

# **J.D. BROOKS**

**RESERVE STUDIES**

**133 E. DE LA GUERRA #195  
SANTA BARBARA, CA 93101**

**PHONE: (805) 452-7212  
FAX: (805) 832-6287  
JD @ JDBROOKS.COM**



## **EUCALYPTUS GROVE HOA**

**GOLETA, CA**

**RESERVE STUDY REPORT: DECEMBER 17, 2013**

**RECOMMENDATIONS FOR THE BUDGET YEAR PERIOD**

**FROM: JANUARY 1, 2014**

**THROUGH: DECEMBER 31, 2014**

**COVER  
INTRODUCTION  
RESERVE STUDY SUMMARY**

**DEFINITIONS  
COLOR GRAPHS & CHARTS:  
THIRTY-YEAR RESERVE BALANCE PROJECTIONS  
RESERVE CATEGORY VALUES AS PERCENTAGE OF ALL COMPONENTS  
PROJECTED ANNUAL RESERVE EXPENSES**

**RESERVE COMPONENT INVENTORY  
THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES  
THIRTY-YEAR PROJECTED ANNUAL RESERVE BALANCES**

**COLOR PHOTO DOCUMENTATION  
COMPONENT DESCRIPTIONS  
CALIFORNIA CIVIL CODE OVERVIEW**

## INTRODUCTION

This Reserve Study is an evaluation of the association's Common Area Components and their Reserve Funds. It was prepared after a thorough on-site inspection performed on: August 25, 2013

The goal is to keep the Reserve Funds at a sufficient level for future repair and/or replacement of these components and to disclose this information formally to the Association.

### Eucalyptus Grove HOA

a condominium development consisting of thirteen: three-story buildings, plus a pool house, is located in: Goleta, CA

The development is comprised of 179 units built in 1985.

The Association's Fiscal Year End is December 31.

This study's Reserve Component Inventory lists the components that require reserve funding.

The Projected Reserve Fund Balance at Fiscal Year End 2013 is \$1,368,400.

The Ideal Reserve Fund Balance at Fiscal Year End 2013 is \$1,611,718.

Therefore, the Reserve Fund is theoretically 85% Funded.

The Current (2013) Annual Reserve Contribution is set at approximately \$406,852.

J.D. Brooks recommends reducing this Annual Reserve Contribution to \$252,091

(The Deficit Reduction Contribution) for 2014, plus a contribution increase of 3% annually.

This funding plan *should* keep the association's Reserve Fund above \$1,241,159 over a thirty-year period.

**NOTE:** This Funding Plan includes the assumption that all Interest earned on the Reserve Funds will be re-invested back into the Reserve Accounts (Net after Tax obligations)

The Repair / Replace Estimates and other parameters used in this study were estimated with the assistance of information obtained from one or more of the following:

- 1 The Association's Board of Directors.
- 2 The Association's Property Manager.
- 3 Vendor (Subcontractor) Proposal / Contract for work.
- 4 Vendor (Subcontractor) experience with the Association.
- 5 Construction estimating reference books & databases.
- 6 J.D. Brooks database of area construction costs and similar reserve studies.

This reserve study does not imply a warranty or guarantee of any form.

The named Association, by receiving this study, agrees to release J.D. Brooks from any claims and/or lawsuits.

## RESERVE STUDY SUMMARY

**ASSOCIATION INFORMATION:**

Name of Association: **EUCALYPTUS GROVE HOA**  
 Location: **GOLETA, CA**  
 Number of Units: **179**  
 Approximate Age of Complex: **28**

**This report recommends contributions for Budget Year:**

Beginning: **JANUARY 1, 2014**  
 Ending: **DECEMBER 31, 2014**

Reserve Study Report Date: **DECEMBER 17, 2013**  
 Current Fiscal Year End: **DECEMBER 31, 2013**

**CURRENT FUNDS SUMMARY:**

Projected Reserve Balance at Current Fiscal Year End: **\$1,368,400**  
 Ideal Reserve Balance at Current Fiscal Year End: **\$1,611,718**

**PERCENT FUNDED: **85%****

**CURRENT RESERVE CONTRIBUTIONS:**

	Annual	Monthly	Monthly Per Unit
2013 Budgeted Reserve Contribution:	<b>\$406,852</b>	<b>\$33,904</b>	<b>\$189.41</b>

### RECOMMENDATIONS FOR BUDGET YEAR 2014

**RESERVE CONTRIBUTION MODELS:**

**2014 J.D. Brooks Recommendation in Box**

	Annual	Monthly	Monthly Per Unit
2014 Straight-Line Contribution:	<b>\$235,198</b>	<b>\$19,600</b>	<b>\$109.50</b>
2014 Deficit Reduction Contribution:	<b>\$252,091</b>	<b>\$21,008</b>	<b>\$117.36</b>
2014 Cash-Flow (Minimum) Contribution:	<b>\$181,457</b>	<b>\$15,121</b>	<b>\$84.48</b>

# **RESERVE STUDY DEFINITIONS**

**CASH-FLOW (MINIMUM) CONTRIBUTION:**

Calculated by not allowing the Reserve Balance to ever fall below (5% of the Total Replacement Cost of all the components) over a thirty-year period.  
This Funding Plan should keep the Reserve Fund Balance just above \$0.

**DEFICIT REDUCTION ANNUAL CONTRIBUTION:**

Equals (the Straight-Line Annual Contribution) plus {(the Underfunded Balance if any) divided by (the Remaining Life)}.

**F.Y.E. (FISCAL YEAR END):**

End of the accounting budget year.

**IDEAL BALANCE AT F.Y.E.:**

Equals (the Straight-Line Annual Contribution) multiplied by (the age) of the component.

**INCREASE TO ANNUAL RESERVE CONTRIBUTION:**

Average Rate of Increase to the Reserve Contribution amount over the next thirty years.

**INFLATION RATE:**

Average Inflation Rate for the region and year.

**NET INTEREST ON RESERVE SAVINGS:**

Average amount (after tax) of interest re-invested back into the Reserve Account over the next thirty years. (forecast estimate)

**PERCENT FUNDED:**

Equals (the Projected Reserve Balance at Fiscal Year End) divided by (the Ideal Reserve Balance at Fiscal Year End).

