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*951-693-1721*

## **GARDEN ESTATES MAINTENANCE ASSOCIATION ("CORPORATION")**



***Level 3 Reserve Study Update (No Site-Visit)***

***Prepared For Fiscal Year 2016***

***July 10, 2015***

# *Contents*

1	Title Page
2	Table of Contents
3	Preface
4	Reserve Disclosures (Part 1)
5	Reserve Disclosures (Part 2)
6	Cash Flow Analysis
7	Yearly Review Chart
8	Disbursement By Year
9	Reserve Balance Distribution
10	Allocation Breakdown
11	Category Breakdown Chart
12	Fully Funded Balance Breakdown
13	Category Summary
14	Component Details
15	Field Report (L3)
16	Appendices

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## ***Preface***

*This comprehensive reserve study report was produced using specialized web-based software powered by Global Reserves.*

*The individual responsible for report preparation and/or oversight is Robert Petrisin, RS.*

*Information contained in the report is considered reliable, but is not guaranteed. The report does not warrant against the contingency of unforeseen conditions or circumstances, unreliable information, or an unpredictable inflationary or deflationary spiral. The report is not intended to predict precise expectations, but rather to chart the expectations that a reasonable person might anticipate in planning for the fiscal future. The scope of this report is expressly limited to the components described herein.*

*It is strongly recommended by the Reserve Study Industry to have this reserve study report updated on an annual basis to ensure the security of a long-term funding plan. These necessary updates provide statutory compliance (as applicable) and allow for adjustments due to actual year-end inflation rate, actual year-end reserve balance and the unpredictable nature of the lives of many of the reserve components under consideration.*

## *Reserve Disclosures*

### Profile

Name	Garden Estates Maintenance Association ("Corporation")
Location	Irvine, CA 92604
Units/General Type	97 / Planned Development (PD)
Base Year / Age	1985 / 30
Fiscal Year Ends	December-31

### Parameters

Level of Service	Level 3 Reserve Study Update (No Site-Visit)
Prepared for Fiscal Year (FY)	2016
Most Recent On-Site Inspection Date	July 31, 2014
Allocation Increase Rate	ref Cash Flow Analysis
Contingency Rate	ref Component Details
Inflation Rate	3.0%
Interest Rate / Tax Rate	1.0% / 30.0%
Interest Rate (net effective)	0.7%
Current Reserve Allocation	\$150,504 per year
Current Reserve Balance	\$599,648 as of April 30, 2015
Funding Plan - Method / Goal	Cash Flow / Threshold - average Percent Funded 80%

### Summary

<b>FY Start Balance</b>	<b>\$702,782</b>	<i>(projected to current FY end/next FY start)</i>		
<b>Fully Funded Balance</b>	<b>\$1,163,524</b>			
<hr/>				
<b>Percent Funded</b>	<b>60%</b>			
<hr/>				
<i>Proposed Budget</i>	<i>per year</i>	<i>per month</i>	<i>per unit per month</i>	
<hr/>				
<b>Reserve Allocation</b>	<b>\$151,331</b>	<b>\$12,611</b>	<b>\$130.01</b>	

*Association management/members need to understand that Percent Funded is a general indication of reserve strength and that the parameter fluctuates from year to year due to the Disbursement Schedule.*

*The Reserve Allocation was determined using the Funding Plan indicated above under the Parameters section. This allocation should be increased annually using the Allocation Increase Rate found in the Cash Flow Analysis.*

*Association management should budget the Reserve Allocation amount toward reserves for next fiscal year, to ensure the availability of reserves to fund future reserve component expenditures. This amount reflects an increase of 0.55 % from the Current Reserve Allocation. The Reserve Allocation must be reviewed and adjusted for inflation (and other vital factors) in succeeding years to ensure the- Security of a Successful Plan!*

## Reserve Disclosures

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>
<b>01 Coat/Paint/Stain</b>			
01.01 doors,garage-west facing,paint	\$13,389	5	4
01.02 stucco,paint	\$75,500	8	5
01.03 trim,paint	\$83,005	4	1
<b>02 Equipment</b>			
02.01 doors,garage,metal	\$99,660	25	6
02.02 fixtures,light,bldg wall mount	\$13,113	30	1
02.03 fixtures,light,bollards,concrete	\$126,805	30	16
02.04 fixtures,light,illuminated address	\$10,490	30	1
02.05 fixtures,light,post mount(19)	\$11,242	20	16
02.06 fixtures,light,post mount(25)	\$11,777	20	1
02.07 irrigation controllers	\$20,763	12	8
02.08 mailboxes,CBUs	\$10,326	20	18
<b>03 Fencing</b>			
03.01 solid board fence,fy2008	\$7,300	20	13
03.02 solid board fence,original	\$30,465	20	1
03.03 vinyl fence	\$54,701	30	20
03.04 walls,stucco repairs	\$9,920	30	5
03.05 woodcrete fence,bldgs/units	\$25,415	30	15
03.06 woodcrete fence,perimeter(25%)	\$61,783	30	18
<b>04 Pavement</b>			
04.01 asphalt,major rehab	\$233,449	24	8
04.02 asphalt,slurry/seal	\$10,741	4	1
<b>05 Restoration</b>			
05.01 wood,repairs/rehab	\$32,445	4	1
<b>06 Roofs</b>			
06.01 tile roof,underlayment/flashing	\$799,941	40	21
06.02 wood shingle roof	\$86,520	30	1
<b>07 Termite</b>			
07.01 termite control/fumigation	\$14,600	1	1
<b>Grand Total:</b>	<b>23</b>		<b>\$1,843,350</b>

