local code enforcement agency within 15 days of completion of the report. Upon receiving the report, the association shall take preventive measures immediately, including preventing occupant access to the exterior elevated element until repairs have been inspected and approved by the local enforcement agency.
  - (2) Local enforcement agencies shall have the ability to recover enforcement costs associated with the requirements of this section from the association.
- (h) Each subsequent visual inspection conducted under this section shall commence with the next exterior elevated element identified on the random list and shall proceed in order through the list.
- (i) The first inspection shall be completed by January 1, 2025, and then every nine years thereafter in coordination with the reserve study inspection pursuant to Section 5550. All written reports shall be maintained for two inspection cycles as records of the association.
- (j)
  - (1) The association shall be responsible for complying with the requirements of this section.
  - (2) The continued and ongoing maintenance and repair of the load-bearing components and associated waterproofing systems in a safe, functional, and sanitary condition shall be the responsibility of the association as required by the association's governing documents.
- (k) The inspection of buildings for which a building permit application has been submitted on or after January 1, 2020, shall occur no later than six years following the issuance of a certificate of occupancy. The inspection shall otherwise comply with the provisions of this section.
- (l) This section shall only apply to buildings containing three or more multifamily dwelling units.
- (m) The association board may enact rules or bylaws imposing requirements greater than those imposed by this section.
- (n) A local government or local enforcement agency may enact an ordinance or other rule imposing requirements greater than those imposed by this section. [2019]

### **§5560. Reserve Funding Plan Adoption; Assessments Needed for Adequate Funding**

- (a) The reserve funding plan required by Section 5550 shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan.
- (b) The plan shall be adopted by the board at an open meeting before the membership of the association as described in Article 2 (commencing with Section 4900) of Chapter 6.
- (c) If the board determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in Section 5605. [2012 - Based on former §1365.5(e)]

### **§5565. Contents of Association's Reserve Summary**

The summary of the association's reserves required by paragraph (2) of subdivision (b) of Section 5300 shall be based on the most recent review or study conducted pursuant to Section 5550, shall be based only on assets held in cash or cash equivalents, shall be printed in boldface type, and shall include all of the following:

- (a) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.
- (b) As of the end of the fiscal year for which the study is prepared:
  - (1) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.
  - (2) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.



(3) If applicable, the amount of funds received from either a compensatory damage award or settlement to an association from any person for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared as separate line items under cash reserves pursuant to paragraph (2). Instead of complying with the requirements set forth in this paragraph, an association that is obligated to issue a review of its financial statement pursuant to Section 5305 may include in the review a statement containing all of the information required by this paragraph.

(c) The percentage that the amount determined for purposes of paragraph (2) of subdivision (b) equals the amount determined for purposes of paragraph (1) of subdivision (b).

(d) The current deficiency in reserve funding expressed on a per unit basis. The figure shall be calculated by subtracting the amount determined for purposes of paragraph (2) of subdivision (b) from the amount determined for purposes of paragraph (1) of subdivision (b) and then dividing the result by the number of separate interests within the association, except that if assessments vary by the size or type of ownership interest, then the association shall calculate the current deficiency in a manner that reflects the variation. [2012 - Based on former §1365(a)(2)]

### **§5570. Required Assessment and Reserve Funding Disclosure Summary**

(a) The disclosures required by this article with regard to an association or a property shall be summarized on the following form:

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**ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY FORM**  
*(typically pages 5 and 6, occasionally pages 6 and 7, of report)*

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(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 annual budget report 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. [2016]

### **§5580. Community Service Association Disclosure Requirements**

(a) Unless the governing documents impose more stringent standards, any community service organization whose funding from the association or its members exceeds 10 percent of the organization’s annual budget shall prepare and distribute to the association a report that meets the requirements of Section 5012 of the Corporations Code, and that describes in detail administrative costs and identifies the payees of those costs in a manner consistent with the provisions of Article 5 (commencing with Section 5200) of Chapter 6.

(b) If the community service organization does not comply with the standards, the report shall disclose the noncompliance in detail. If a community service organization is responsible for the maintenance of major components for which an association would otherwise be responsible, the community service organization shall supply to the association the information regarding those components that the association would use to complete disclosures and reserve reports required under this article and Section 5300. An association may rely upon information received from a community service organization and shall provide access to the information pursuant to the provisions of Article 5 (commencing with Section 5200) of Chapter 6. [2012 - Based on former §1365.3]