**PROJECTED BALANCE AT F.Y.E.:**

Projected Reserve Balances for each Reserve Component. Calculated according to priority (need) of replacement.

**RESERVE COMPONENT:**

Common Area item that requires replacement within thirty-years.

**RMNG. LIFE (REMAINING LIFE):**

Life-span remaining for the Reserve Component.

**STRAIGHT-LINE ANNUAL CONTRIBUTION:**

Equals (the Repair/Replace Cost) divided by (the Useful Life).

**SURPLUS / DEFICIT:**

Equals (the Ideal Balance at F.Y.E.) minus (the Projected Balance at F.Y.E.).

**UNIT COST:**

Cost per unit of measure.

**UNIT TYPE:**

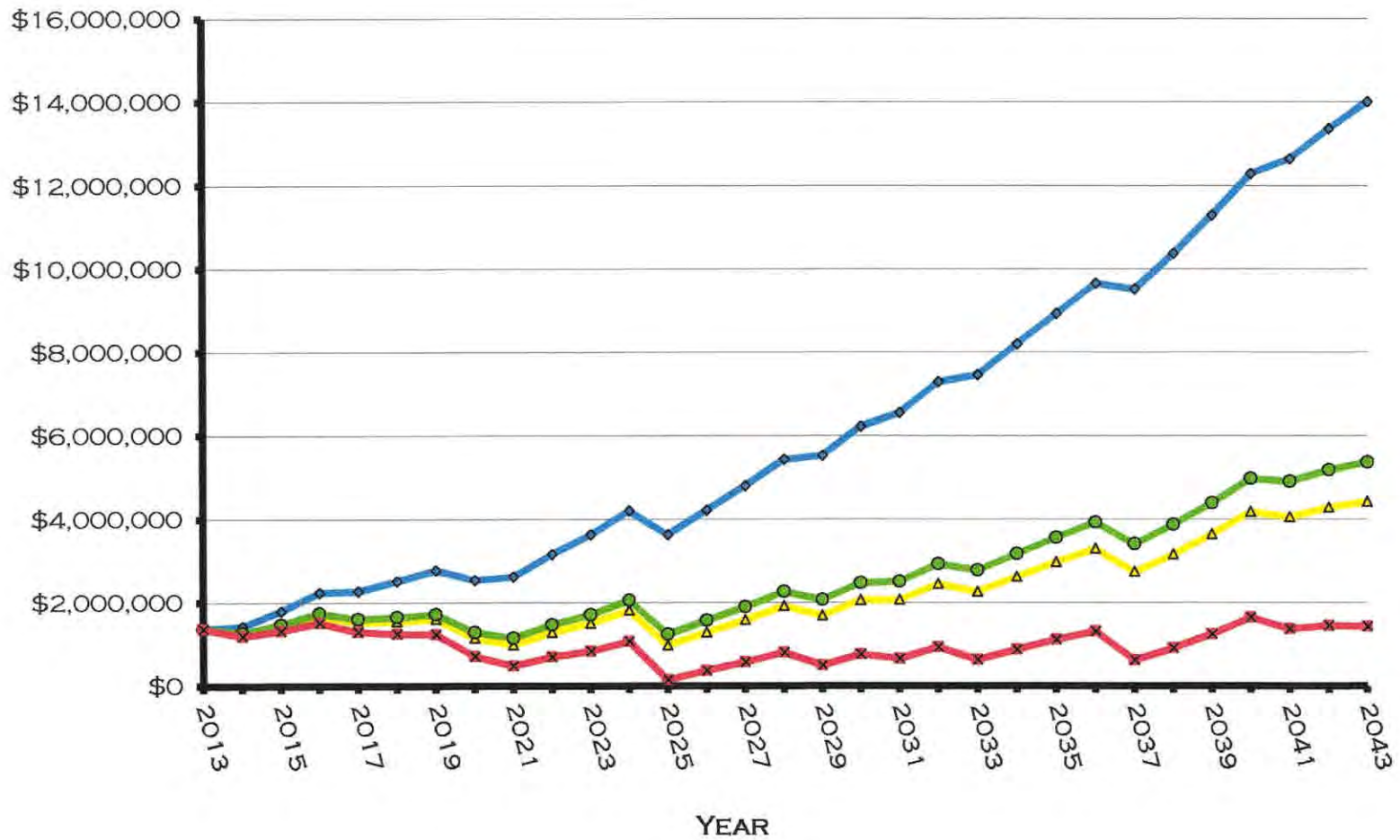
Unit of measure.

**USEFUL LIFE:**

Expected life-span of the Reserve Component.