# Cash Flow Analysis

Fiscal Year	FY Start Balance	Interest Earned	Reserve Allocation	Allocation Increase Rate	Special Assessment	Disbursement	FY End Balance	Fully Funded Balance	Percent Funded
2015	--	--	--	--	--	\$0	\$702,782	\$1,019,416	--
2016	\$702,782	\$4,919	\$151,331	0.6%	\$0	\$301,950	\$557,082	\$1,163,524	60%
2017	\$557,082	\$3,900	\$155,719	2.9%	\$0	\$15,489	\$701,213	\$1,004,352	55%
2018	\$701,213	\$4,908	\$160,235	2.9%	\$0	\$15,953	\$850,403	\$1,138,939	62%
2019	\$850,403	\$5,953	\$164,882	2.9%	\$0	\$31,501	\$989,737	\$1,280,747	66%
2020	\$989,737	\$6,928	\$169,663	2.9%	\$0	\$262,246	\$904,083	\$1,414,538	70%
2021	\$904,083	\$6,329	\$174,584	2.9%	\$0	\$136,438	\$948,558	\$1,318,494	69%
2022	\$948,558	\$6,640	\$179,647	2.9%	\$0	\$17,957	\$1,116,888	\$1,353,053	70%
2023	\$1,116,888	\$7,818	\$184,856	2.9%	\$0	\$340,531	\$969,032	\$1,514,778	74%
2024	\$969,032	\$6,783	\$190,217	2.9%	\$0	\$201,174	\$964,859	\$1,353,285	72%
2025	\$964,859	\$6,754	\$195,734	2.9%	\$0	\$19,621	\$1,147,726	\$1,334,758	72%
2026	\$1,147,726	\$8,034	\$201,410	2.9%	\$0	\$20,209	\$1,336,961	\$1,507,140	76%
2027	\$1,336,961	\$9,359	\$207,251	2.9%	\$0	\$20,817	\$1,532,754	\$1,688,768	79%
2028	\$1,532,754	\$10,729	\$213,261	2.9%	\$0	\$328,343	\$1,428,401	\$1,879,760	82%
2029	\$1,428,401	\$9,999	\$219,446	2.9%	\$0	\$42,336	\$1,615,510	\$1,764,724	81%
2030	\$1,615,510	\$11,309	\$225,809	2.9%	\$0	\$62,344	\$1,790,285	\$1,945,806	83%
2031	\$1,790,285	\$12,532	\$232,358	2.9%	\$0	\$244,953	\$1,790,222	\$2,116,786	85%
2032	\$1,790,222	\$12,532	\$239,096	2.9%	\$0	\$232,700	\$1,809,151	\$2,110,111	85%
2033	\$1,809,151	\$12,664	\$246,030	2.9%	\$0	\$147,613	\$1,920,233	\$2,121,389	85%
2034	\$1,920,233	\$13,442	\$253,165	2.9%	\$0	\$49,079	\$2,137,762	\$2,226,290	86%
2035	\$2,137,762	\$14,964	\$260,507	2.9%	\$0	\$162,664	\$2,250,569	\$2,441,588	88%
2036	\$2,250,569	\$15,754	\$268,062	2.9%	\$0	\$1,969,078	\$565,307	\$2,552,353	88%
2037	\$565,307	\$3,957	\$275,835	2.9%	\$0	\$27,975	\$817,125	\$811,960	70%
2038	\$817,125	\$5,720	\$283,835	2.9%	\$0	\$28,815	\$1,077,865	\$1,025,040	80%
2039	\$1,077,865	\$7,545	\$292,066	2.9%	\$0	\$56,896	\$1,320,580	\$1,250,161	86%
2040	\$1,320,580	\$9,244	\$300,536	2.9%	\$0	\$294,788	\$1,335,572	\$1,459,849	90%
2041	\$1,335,572	\$9,349	\$309,251	2.9%	\$0	\$31,486	\$1,622,687	\$1,437,703	93%
2042	\$1,622,687	\$11,359	\$318,220	2.9%	\$0	\$32,431	\$1,919,835	\$1,693,234	96%
2043	\$1,919,835	\$13,439	\$327,448	2.9%	\$0	\$33,403	\$2,227,320	\$1,962,768	98%
2044	\$2,227,320	\$15,591	\$336,944	2.9%	\$0	\$541,264	\$2,038,592	\$2,247,041	99%
2045	\$2,038,592	\$14,270	\$346,715	2.9%	\$0	\$35,439	\$2,364,139	\$2,024,486	101%