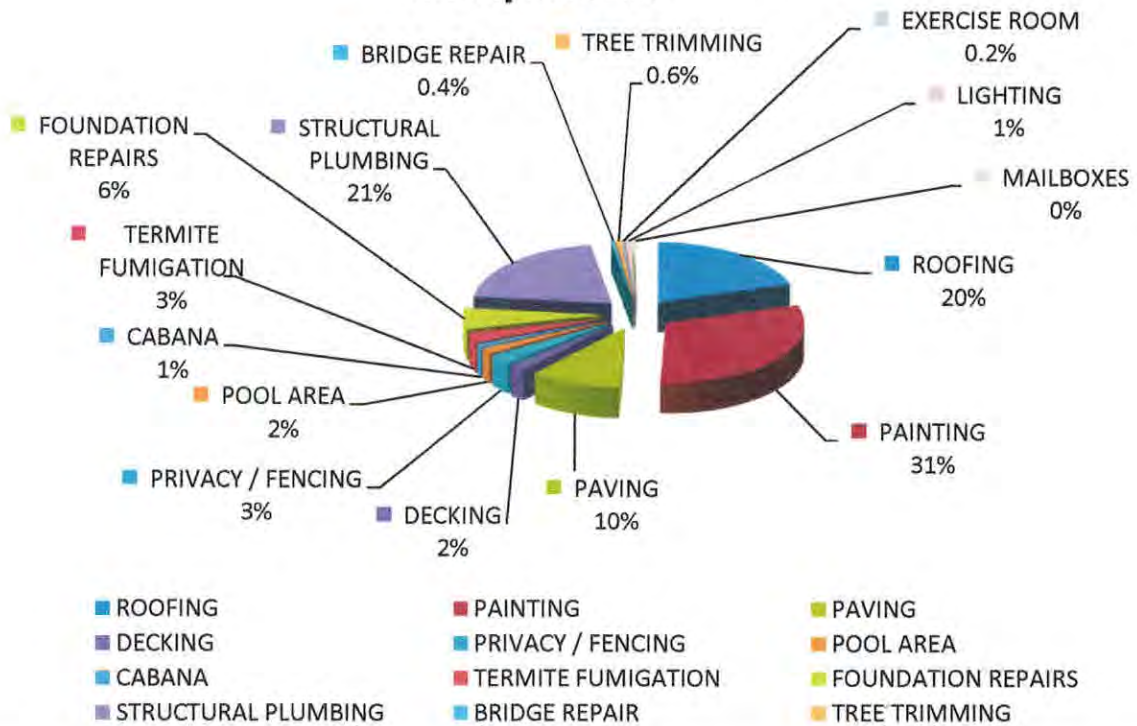
# EUCALYPTUS GROVE HOA

## THIRTY-YEAR RESERVE BALANCE PROJECTIONS

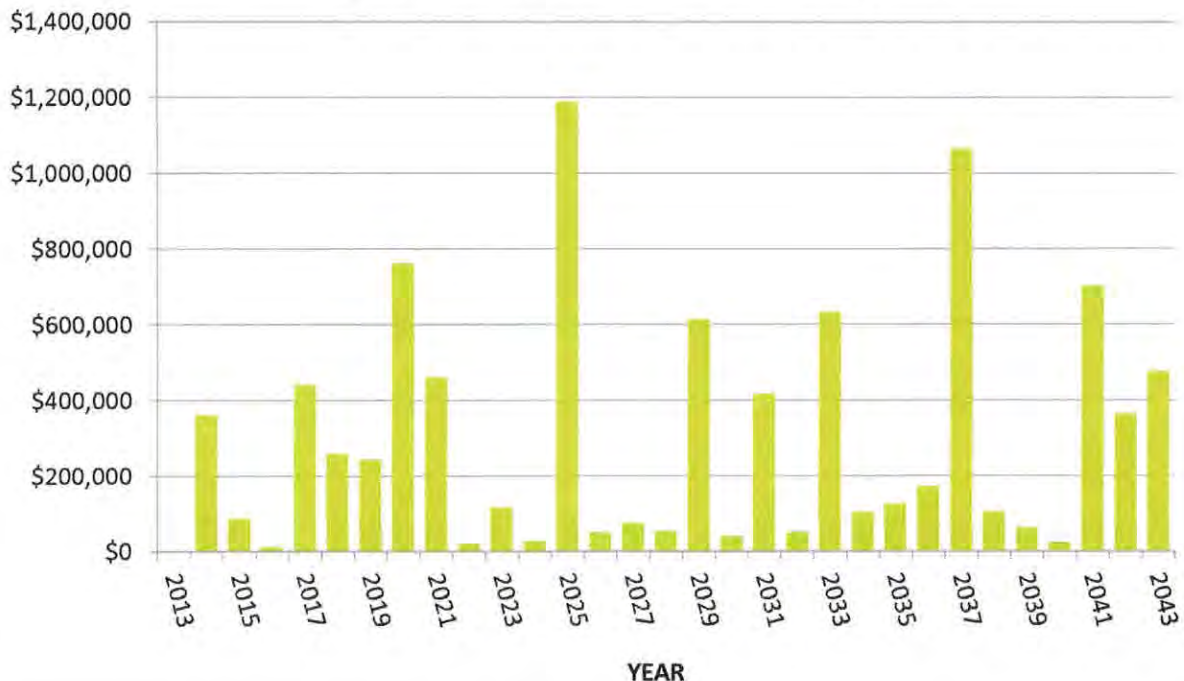


# EUCALYPTUS GROVE HOA

## Reserve Category Values As Percentage Of All Components



## Projected Annual Reserve Expenses



**EUCALYPTUS GROVE HOA****RESERVE COMPONENT  
INVENTORY**

CURRENT FISCAL YEAR END: DECEMBER 31, 2013

NUMBER OF UNITS: 179

CATEGORY	UNIT	UNIT	REPAIR /	USEFUL	RMNG.	STRAIGHT-LINE	IDEAL	PROJECTED	DEFICIT	DEFICIT	
RESERVE COMPONENT	QUANTITY	TYPE	REPLACE	LIFE	LIFE	ANNUAL	BALANCE	BALANCE	DEFICIT	CONTRIBUTION	
			COST			CONTRIBUTION@F.Y.E.2013	@F.Y.E.2013	@F.Y.E.2013		ANNUAL	
<b>ROOFING</b>											
COMP.S:7626,7630,7634	3	BLDG.	28000	84,000	25	18	3,360	26,880	-	(26,880)	4,853
COMP.S: 7624, 7628	2	BLDG.	28000	56,000	25	21	2,240	11,200	-	(11,200)	2,773
COMP.S: 7636, 7638	2	BLDG.	28000	56,000	25	22	2,240	8,960	-	(8,960)	2,647
COMP.S:7602,7606,7610	3	BLDG.	28000	84,000	25	23	3,360	10,080	-	(10,080)	3,798
COMP.S:7620,7632,7640	3	BLDG.	28000	84,000	25	24	3,360	6,720	-	(6,720)	3,640
CARPORT METAL	30,000	SQFT	6.40	192,000	30	5	6,400	166,400	166,400	-	6,400
GUTTER & DOWNSPOUTS	7,000	LNFT	6.40	44,800	25	16	1,792	17,920	-	(17,920)	2,912
<b>PAINTING</b>											
WOOD SIDING	120,000	SQFT	1.00	120,000	6	6	20,000	20,000	20,000	-	20,000
WOOD & METAL TRIM	35,000	SQFT	1.50	52,500	4	4	13,125	13,125	13,125	-	13,125
CARPORTS	60,000	SQFT	1.20	72,000	6	6	12,000	12,000	12,000	-	12,000
METAL FENCE & RAIL	4,000	SQFT	1.20	4,800	3	2	1,600	3,200	3,200	-	1,600
FRONT WOOD FENCE	600	LNFT	8.00	4,800	6	6	800	800	800	-	800
DRYROT REPAIRS	1	ALLOW	300000	320,000	4	4	80,000	80,000	80,000	-	80,000
WOOD SIDING REPLACE	1	ALLOW	330000	350,000	20	12	17,500	157,500	29,930	(127,570)	28,131
<b>INTERIOR PAINTING (600 SF) OPERATING MAINTENANCE EXPENSE</b>											
<b>PAVING</b>											
ASPHALT SLURRY/REPAIR	120,000	SQFT	0.15	18,000	3	1	6,000	18,000	18,000	-	6,000
ASPHALT OVERLAYMENT	120,000	SQFT	2.50	300,000	30	1	10,000	300,000	300,000	-	10,000
<b>CONCRETE REPAIR OPERATING MAINTENANCE EXPENSE</b>											
<b>DECKING</b>											
STAIR LANDING RESEAL	5,200	SQFT	3.25	16,900	5	5	3,380	3,380	3,380	-	3,380
STAIR LANDING RESURFACE	5,200	SQFT	8.00	41,600	20	10	2,080	22,880	22,880	-	2,080
<b>PRIVATE BALCONY SURFACES INDIVIDUAL HOMEOWNER'S EXPENSE</b>											
<b>PRIVACY / FENCING</b>											
INTERCOM	1	UNIT	4000	4,000	15	7	267	2,400	2,400	-	267
GATE OPERATOR (ROLL)	1	UNIT	2900	2,900	12	1	242	2,900	2,900	-	242
GATE OPERATOR (ROLL)	1	UNIT	2900	2,900	12	1	242	2,900	2,900	-	242
VEHICLE ROLL GATES	2	UNIT	3400	6,800	25	9	272	4,624	4,624	-	272
CARD READERS/BUZZERS	4	UNIT	1200	4,800	12	6	400	2,800	2,800	-	400
FRONT WOOD FENCE	600	LNFT	53.00	31,800	20	14	1,590	11,130	-	(11,130)	2,385
METAL POOL FENCE 6'	180	LNFT	50.00	9,000	25	24	360	720	-	(720)	390
STAIR RAILS 3.5'	500	LNFT	28.00	14,000	30	2	467	13,533	13,533	-	467