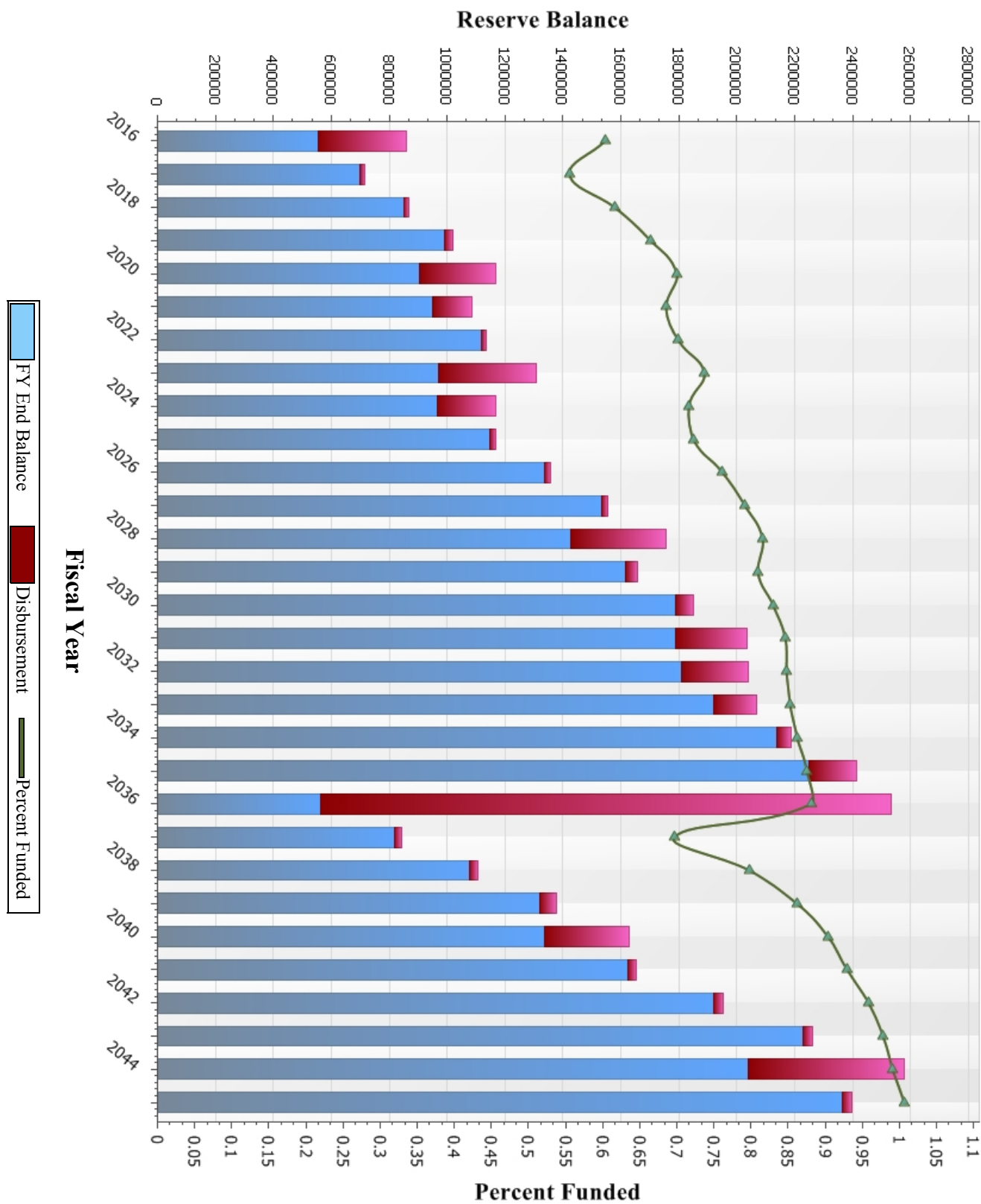
0.7% - Interest Rate
3.0% - Inflation

Min FY End Balance:	\$557,082
Avg FY End Balance:	\$1,401,682

Min % Funded:	55%
Avg % Funded:	80%

# Yearly Review Chart

Disbursement with Percent Funded Comparison



## *Disbursement By Year*

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
<b>2016</b>	<b>\$301,950</b>	\$85,495	01.03	trim,paint
		\$13,506	02.02	fixtures,light,bldg wall mount
		\$10,805	02.04	fixtures,light,illuminated address
		\$12,130	02.06	fixtures,light,post mount(25)
		\$31,379	03.02	solid board fence,original
		\$11,063	04.02	asphalt,slurry/seal
		\$33,418	05.01	wood,repairs/rehab
		\$89,116	06.02	wood shingle roof
		\$15,038	07.01	termite control/fumigation
<b>2017</b>	<b>\$15,489</b>	\$15,489	07.01	termite control/fumigation
<b>2018</b>	<b>\$15,953</b>	\$15,953	07.01	termite control/fumigation
<b>2019</b>	<b>\$31,501</b>	\$15,069	01.01	doors,garage-west facing,paint
		\$16,432	07.01	termite control/fumigation
<b>2020</b>	<b>\$262,246</b>	\$87,527	01.02	stucco,paint
		\$96,228	01.03	trim,paint
		\$11,500	03.04	walls,stucco repairs
		\$12,452	04.02	asphalt,slurry/seal
		\$37,613	05.01	wood,repairs/rehab
		\$16,926	07.01	termite control/fumigation
<b>2021</b>	<b>\$136,438</b>	\$119,004	02.01	doors,garage,metal
		\$17,434	07.01	termite control/fumigation
<b>2022</b>	<b>\$17,957</b>	\$17,957	07.01	termite control/fumigation
<b>2023</b>	<b>\$340,531</b>	\$26,303	02.07	irrigation controllers
		\$295,733	04.01	asphalt,major rehab
		\$18,495	07.01	termite control/fumigation



## *Disbursement By Year*

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
<b>2024</b>	<b>\$201,174</b>	\$17,470	01.01	doors,garage-west facing,paint
		\$108,305	01.03	trim,paint
		\$14,015	04.02	asphalt,slurry/seal
		\$42,334	05.01	wood,repairs/rehab
		\$19,050	07.01	termite control/fumigation
<b>2025</b>	<b>\$19,621</b>	\$19,621	07.01	termite control/fumigation
<b>2026</b>	<b>\$20,209</b>	\$20,209	07.01	termite control/fumigation
<b>2027</b>	<b>\$20,817</b>	\$20,817	07.01	termite control/fumigation
<b>2028</b>	<b>\$328,343</b>	\$110,872	01.02	stucco,paint
		\$121,893	01.03	trim,paint
		\$10,720	03.01	solid board fence,fy2008
		\$15,773	04.02	asphalt,slurry/seal
		\$47,645	05.01	wood,repairs/rehab
		\$21,440	07.01	termite control/fumigation
<b>2029</b>	<b>\$42,336</b>	\$20,252	01.01	doors,garage-west facing,paint
		\$22,084	07.01	termite control/fumigation
<b>2030</b>	<b>\$62,344</b>	\$39,597	03.05	woodcrete fence,bldgs/units
		\$22,747	07.01	termite control/fumigation
<b>2031</b>	<b>\$244,953</b>	\$203,484	02.03	fixtures,light,bollards,concrete
		\$18,040	02.05	fixtures,light,post mount(19)
		\$23,429	07.01	termite control/fumigation
<b>2032</b>	<b>\$232,700</b>	\$137,191	01.03	trim,paint
		\$17,753	04.02	asphalt,slurry/seal
		\$53,625	05.01	wood,repairs/rehab
		\$24,131	07.01	termite control/fumigation

## *Disbursement By Year*

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
<b>2033</b>	<b>\$147,613</b>	\$17,579	02.08	mailboxes,CBUs
		\$105,179	03.06	woodcrete fence,perimeter(25%)
		\$24,855	07.01	termite control/fumigation
<b>2034</b>	<b>\$49,079</b>	\$23,478	01.01	doors,garage-west facing,paint
		\$25,601	07.01	termite control/fumigation
<b>2035</b>	<b>\$162,664</b>	\$37,500	02.07	irrigation controllers
		\$98,795	03.03	vinyl fence
		\$26,369	07.01	termite control/fumigation
<b>2036</b>	<b>\$1,969,078</b>	\$140,453	01.02	stucco,paint
		\$154,414	01.03	trim,paint
		\$21,909	02.06	fixtures,light,post mount(25)
		\$56,674	03.02	solid board fence,original
		\$19,981	04.02	asphalt,slurry/seal
		\$60,357	05.01	wood,repairs/rehab
		\$1,488,130	06.01	tile roof,underlayment/flashing
		\$27,160	07.01	termite control/fumigation
<b>2037</b>	<b>\$27,975</b>	\$27,975	07.01	termite control/fumigation
<b>2038</b>	<b>\$28,815</b>	\$28,815	07.01	termite control/fumigation
<b>2039</b>	<b>\$56,896</b>	\$27,217	01.01	doors,garage-west facing,paint
		\$29,679	07.01	termite control/fumigation
<b>2040</b>	<b>\$294,788</b>	\$173,796	01.03	trim,paint
		\$22,490	04.02	asphalt,slurry/seal
		\$67,933	05.01	wood,repairs/rehab
		\$30,569	07.01	termite control/fumigation
<b>2041</b>	<b>\$31,486</b>	\$31,486	07.01	termite control/fumigation