SPLIT-RAIL FENCE	450	LNFT	16.00	7,200	35	7	206	5,966	5,966	-	206
<b>TRASH GATES OPERATING MAINTENANCE EXPENSE</b>											
<b>POOL AREA</b>											
POOL HEATER	1	UNIT	3400	3,400	10	3	340	2,720	2,720	-	340
POOL FILTER	1	UNIT	1300	1,300	12	3	108	1,083	1,083	-	108
POOL & SPA PUMPS	3	UNIT	1800	5,400	8	4	675	3,375	3,375	-	675
POOL RE-SURFACE	1,000	SQFT	11.00	11,000	12	7	917	5,500	5,500	-	917
POOL TILE/COPING	100	LNFT	36.00	3,600	20	15	180	1,080	-	(1,080)	252

# EUCALYPTUS GROVE HOA

RESERVE COMPONENT INVENTORY
--------------------------------

## THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RESERVE COMPONENT	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>ROOFING</b>																
COMP.S:7626,7630,7634	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMP.S: 7624, 7628	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMP.S: 7636, 7638	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMP.S:7602,7606,7610	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMP.S:7620,7632,7640	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CARPORT METAL	-	-	-	-	-	211,984	-	-	-	-	-	-	-	-	-	-
GUTTER & DOWNSPOUTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>PAINTING</b>																
WOOD SIDING	-	-	-	-	-	-	135,139	-	-	-	-	-	152,189	-	-	-
WOOD & METAL TRIM	-	-	-	-	56,828	-	-	-	61,512	-	-	-	66,583	-	-	-
CARPORTS	-	-	-	-	-	-	81,084	-	-	-	-	-	-	91,313	-	-
METAL FENCE & RAIL	-	-	4,994	-	-	5,300	-	-	5,624	-	-	5,968	-	-	6,333	-
FRONT WOOD FENCE	-	-	-	-	-	-	5,406	-	-	-	-	-	6,088	-	-	-
DRYROT REPAIRS	-	-	-	-	346,378	-	-	-	374,931	-	-	-	405,837	-	-	-
WOOD SIDING REPLACE	-	-	-	-	-	-	-	-	-	-	-	-	443,885	-	-	-
<b>PAVING</b>																
ASPHALT SLURRY/REPAIR	-	18,360	-	-	19,484	-	-	20,676	-	-	21,942	-	-	23,285	-	-
ASPHALT OVERLAYMENT	-	306,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>DECKING</b>																
STAIR LANDING RESEAL	-	-	-	-	-	18,659	-	-	-	-	20,601	-	-	-	-	22,745
STAIR LANDING RESURFACE	-	-	-	-	-	-	-	-	-	-	50,710	-	-	-	-	-
<b>PRIVACY / FENCING</b>																
INTERCOM	-	-	-	-	-	-	-	4,595	-	-	-	-	-	-	-	-
GATE OPERATOR (ROLL)	-	2,958	-	-	-	-	-	-	-	-	-	-	-	3,751	-	-
GATE OPERATOR (ROLL)	-	2,958	-	-	-	-	-	-	-	-	-	-	-	3,751	-	-
VEHICLE ROLL GATES	-	-	-	-	-	-	-	-	-	8,127	-	-	-	-	-	-
CARD READERS/BUZZERS	-	-	-	-	-	-	5,406	-	-	-	-	-	-	-	-	-
FRONT WOOD FENCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,959	-
METAL POOL FENCE 6'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STAIR RAILS 3.5'	-	-	14,566	-	-	-	-	-	-	-	-	-	-	-	-	-
SPLIT-RAIL FENCE	-	-	-	-	-	-	-	8,271	-	-	-	-	-	-	-	-
<b>POOL AREA</b>																
POOL HEATER	-	-	-	3,608	-	-	-	-	-	-	-	-	-	4,398	-	-
POOL FILTER	-	-	-	1,380	-	-	-	-	-	-	-	-	-	-	-	1,750
POOL & SPA PUMPS	-	-	-	-	5,845	-	-	-	-	-	-	-	6,849	-	-	-
POOL RE-SURFACE	-	-	-	-	-	-	-	12,636	-	-	-	-	-	-	-	-
POOL TILE/COPING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,845



# EUCALYPTUS GROVE HOA

RESERVE COMPONENT INVENTORY
--------------------------------

## THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
RESERVE COMPONENT	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
<b>ROOFING</b>																
COMP.S:7626,7630,7634	-	-	119,973	-	-	-	-	-	-	-	-	-	-	-	-	-
COMP.S: 7624, 7628	-	-	-	-	-	84,877	-	-	-	-	-	-	-	-	-	-
COMP.S: 7636, 7638	-	-	-	-	-	-	86,575	-	-	-	-	-	-	-	-	-
COMP.S:7602,7606,7610	-	-	-	-	-	-	-	132,460	-	-	-	-	-	-	-	-
COMP.S:7620,7632,7640	-	-	-	-	-	-	-	-	135,109	-	-	-	-	-	-	-
CARPORT METAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GUTTER & DOWNSPOUTS	61,501	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>PAINTING</b>																
WOOD SIDING	-	-	171,390	-	-	-	-	-	193,012	-	-	-	-	-	-	217,363
WOOD & METAL TRIM	72,071	-	-	-	78,012	-	-	-	84,443	-	-	-	91,404	-	-	-
CARPORTS	-	-	102,834	-	-	-	-	-	115,807	-	-	-	-	-	-	130,418
METAL FENCE & RAIL	-	6,721	-	-	7,133	-	-	7,569	-	-	8,032	-	-	8,524	-	-
FRONT WOOD FENCE	-	-	6,856	-	-	-	-	-	7,720	-	-	-	-	-	-	8,695
DRYROT REPAIRS	439,291	-	-	-	475,503	-	-	-	514,700	-	-	-	557,128	-	-	-
WOOD SIDING REPLACE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>PAVING</b>																
ASPHALT SLURRY/REPAIR	24,710	-	-	26,223	-	-	27,828	-	-	29,531	-	-	31,338	-	-	-
ASPHALT OVERLAYMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>DECKING</b>																
STAIR LANDING RESEAL	-	-	-	-	25,113	-	-	-	-	27,726	-	-	-	-	-	30,612
STAIR LANDING RESURFACE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,353
<b>PRIVACY / FENCING</b>																
INTERCOM	-	-	-	-	-	-	6,184	-	-	-	-	-	-	-	-	-
GATE OPERATOR (ROLL)	-	-	-	-	-	-	-	-	-	4,758	-	-	-	-	-	-
GATE OPERATOR (ROLL)	-	-	-	-	-	-	-	-	-	4,758	-	-	-	-	-	-
VEHICLE ROLL GATES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CARD READERS/BUZZERS	-	-	6,856	-	-	-	-	-	-	-	-	-	-	-	-	8,695
FRONT WOOD FENCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
METAL POOL FENCE 6'	-	-	-	-	-	-	-	-	14,476	-	-	-	-	-	-	-
STAIR RAILS 3.5'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPLIT-RAIL FENCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>POOL AREA</b>																
POOL HEATER	-	-	-	-	-	-	-	5,361	-	-	-	-	-	-	-	-
POOL FILTER	-	-	-	-	-	-	-	-	-	-	-	2,219	-	-	-	-
POOL & SPA PUMPS	-	-	-	-	8,024	-	-	-	-	-	-	-	-	9,402	-	-
POOL RE-SURFACE	-	-	-	16,025	-	-	-	-	-	-	-	-	-	-	-	-
POOL TILE/COPING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**EUCALYPTUS GROVE HOA**

CURRENT FISCAL YEAR END: DECEMBER 31, 2013

NUMBER OF UNITS: 179

**RESERVE COMPONENT  
INVENTORY**

CATEGORY	QUANTITY	UNIT TYPE	UNIT COST	REPAIR / REPLACE COST	USEFUL LIFE	RMNG. LIFE	STRAIGHT-LINE ANNUAL CONTRIBUTION	IDEAL BALANCE @F.Y.E.2013	PROJECTED BALANCE @F.Y.E.2013	DEFICIT	DEFICIT
											REDUCTION ANNUAL CONTRIBUTION
<b>RESERVE COMPONENT</b>											
SPA HEATER	1	UNIT	3200	3,200	8	6	400	1,200	1,200	-	400
SPA FILTER	1	UNIT	1300	1,300	12	1	108	1,300	1,300	-	108
SPA RE-TILE	1	UNIT	6400	6,400	30	4	213	5,760	5,760	-	213
POOL DECKING	1	ALLOW	11700	11,700	20	15	585	3,510	-	(3,510)	819
<b>CABANA</b>											
BATH FLOOR & WALL TILE	650	SqFT	18.00	11,700	30	2	390	11,310	11,310	-	390
BATHROOMS REMODEL	2	ALLOW	2600	5,200	30	2	173	5,027	5,027	-	173
SAUNA REMODEL	1	ALLOW	5700	5,700	20	15	285	1,710	-	(1,710)	399
SAUNA HEATER	1	UNIT	3000	3,000	20	20	150	150	-	(150)	158
WATER HEATER	1	UNIT	2700	2,700	12	1	225	2,700	2,700	-	225
<b>TERMITE FUMIGATION</b>											
BLDG. 7606, 7638	2	ALLOW	6300	12,600	15	1	840	12,600	12,600	-	840
BLDG. 7630	1	ALLOW	6300	6,300	15	2	420	5,880	5,880	-	420
BLDG. 7634	1	ALLOW	6300	6,300	15	3	420	5,460	5,460	-	420
BLDG. 7620	1	ALLOW	6300	6,300	15	4	420	5,040	5,040	-	420
BLDG. 7632	1	ALLOW	6300	6,300	15	5	420	4,620	4,620	-	420
BLDG. 7602, 7610	2	ALLOW	6300	12,600	15	6	840	8,400	8,400	-	840
BLDG.7636, 7640, 7624	3	ALLOW	6300	18,900	15	10	1,260	7,560	7,560	-	1,260
BLDG. 7626, 7628	2	ALLOW	6300	12,600	15	12	840	3,360	639	(2,721)	1,067
<b>FOUNDATION REPAIRS</b>											
WATERPROOFING	1	ALLOW	172000	172,000	30	29	5,733	11,467	-	(11,467)	6,129
<b>STRUCTURAL PLUMBING</b>											
	1	ALLOW	624000	624,000	35	7	17,829	517,029	517,029	-	17,829
<b>BRIDGE REPAIR</b>											
	1	ALLOW	11700	11,700	20	9	585	7,020	7,020	-	585
<b>TREE TRIMMING</b>											
	1	ALLOW	17000	17,000	3	2	5,667	11,333	11,333	-	5,667
<b>EXERCISE ROOM</b>											
EQUIPMENT / REMODEL	1	ALLOW	7500	7,500	15	13	500	1,500	-	(1,500)	615
<b>LIGHTING</b>											
LARGE STREET FIXTURES	14	UNIT	1700	23,800	30	2	793	23,007	23,007	-	793
OTHER LIGHT FIXTURES OPERATING MAINTENANCE EXPENSE											
<b>MAILBOXES</b>											
MAILBOX PAGODA	200	UNIT	75	15,000	25	1	600	15,000	15,000	-	600
IRRIGATION CONTROLS & VALVES OPERATING MAINTENANCE EXPENSE											
PLUMBING, ELECTRICAL & WOOD REPLACEMENT OPERATING MAINTENANCE EXPENSE											
<b>CONTINGENCY: 0%</b>											
<b>TOTALS:</b>			3,013,300				235,198	1,611,718	1,368,400	(243,318)	252,091