## *Disbursement By Year*

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2042	\$32,431	\$32,431	07.01	termite control/fumigation
2043	\$33,403	\$33,403	07.01	termite control/fumigation
2044	\$541,264	\$31,553	01.01	doors,garage-west facing,paint
		\$177,923	01.02	stucco,paint
		\$195,610	01.03	trim,paint
		\$25,312	04.02	asphalt,slurry/seal
		\$76,460	05.01	wood,repairs/rehab
		\$34,406	07.01	termite control/fumigation
2045	\$35,439	\$35,439	07.01	termite control/fumigation
<b>Grand Total:</b>	<b>\$5,705,493</b>			

## *Reserve Balance Distribution*

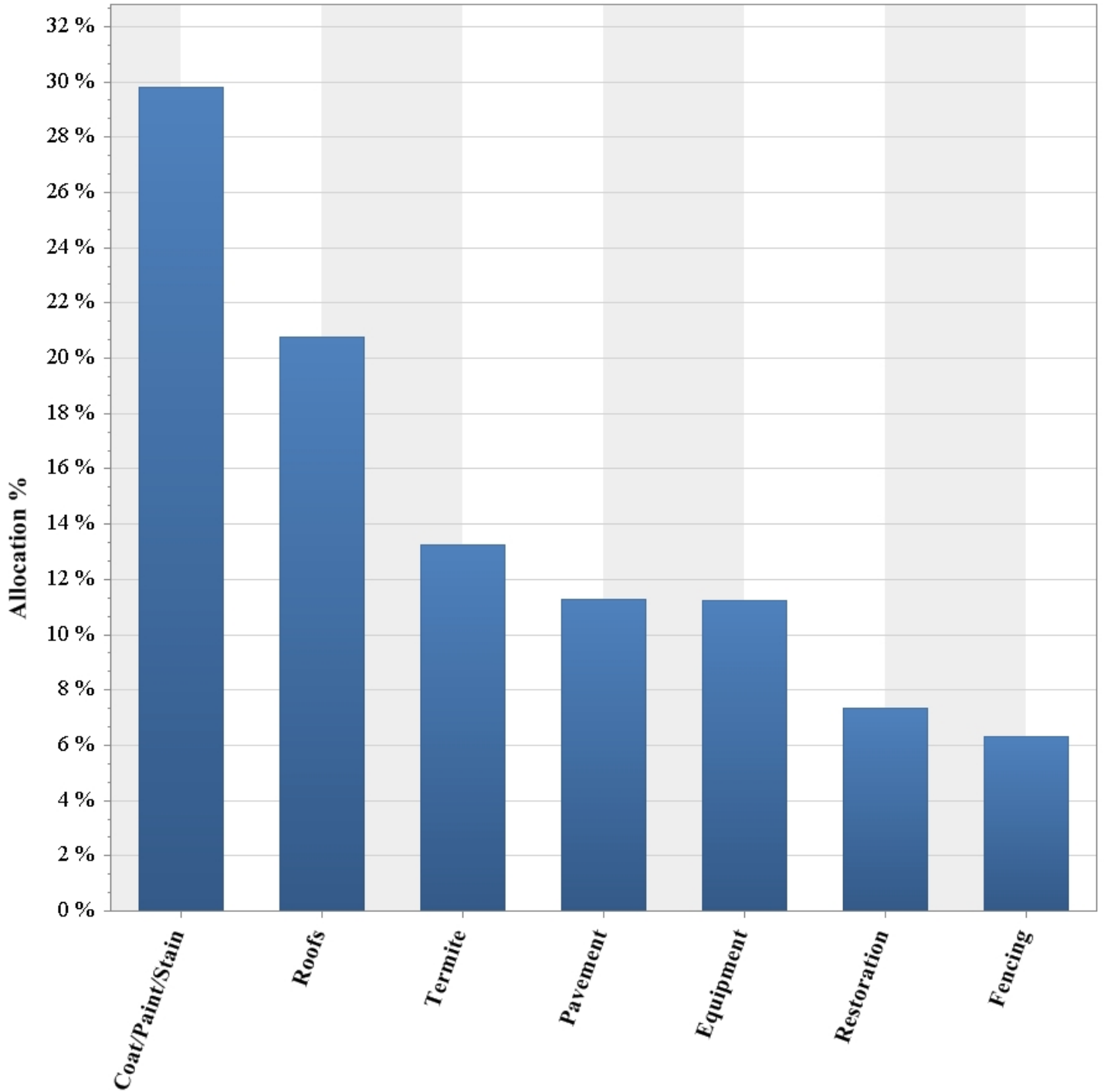
<p><i>Note- This distribution is based on the disbursement by year in ascending order.</i></p>	<p><b>\$702,782 : FY Start Balance</b>  <b>\$702,782 : Distributed Funds</b></p> <hr/> <p><b>\$0 : Remaining Funds</b></p>
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<i>Reserve Component</i>	<i>Distribution</i>	<i>Percentage</i>
01 Coat/Paint/Stain		
01.01 doors,garage-west facing,paint		
01.02 stucco,paint		
01.03 trim,paint		
02 Equipment		
02.01 doors,garage,metal		
02.02 fixtures,light,bldg wall mount		
02.03 fixtures,light,bollards,concrete		
02.04 fixtures,light,illuminated address		
02.05 fixtures,light,post mount(19)		
02.06 fixtures,light,post mount(25)		
02.07 irrigation controllers		
02.08 mailboxes,CBUs		
03 Fencing		
03.01 solid board fence,fy2008		
03.02 solid board fence,original		
03.03 vinyl fence		
03.04 walls,stucco repairs		
03.05 woodcrete fence,bldgs/units		
03.06 woodcrete fence,perimeter(25%)		
04 Pavement		
04.01 asphalt,major rehab	\$233,449	33.2%
04.02 asphalt,slurry/seal	\$85,928	12.2%
05 Restoration		
05.01 wood,repairs/rehab		
06 Roofs		
06.01 tile roof,underlayment/flashing	\$383,405	54.6%
06.02 wood shingle roof		
07 Termite		
07.01 termite control/fumigation		