# EUCALYPTUS GROVE HOA

**RESERVE COMPONENT INVENTORY**

**THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES**

CATEGORY	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RESERVE COMPONENT	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
SPA HEATER	-	-	-	-	-	-	3,604	-	-	-	-	-	-	-	4,222	-
SPA FILTER	-	1,326	-	-	-	-	-	-	-	-	-	-	-	1,682	-	-
SPA RE-TILE	-	-	-	-	6,928	-	-	-	-	-	-	-	-	-	-	-
POOL DECKING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,747
<b>CABANA</b>																
BATH FLOOR & WALL TILE	-	-	12,173	-	-	-	-	-	-	-	-	-	-	-	-	-
BATHROOMS REMODEL	-	-	5,410	-	-	-	-	-	-	-	-	-	-	-	-	-
SAUNA REMODEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,671
SAUNA HEATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WATER HEATER	-	2,754	-	-	-	-	-	-	-	-	-	-	-	3,493	-	-
<b>TERMITE FUMIGATION</b>																
BLDG. 7606, 7638	-	12,852	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7630	-	-	6,555	-	-	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7634	-	-	-	6,686	-	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7620	-	-	-	-	6,819	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7632	-	-	-	-	-	6,956	-	-	-	-	-	-	-	-	-	-
BLDG. 7602, 7610	-	-	-	-	-	-	14,190	-	-	-	-	-	-	-	-	-
BLDG. 7636, 7640, 7624	-	-	-	-	-	-	-	-	-	-	23,039	-	-	-	-	-
BLDG. 7626, 7628	-	-	-	-	-	-	-	-	-	-	-	-	15,980	-	-	-
<b>FOUNDATION REPAIRS</b>																
WATERPROOFING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>STRUCTURAL PLUMBING</b>																
	-	-	-	-	-	-	-	716,780	-	-	-	-	-	-	-	-
<b>BRIDGE REPAIR</b>																
	-	-	-	-	-	-	-	-	-	13,983	-	-	-	-	-	-
<b>TREE TRIMMING</b>																
	-	-	17,687	-	-	18,769	-	-	19,918	-	-	21,137	-	-	22,431	-
<b>EXERCISE ROOM</b>																
EQUIPMENT / REMODEL	-	-	-	-	-	-	-	-	-	-	-	-	-	9,702	-	-
<b>LIGHTING</b>																
LARGE STREET FIXTURES	-	-	24,762	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>MAILBOXES</b>																
MAILBOX PAGODA	-	15,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**CONTINGENCY: 0%**

<b>TOTALS:</b>	0	362,508	86,145	11,673	442,282	261,667	244,828	762,957	461,985	22,109	116,292	27,106	1,188,723	50,063	74,946	52,758
----------------	---	---------	--------	--------	---------	---------	---------	---------	---------	--------	---------	--------	-----------	--------	--------	--------

# EUCALYPTUS GROVE HOA

**RESERVE COMPONENT  
INVENTORY**

**THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES**

CATEGORY	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
RESERVE COMPONENT	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
SPA HEATER	-	-	-	-	-	-	4,947	-	-	-	-	-	-	-	-	5,796
SPA FILTER	-	-	-	-	-	-	-	-	-	2,133	-	-	-	-	-	-
SPA RE-TILE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL DECKING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CABANA</b>																
BATH FLOOR & WALL TILE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BATHROOMS REMODEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAUNA REMODEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAUNA HEATER	-	-	-	-	4,458	-	-	-	-	-	-	-	-	-	-	-
WATER HEATER	-	-	-	-	-	-	-	-	-	4,430	-	-	-	-	-	-
<b>TERMITE FUMIGATION</b>																
BLDG. 7606, 7638	17,297	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7630	-	8,822	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7634	-	-	8,998	-	-	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7620	-	-	-	9,178	-	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7632	-	-	-	-	9,361	-	-	-	-	-	-	-	-	-	-	-
BLDG. 7602, 7610	-	-	-	-	-	19,097	-	-	-	-	-	-	-	-	-	-
BLDG. 7636, 7640, 7624	-	-	-	-	-	-	-	-	-	31,007	-	-	-	-	-	-
BLDG. 7626, 7628	-	-	-	-	-	-	-	-	-	-	-	21,507	-	-	-	-
<b>FOUNDATION REPAIRS</b>																
WATERPROOFING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	305,445
<b>STRUCTURAL PLUMBING</b>																
<b>BRIDGE REPAIR</b>																
<b>TREE TRIMMING</b>																
<b>EXERCISE ROOM</b>																
EQUIPMENT / REMODEL	-	-	-	-	-	-	-	-	-	-	-	-	-	13,058	-	-
<b>LIGHTING</b>																
LARGE STREET FIXTURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>MAILBOXES</b>																
MAILBOX PAGODA	-	-	-	-	-	-	-	-	-	-	25,101	-	-	-	-	-