## Allocation Breakdown

<i>Reserve Component</i>		<i>Reserve Allocation (per year)</i>	<i>Reserve Allocation (per month)</i>	<i>Reserve Allocation (per unit per month)</i>	<i>Allocation %</i>
<b>01</b>	<b>Coat/Paint/Stain</b>	<b>\$45,125.86</b>	<b>\$3,760.49</b>	<b>\$38.77</b>	<b>29.82%</b>
01.01	doors,garage-west facing,paint	\$3,676.63	\$306.39	\$3.16	2.43%
01.02	stucco,paint	\$12,957.71	\$1,079.81	\$11.13	8.56%
01.03	trim,paint	\$28,491.52	\$2,374.29	\$24.48	18.83%
<b>02</b>	<b>Equipment</b>	<b>\$17,021.80</b>	<b>\$1,418.47</b>	<b>\$14.62</b>	<b>11.25%</b>
02.01	doors,garage,metal	\$5,473.34	\$456.11	\$4.70	3.62%
02.02	fixtures,light,bldg wall mount	\$600.14	\$50.01	\$0.52	0.40%
02.03	fixtures,light,bollards,concrete	\$5,803.45	\$483.62	\$4.99	3.83%
02.04	fixtures,light,illuminated address	\$480.09	\$40.01	\$0.41	0.32%
02.05	fixtures,light,post mount(19)	\$771.77	\$64.31	\$0.66	0.51%
02.06	fixtures,light,post mount(25)	\$808.49	\$67.37	\$0.69	0.53%
02.07	irrigation controllers	\$2,375.64	\$197.97	\$2.04	1.57%
02.08	mailboxes,CBUs	\$708.88	\$59.07	\$0.61	0.47%
<b>03</b>	<b>Fencing</b>	<b>\$9,540.85</b>	<b>\$795.06</b>	<b>\$8.20</b>	<b>6.30%</b>
03.01	solid board fence,fy2008	\$501.15	\$41.76	\$0.43	0.33%
03.02	solid board fence,original	\$2,091.43	\$174.29	\$1.80	1.38%
03.03	vinyl fence	\$2,503.49	\$208.62	\$2.15	1.65%
03.04	walls,stucco repairs	\$454.01	\$37.83	\$0.39	0.30%
03.05	woodcrete fence,bldgs/units	\$1,163.16	\$96.93	\$1.00	0.77%
03.06	woodcrete fence,perimeter(25%)	\$2,827.61	\$235.63	\$2.43	1.87%
<b>04</b>	<b>Pavement</b>	<b>\$17,042.12</b>	<b>\$1,420.18</b>	<b>\$14.64</b>	<b>11.27%</b>
04.01	asphalt,major rehab	\$13,355.26	\$1,112.94	\$11.47	8.83%
04.02	asphalt,slurry/seal	\$3,686.86	\$307.24	\$3.17	2.44%
<b>05</b>	<b>Restoration</b>	<b>\$11,136.77</b>	<b>\$928.06</b>	<b>\$9.57</b>	<b>7.36%</b>
05.01	wood,repairs/rehab	\$11,136.77	\$928.06	\$9.57	7.36%
<b>06</b>	<b>Roofs</b>	<b>\$31,417.77</b>	<b>\$2,618.15</b>	<b>\$26.99</b>	<b>20.76%</b>
06.01	tile roof,underlayment/flashing	\$27,458.03	\$2,288.17	\$23.59	18.14%
06.02	wood shingle roof	\$3,959.74	\$329.98	\$3.40	2.62%
<b>07</b>	<b>Termite</b>	<b>\$20,045.84</b>	<b>\$1,670.49</b>	<b>\$17.22</b>	<b>13.25%</b>
07.01	termite control/fumigation	\$20,045.84	\$1,670.49	\$17.22	13.25%
<b>Grand Total:</b>		<b>\$151,331</b>	<b>\$12,610.90</b>	<b>\$130.01</b>	<b>100%</b>

## Category Breakdown Chart



## Fully Funded Balance Breakdown - Next FY

Reserve Component	Current Cost	Useful Life	Remaining Life	Fully Funded Balance
<b>01 Coat/Paint/Stain</b>	<b>\$177,051</b>			<b>\$129,894</b>
01.01 doors,garage-west facing,paint	\$13,791	5	3	\$5,516
01.02 stucco,paint	\$77,765	8	4	\$38,883
01.03 trim,paint	\$85,495	4	0	\$85,495
<b>02 Equipment</b>	<b>\$313,301</b>			<b>\$197,267</b>
02.01 doors,garage,metal	\$102,650	25	5	\$82,120
02.02 fixtures,light,bldg wall mount	\$13,506	30	0	\$13,506
02.03 fixtures,light,bollards,concrete	\$130,609	30	15	\$65,305
02.04 fixtures,light,illuminated address	\$10,805	30	0	\$10,805
02.05 fixtures,light,post mount(19)	\$11,579	20	15	\$2,895
02.06 fixtures,light,post mount(25)	\$12,130	20	0	\$12,130
02.07 irrigation controllers	\$21,386	12	7	\$8,911
02.08 mailboxes,CBUs	\$10,636	20	17	\$1,595
<b>03 Fencing</b>	<b>\$195,272</b>			<b>\$105,438</b>
03.01 solid board fence,fy2008	\$7,519	20	12	\$3,008
03.02 solid board fence,original	\$31,379	20	0	\$31,379
03.03 vinyl fence	\$56,342	30	19	\$20,659
03.04 walls,stucco repairs	\$10,218	30	4	\$8,855
03.05 woodcrete fence,bldgs/units	\$26,177	30	14	\$13,961
03.06 woodcrete fence,perimeter(25%)	\$63,636	30	17	\$27,576
<b>04 Pavement</b>	<b>\$251,516</b>			<b>\$181,384</b>
04.01 asphalt,major rehab	\$240,452	24	7	\$170,320
04.02 asphalt,slurry/seal	\$11,063	4	0	\$11,063
<b>05 Restoration</b>	<b>\$33,418</b>			<b>\$33,418</b>
05.01 wood,repairs/rehab	\$33,418	4	0	\$33,418
<b>06 Roofs</b>	<b>\$913,055</b>			<b>\$501,085</b>
06.01 tile roof,underlayment/flashing	\$823,939	40	20	\$411,970
06.02 wood shingle roof	\$89,116	30	0	\$89,116
<b>07 Termite</b>	<b>\$15,038</b>			<b>\$15,038</b>
07.01 termite control/fumigation	\$15,038	1	0	\$15,038
<b>Grand Total:</b>	<b>\$1,898,651</b>			<b>\$1,163,524</b>