CONTINGENCY: 0%

<b>TOTALS:</b>	614,871	39,347	416,905	51,425	632,865	103,975	125,534	172,197	1,065,268	104,343	61,582	23,726	702,329	364,936	476,932
----------------	---------	--------	---------	--------	---------	---------	---------	---------	-----------	---------	--------	--------	---------	---------	---------

## EUCALYPTUS GROVE HOA

CURRENT FISCAL YEAR END: DECEMBER 31, 2013  
 NUMBER OF UNITS: 179

RESERVE COMPONENT INVENTORY
--------------------------------

CATEGORY	UNIT	UNIT	REPAIR / REPLACE	USEFUL	RMNG.	STRAIGHT-LINE ANNUAL	IDEAL BALANCE	PROJECTED BALANCE	DEFICIT REDUCTION ANNUAL
RESERVE COMPONENT	QUANTITY	TYPE	COST	LIFE	LIFE	CONTRIBUTION	@F.Y.E.2013	@F.Y.E.2013	DEFICIT

NET INTEREST ON RESERVE SAVINGS :	1%
INFLATION RATE :	2%
INCREASE TO ANNUAL RESERVE CONTRIBUTION:	3%

<u>BALANCE FORECAST TYPE</u>	<u>ANNUAL CONTRIBUTION</u>
CURRENT ANNUAL CONTRIBUTION	406,852
STRAIGHT-LINE ANNUAL CONTRIBUTION	235,198
DEFICIT REDUCTION ANNUAL CONTRIBUTION	252,091
(CASH-FLOW) MINIMUM ANNUAL CONTRIBUTION	181,457

## EUCALYPTUS GROVE HOA

RESERVE COMPONENT INVENTORY
--------------------------------

### THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RESERVE COMPONENT	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028

BALANCE FORECAST TYPE

### THIRTY-YEAR PROJECTED ANNUAL RESERVE BALANCES

CURRENT ANNUAL CONTRIBUTION	1,368,400	1,426,650	1,788,128	2,241,078	2,279,201	2,513,029	2,780,339	2,544,249	2,623,361	3,160,878	3,625,123	4,200,127	3,630,435	4,216,890	4,802,215	5,434,247
STRAIGHT-LINE ANNUAL CONTRIBUTION	1,368,400	1,254,138	1,430,873	1,691,742	1,530,208	1,556,557	1,608,314	1,148,336	994,956	1,291,101	1,504,805	1,819,810	980,354	1,286,968	1,582,054	1,913,116
DEFICIT REDUCTION ANNUAL CONTRIBUTION	1,368,400	1,271,115	1,466,032	1,745,805	1,603,919	1,650,687	1,723,658	1,285,713	1,155,214	1,475,113	1,713,474	2,054,066	1,241,159	1,575,314	1,898,963	2,259,645
(CASH-FLOW) MINIMUM ANNUAL CONTRIBUTION	1,368,400	1,200,128	1,319,023	1,519,756	1,295,713	1,257,104	1,241,376	711,303	485,134	705,709	840,975	1,074,578	150,665	369,667	573,884	810,719

# EUCALYPTUS GROVE HOA

RESERVE COMPONENT INVENTORY
--------------------------------

## THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

CATEGORY	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
RESERVE COMPONENT	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043

BALANCE FORECAST TYPE

## THIRTY-YEAR PROJECTED ANNUAL RESERVE BALANCES

<b>CURRENT</b>															
<b>ANNUAL CONTRIBUTION</b>	5,526,787	6,218,337	6,557,633	7,288,511	7,463,861	8,194,654	8,933,907	9,657,160	9,514,319	10,360,715	11,284,233	12,281,485	12,633,961	13,357,107	14,003,836
<b>STRAIGHT-LINE</b>															
<b>ANNUAL CONTRIBUTION</b>	1,693,614	2,061,697	2,065,736	2,449,194	2,264,575	2,622,452	2,975,433	3,298,634	2,741,526	3,158,993	3,638,456	4,176,051	4,052,778	4,283,577	4,420,839
<b>DEFICIT REDUCTION</b>															
<b>ANNUAL CONTRIBUTION</b>	2,070,852	2,470,769	2,507,801	2,925,451	2,776,258	3,170,835	3,561,830	3,924,402	3,408,064	3,867,743	4,390,907	4,973,739	4,897,287	5,176,539	5,363,940
<b>(CASH-FLOW) MINIMUM</b>															
<b>ANNUAL CONTRIBUTION</b>	493,522	760,333	659,410	934,098	636,780	877,904	1,109,950	1,307,903	621,096	904,273	1,244,711	1,638,397	1,366,176	1,442,830	1,420,588

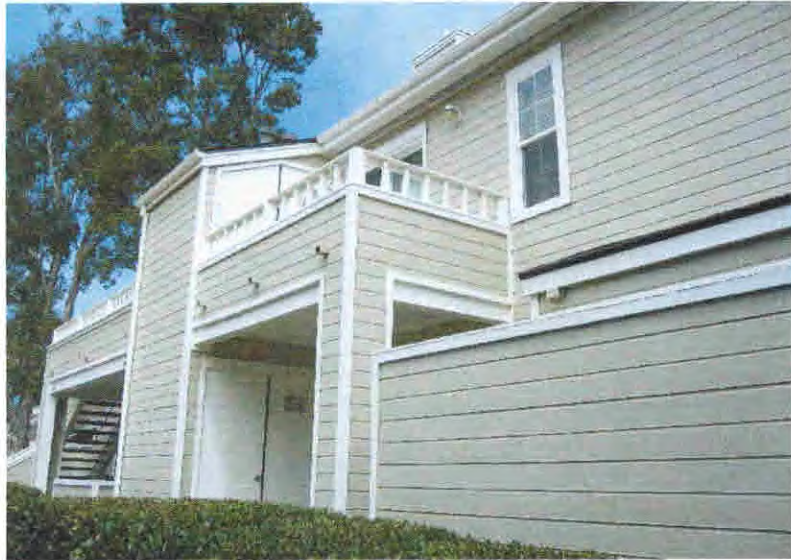


**ROOFING:** Composition Shingle



**ROOFING:** Carport Metal





**PAINTING:** Wood Siding / Trim



**PAVING:** Asphalt Slurry / Repair / Overlayment



**DECKING:** Stair Landing ReSeal / ReSurface



**PRIVACY/FENCING:** Vehicle Roll Gates / Gate Operators



**PRIVACY/FENCING:** Front Wood Fence



**POOL AREA:** Pool Re-Surface



**POOL AREA:** Spa ReTile



**EXERCISE ROOM:** Equipment / Remodel

<b>ROOFING</b>
----------------

**Comp.S:7626,7630,7634**

Quantity: 3 Bldg.  
 Estimated Total Cost to Replace: \$ 84,000  
 Useful Life: 25  
 Remaining Life: 18  
 Straight-Line Annual Contribution: \$ 3,360  
 Cost Source: Recent Association Expense