## *Category Summary - Next FY*

<i>Category</i>	<i>Current Cost</i>	<i>Useful Life (Min - Max)</i>	<i>Remaining Life (Min - Max)</i>	<i>Fully Funded Balance</i>
01 Coat/Paint/Stain	\$177,051	4 - 8	0 - 4	\$129,894
02 Equipment	\$313,301	12 - 30	0 - 17	\$197,267
03 Fencing	\$195,272	20 - 30	0 - 19	\$105,438
04 Pavement	\$251,516	4 - 24	0 - 7	\$181,384
05 Restoration	\$33,418	4 - 4	0 - 0	\$33,418
06 Roofs	\$913,055	30 - 40	0 - 20	\$501,085
07 Termite	\$15,038	1 - 1	0 - 0	\$15,038
<b>Grand Total:</b>		<b>\$1,898,651</b>		<b>\$1,163,524</b>



## Component Details

<i>Reserve Component</i>	<i>Quantity</i>	<i>Unit of Measure</i>	<i>Unit Cost</i>	<i>Source Code</i>	<i>Rplc %</i>	<i>Cont %</i>	<i>Extended Cost</i>	
<b>01 Coat/Paint/Stain</b>								
01.01	doors,garage-west facing,paint UL: 5      RL: 4 west facing garage doors on units #401-485	40 units	\$318.80	3	100%	5%	\$13,389	
01.02	stucco,paint UL: 8      RL: 5						\$75,500	
01.02.1	bldgs,paint	218,957	sq ft	\$0.32	10	100%	5%	\$73,408
01.02.2	walls,paint	6,240	sq ft	\$0.32	10	100%	5%	\$2,092
01.03	trim,paint UL: 4      RL: 1						\$83,005	
01.03.1	bldgs,paint	93,839	sq ft	\$0.80	10	100%	5%	\$79,159
01.03.2	fencing,paint	4,560	sq ft	\$0.80	10	100%	5%	\$3,846
<b>02 Equipment</b>								
02.01	doors,garage,metal UL: 25      RL: 6	97	each	\$978.50	10	100%	5%	\$99,660
02.02	fixtures,light,bldg wall mount UL: 30      RL: 1	97	each	\$128.75	10	100%	5%	\$13,113
02.03	fixtures,light,bollards,concrete UL: 30      RL: 16	70	each	\$1,725.25	10	100%	5%	\$126,805
02.04	fixtures,light,illuminated address UL: 30      RL: 1	97	each	\$103.00	10	100%	5%	\$10,490
02.05	fixtures,light,post mount(19) UL: 20      RL: 16	21	each	\$509.85	10	100%	5%	\$11,242
02.06	fixtures,light,post mount(25) UL: 20      RL: 1	22	each	\$509.85	10	100%	5%	\$11,777
02.07	irrigation controllers UL: 12      RL: 8						\$20,763	
02.07.1	12 station	2	each	\$1,236.00	10	100%	5%	\$2,595
02.07.2	18 station	2	each	\$1,854.00	10	100%	5%	\$3,893
02.07.3	24 station	1	each	\$2,472.00	10	100%	5%	\$2,595
02.07.4	36 station	3	each	\$3,708.00	10	100%	5%	\$11,680
02.08	mailboxes,CBUs UL: 20      RL: 18						\$10,326	
02.08.1	08 doors	3	each	\$1,570.75	9	100%	5%	\$4,947
02.08.2	12 doors	2	each	\$1,673.75	9	100%	5%	\$3,514
02.08.3	16 doors	1	each	\$1,776.75	9	100%	5%	\$1,865
<b>03 Fencing</b>								

## Component Details

<i>Reserve Component</i>	<i>Quantity</i>	<i>Unit of Measure</i>	<i>Unit Cost</i>	<i>Source Code</i>	<i>Rplc %</i>	<i>Cont %</i>	<i>Extended Cost</i>
<b>03 Fencing</b>							
03.01 solid board fence,fy2008 UL: 20 RL: 13	150	lin ft	\$46.35	10	100%	5%	\$7,300
03.02 solid board fence,original UL: 20 RL: 1	939	lin ft	\$30.90	10	100%	5%	\$30,465
03.03 vinyl fence UL: 30 RL: 20							\$54,701
03.03.1 5' fencing	322	lin ft	\$92.70	10	100%	5%	\$31,341
03.03.2 gates 3' X 5'	36	each	\$618.00	10	100%	5%	\$23,360
03.04 walls,stucco repairs UL: 30 RL: 5	6,240	sq ft	\$15.14	10	10%	5%	\$9,920
03.05 woodcrete fence,bldgs/units UL: 30 RL: 15	1	each	\$24,205.00	10	100%	5%	\$25,415
03.06 woodcrete fence,perimeter(25%) UL: 30 RL: 18	2,539	lin ft	\$92.70	10	25%	5%	\$61,783
<b>04 Pavement</b>							
04.01 asphalt,major rehab UL: 24 RL: 8	163,528	sq ft	\$1.36	10	100%	5%	\$233,449
04.02 asphalt,slurry/seal UL: 4 RL: 1	165,528	sq ft	\$0.06	10	100%	5%	\$10,741
<b>05 Restoration</b>							
05.01 wood,repairs/rehab UL: 4 RL: 1	1	each	\$30,900.00	10	100%	5%	\$32,445
<b>06 Roofs</b>							
06.01 tile roof,underlayment/flashing UL: 40 RL: 21	1,243	square	\$612.91	10	100%	5%	\$799,941
06.02 wood shingle roof UL: 30 RL: 1	2	each	\$41,200.00	10	100%	5%	\$86,520
Note- during the L2 inspection conducted in fy2014 we were unable to locate these wood shingle roofs.							
<b>07 Termite</b>							
07.01 termite control/fumigation UL: 1 RL: 1	1	each	\$13,905.00	10	100%	5%	\$14,600

**Grand Total:** 31

## ***Field Report***

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*This Level 3 Reserve Study Update (no Site-Visit) does not include the benefit of a "Site-Visit" to access the current condition of each reserve item under consideration.*

*The Reserve Study Industry strongly recommends every association/client to conduct a reasonable competent and diligent visual inspection of the accessible areas of the reserve components in which the association/client is obligated to repair, replace, restore or maintain as part of its reserve study at least every three (3) years. This visual inspection should be done by qualified personnel with knowledge in all construction trades (e.g. licensed General Contractor).*

*Please reference the Parameters section found on page 4 of this report for the 'Most Recent On-Site Inspection Date' to ensure compliance with this recommendation.*

*The parameters and assumptions under which this study was completed, is based on information provided by the association/client, its representatives, its management company (as applicable), its contractors, other contractors, specialists and independent consultants, the State Department of Real Estate (or other state agency, as applicable), the Community Associations Institute (CAI), construction pricing and estimating manuals, and the preparer's own experience gained in the preparation of reserve study reports.*

*The reserve funding program reflects assumptions about future events. Some may not materialize, and unanticipated events/circumstances may develop. Therefore, the actual component cost and/or remaining life of a reserve component may vary from the reserve funding program. The preparer of this report does not express an opinion on the probability that actual item cost and/or remaining life may or may not approximate the reserve funding program.*

*It is assumed, unless otherwise indicated to the preparer, that all reserve items have been constructed properly, and that each estimated useful life will approximate that of the norm per industry standards and manufacturers specifications. Arbitrary estimates may have been used on reserve components with an indeterminable but potential liability to the association. The decision for the inclusion of these reserve components, and other assets considered or not, is ultimately left to the association/client.*

*The remaining life of the reserve components does not have a variance factor for unusual weather or natural disasters. It is assumed that a reasonable schedule of maintenance/repair will be conducted. The level of maintenance/repair any particular component receives may serve to prolong or shorten that components useful life. The actual life of any given component may vary due to quality of construction, original design, workmanship, intensity of use, maintenance/repair, and unusual weather. This study only addresses the maintenance and replacement of those reserve components listed, the associated costs/lives, and a reserve funding program.*

*Various percentage rate factors are generally used in the Cash Flow Analysis. A low-conservative net effective interest rate is normally used to compensate for any applicable federal and state taxes imposed. The annual inflation rate is normally determined using the national "CPIU", the Consumer Price Index for all urban consumers in the United States. Because it is difficult to accurately predict these factors over time, it is vital to update them annually.*

*Life-of-the-project items (e.g. building foundation/structure, concrete pavement, utilities, etc.) are generally excluded from this report. However, if the association has reason to expect the component to wear out or fail before the project does and if, due to the age of the units, the item may wear out within thirty (30) years, then that item should be included as a reserve component. Generally excluded are minor expenses which may be funded by a contingency and/or general maintenance/repair fund. Also excluded are expenses incurred due to natural disasters, accidents, or other occurrences, which are more properly insured for.*

## Calculations

**1) Allocation % =**

Reserve Allocation (Component Method) / Total Reserve Allocation (Component Method) x 100

**2) Current Cost =**

Extended Cost (for a component without subcomponents)

-or-

Sum of subcomponent Extended Costs (for a component with subcomponents)

**3) Extended Cost =**

Quantity x Unit Cost x Replacement % x (1+Contingency Rate)

**4) Fully Funded Balance =**

Current Cost / Useful Life x (Useful Life - Remaining Life)

**5) FY End Balance (same as Next FY Start Balance) =**

*Initial or current fiscal year-*

Current Reserve Balance + Interest Earned + Reserve Allocation to Fund + Special Assessment to Fund + Funds Due from Operating - Approved Funds to Disburse - Disbursements

*Subsequent fiscal years-*

FY Start Balance + Interest Earned + (Reserve Allocation (from previous year) x (1 + Reserve Allocation Rate)) - Disbursements

**6) Interest Earned=**

*Initial fiscal year-*

Current Reserve Balance x (Interest Rate (net effective)/12 x Number of funding months remaining in current fiscal year)

*Subsequent fiscal years-*

FY Start Balance x Interest Rate (net effective)

**7) Percent Funded =**

(FY Start Balance / Fully Funded Balance) x 100

**8) Reserve Allocation (Component Method) =**

Current Cost / Useful Life

## Definitions

### Abbreviations

bldgs = <i>buildings</i>	lf or lin ft = <i>lineal feet</i>	sy or sq yd = <i>square yard</i>
ea = <i>each</i>	RL = <i>remaining life</i>	UL = <i>useful life</i>
FY = <i>fiscal year</i>	sf or sq ft = <i>square feet</i> (100 sq ft = 1 square)	% = <i>percent</i>

#### 1) Age

The approximate age of the complex. This parameter is provided for information only.

#### 2) Allocation %

A percentage of the total Reserve Allocation. See Calculations- APPENDIX B.

#### 3) Allocation Increase Rate

Expressed as a percentage rate that reflects the increase of a given year's Reserve Allocation over the previous year's Reserve Allocation and utilized only in the Cash Flow Analysis.

#### 4) Base Year

The year in which the governing documents were recorded and/or the buildings constructed (average year may be used for phases built over a period of time), and utilized to determine the approximate complex age. This parameter is provided for information only.

#### 5) Common Interest Development (CID)

Defined by shared property and restrictions in the deed on use of the property. A CID is governed by a mandatory Association of homeowners which administers the property and enforces its restrictions. The Association Board is responsible for repairing, replacing, or maintaining the common areas, other than the exclusive use common areas, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. The following are two typical CID subdivision types:

- A) Condominium- In general, the recorded owner has title to the unit (or airspace). They are typically responsible for the interior of their individual unit/garage, all utilities that service their unit and any exclusive use common area associated with their unit (e.g. balcony, doors/windows, patio yard, etc.).
- B) Planned Development- In general, the recorded owner has title to the lot. They are typically responsible for the maintenance and repair of any structure or improvement located on their respective lot.

*Note- CIDs & subdivision types are general and may not apply or may vary, based on your local.*

#### 6) Component Inventory

The task of selecting and quantifying reserve items. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of established association precedents, and discussion with appropriate association representatives.

#### 7) Condition Assessment

The task of evaluating the current condition of the component based on observed or reported characteristics and normally documented in the field report for a Level 1 or Level 2 Reserve Study.

## Definitions

### 8) **Contingency Rate**

Expressed as a percentage rate that reflects a factor added to the unit cost to prepare for an event that is liable to occur, but not with certainty.

### 9) **Current Cost**

The current fiscal year's estimated cost to maintain, replace, repair, or restore a reserve component to its original functional condition. Sources utilized to obtain estimates may include: the association, its contractors, other contractors, specialists and independent consultants, the State department of Real Estate (or other state department as applicable), construction pricing and estimating manuals, and the preparer's own experience and/or database of costs formulated in the preparation of other reserve study reports. See Calculations- APPENDIX B.

### 10) **Disbursement**

The funds expected to be paid or expended from the Reserve Balance.

### 11) **Extended Cost**

See Calculations- APPENDIX B.

### 12) **Fiscal Year (FY)**

A 12-month period for which an organization plans the use of its funds. There are two distinct types:

- A) *Calendar Fiscal Year (ends December 31)*
- B) *Non-Calendar Fiscal Year (does not end December 31)*

### 13) **Full Funded Balance (FFB)**

Total Accrued Depreciation. An indicator against which the FY Start Balance can be compared. The balance that is in direct proportion to the fraction of life "used up" of the cost. See Calculations- APPENDIX B.

### 14) **Funding Goal**

Independent of methodology utilized, the following represents the basic categories of funding plan goals:

- A) *Baseline Funding*- Maintaining a Net Reserve Balance at or near zero.
- B) *Full Funding*- Maintaining a Reserve Balance at or near Percent Funded of 100%.
- C) *Statutory Funding*- Maintaining a specified Reserve Balance/Percent Funded per statutes.
- D) *Threshold Funding*- Establishing and maintaining a set Net Reserve Balance or Percent Funded.

### 15) **Funding Method (or Funding Plan)**

An association's plan to provide income to the reserve fund to offset expected disbursements from that fund. The following represents two (2) basic methodologies used to fund reserves:

- A) *Cash Flow Method*- A method of developing a reserve funding plan where allocations 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.
- B) *Component Method*- A method of developing a reserve funding plan where the total reserve allocation is based on the sum of allocations for individual components.

## Definitions

### 16) **Funding Plan**

The combined Funding Method & Funding Goal.

### 17) **FY End Balance (same as next FY Start Balance)**

The balance in reserves at end of applicable fiscal year. See Calculations- Appendix B.

### 18) **FY Start Balance (same as prior year FY End Balance)**

The balance in reserves at start of applicable fiscal year.

### 19) **Inflation Rate**

Expressed as a percentage rate that reflects the increase of this year's costs over the previous year's costs. Also known as a 'cost increase factor'.

### 20) **Interest Earned**

The annual earning of reserve funds that have been deposited in certificates of deposit (CDs), money market accounts or other investment vehicles. See Calculations- Appendix B.

### 21) **Interest Rate**

The ratio of the gain received from an investment and the investment over a period of time (usually one year), prior to any federal or state imposed taxes.

### 22) **Interest Rate (net effective)**

The ratio of the gain received from an investment and the investment over a period of time (usually one year), after any federal or state imposed taxes.

### 23) **Levels of Service**

A) **Level 1 Reserve Study (Full or Comprehensive)**- A Reserve Study in which the following five Reserve Study tasks are performed:

- a) Component Inventory
- b) Condition Assessment (based upon on-site visual observations)
- c) Life and Valuation Estimates
- d) Fund Status
- e) Funding Plan

B) **Level 2 Reserve Study (Update, With-Site-Visit/On-Site Review)**- A Reserve Study update in which the following five tasks are performed:

- a) Component Inventory
- b) Condition Assessment (based upon on-site visual observations)
- c) Life and Valuation Estimates
- d) Fund Status
- e) Funding Plan

*\*Note- Updates are reliant on the validity of prior Reserve Studies.*



## Definitions

C) Level 3 Reserve Study (Update, No-Site-Visit/Off-Site Review)- A Reserve Study update with no on-site visual observations in which the following three tasks are performed:

- a) Life and Valuation Estimates
- b) Fund Status
- c) Funding Plan

*\*Note- Updates are reliant on the validity of prior Reserve Studies.*

### 24) Percent Funded

A comparison of the Fully Funded Balance to the FY Start Balance expressed as a percentage, and used to provide a 'general indication' of reserve strength. See Calculations- APPENDIX B.

### 25) Quantity

The number or amount of a particular reserve component or subcomponent.

### 26) Remaining Life (RL)

The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year (but have not been approved) have a remaining life of "zero".

### 27) Replacement %

A percentage of the total replacement for a particular reserve component or subcomponent. This parameter is normally 100%.

### 28) Reserve Allocation

The amount to be annually budgeted towards reserves based on a Funding Plan.

### 29) Reserve Component (or subcomponent)

The individual line items in the reserve study, developed or updated in the physical analysis that form the building blocks of the reserve study. They typically are:

- A) association responsibility,
- B) with limited useful life expectancies,
- C) predictable remaining useful life expectancies,
- D) above a minimum threshold cost,
- E) and, as required by statutes.

### 30) Restoration

Defined as *to bring back to an unimpaired or improved condition*. General types follow:

- A) Building- In general, funding utilized to defray the cost (in whole or part) of major building components that are not necessarily included as line items and may include termite treatment.
- B) Irrigation System- In general, funding utilized to defray the cost (in whole or part) of sectional irrigation system areas including modernization to improve water management.
- C) Landscape- In general, funding utilized to defray the cost (in whole or part) of sectional landscape areas including modernization to improve water conservation & drainage.

## Definitions

### 31) Risk Factor

The associated risk of the availability of reserves to fund expenditures by interpreting the Percent Funded parameter as follows:

- A) 70% and above- *LOW*
- B) 31% to 69%- *MODERATE*
- C) 30% and below- *HIGH*

### 32) Source Code

The source of information utilized to obtain cost and/or life estimates.

- 0- Actual Cost
- 1- Arbitrary Estimate
- 2- Architect/Engineer
- 3- Association
- 4- Bid/Proposal
- 5- Builder/Developer
- 6- Contractor
- 7- Cost Estimating Manual
- 8- Industry Standard
- 9- Manufacturer
- 10- Prior Reserve Study
- 11- Reserve Study Firm
- 12- Specialist/Expert
- 13- Vendor/Rep

### 33) Unit Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore an individual "unit of measure" of a reserve component or subcomponent to its original functional condition.

### 34) Unit of Measure

A system of units used in measuring a reserve component or subcomponent (i.e. each, lineal feet, square feet, etc.).

### 35) Useful Life (UL)

Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve item can be expected to serve its intended function if properly constructed and maintained in its present application or installation.