**Comp.S: 7624, 7628**

Quantity: 2 Bldg.  
 Estimated Total Cost to Replace: \$ 56,000  
 Useful Life: 25  
 Remaining Life: 21  
 Straight-Line Annual Contribution: \$ 2,240  
 Cost Source: Recent Association Expense

**Comp.S: 7636, 7638**

Quantity: 2 Bldg.  
 Estimated Total Cost to Replace: \$ 56,000  
 Useful Life: 25  
 Remaining Life: 22  
 Straight-Line Annual Contribution: \$ 2,240  
 Cost Source: Recent Association Expense

**Comp.S:7602,7606,7610**

Quantity: 3 Bldg.  
 Estimated Total Cost to Replace: \$ 84,000  
 Useful Life: 25  
 Remaining Life: 23  
 Straight-Line Annual Contribution: \$ 3,360  
 Cost Source: Recent Association Expense

**Comp.S:7620,7632,7640**

Quantity: 3 Bldg.  
 Estimated Total Cost to Replace: \$ 84,000  
 Useful Life: 25  
 Remaining Life: 24  
 Straight-Line Annual Contribution: \$ 3,360  
 Cost Source: Recent Association Expense

**Carport Metal**

Quantity: 30,000 SqFt  
 Estimated Total Cost to Replace: \$ 192,000  
 Useful Life: 30  
 Remaining Life: 5  
 Straight-Line Annual Contribution: \$ 6,400  
 Cost Source: JDB Cost Database

**Gutter & Downspouts**

Quantity: 7,000 LnFt  
 Estimated Total Cost to Replace: \$ 44,800  
 Useful Life: 25  
 Remaining Life: 16  
 Straight-Line Annual Contribution: \$ 1,792  
 Cost Source: JDB Cost Database

**PAINTING**

**Wood Siding**

Quantity: 120,000 SqFt  
 Estimated Total Cost to Replace: \$ 120,000  
 Useful Life: 6  
 Remaining Life: 6  
 Straight-Line Annual Contribution: \$ 20,000  
 Cost Source: Recent Association Expense

**Wood & Metal Trim**

Quantity: 35,000 SqFt  
 Estimated Total Cost to Replace: \$ 52,500  
 Useful Life: 4  
 Remaining Life: 4  
 Straight-Line Annual Contribution: \$ 13,125  
 Cost Source: Recent Association Expense

**Carports**

Quantity: 60,000 SqFt  
 Estimated Total Cost to Replace: \$ 72,000  
 Useful Life: 6  
 Remaining Life: 6  
 Straight-Line Annual Contribution: \$ 12,000  
 Cost Source: Recent Association Expense

**Metal Fence & Rail**

Quantity: 4,000 SqFt  
 Estimated Total Cost to Replace: \$ 4,800  
 Useful Life: 3  
 Remaining Life: 2  
 Straight-Line Annual Contribution: \$ 1,600  
 Cost Source: Recent Association Expense

**Front Wood Fence**

Quantity: 600 LnFt  
 Estimated Total Cost to Replace: \$ 4,800  
 Useful Life: 6  
 Remaining Life: 6  
 Straight-Line Annual Contribution: \$ 800  
 Cost Source: Recent Association Expense

**Dryrot Repairs**

Quantity: 1 Allow  
 Estimated Total Cost to Replace: \$ 320,000  
 Useful Life: 4  
 Remaining Life: 4  
 Straight-Line Annual Contribution: \$ 80,000  
 Cost Source: Recent Association Expense

**Wood Siding Replace**

Quantity: 1 Allow  
 Estimated Total Cost to Replace: \$ 350,000  
 Useful Life: 20  
 Remaining Life: 12  
 Straight-Line Annual Contribution: \$ 17,500  
 Cost Source: Recent Association Expense

**PAVING**

**Asphalt Slurry/Repair**

Quantity: 120,000 SqFt  
 Estimated Total Cost to Replace: \$ 18,000  
 Useful Life: 3  
 Remaining Life: 1  
 Straight-Line Annual Contribution: \$ 6,000  
 Cost Source: Recent Association Expense

**Asphalt Overlayment**

Quantity: 120,000 SqFt  
 Estimated Total Cost to Replace: \$ 300,000  
 Useful Life: 30  
 Remaining Life: 1  
 Straight-Line Annual Contribution: \$ 10,000  
 Cost Source: Recent Vendor Proposal

**DECKING**

**Stair Landing ReSeal**

Quantity: 5,200 SqFt  
 Estimated Total Cost to Replace: \$ 16,900  
 Useful Life: 5  
 Remaining Life: 5  
 Straight-Line Annual Contribution: \$ 3,380  
 Cost Source: JDB Cost Database

**Stair Landing ReSurface**

Quantity: 5,200 SqFt  
 Estimated Total Cost to Replace: \$ 41,600  
 Useful Life: 20  
 Remaining Life: 10  
 Straight-Line Annual Contribution: \$ 2,080  
 Cost Source: JDB Cost Database

**PRIVACY / FENCING**

**Intercom**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 4,000  
 Useful Life: 15  
 Remaining Life: 7  
 Straight-Line Annual Contribution: \$ 267  
 Cost Source: Recent Association Expense

**Gate Operator (Roll)**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 2,900  
 Useful Life: 12  
 Remaining Life: 1  
 Straight-Line Annual Contribution: \$ 242  
 Cost Source: JDB Cost Database

**Gate Operator (Roll)**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 2,900  
 Useful Life: 12  
 Remaining Life: 1  
 Straight-Line Annual Contribution: \$ 242  
 Cost Source: JDB Cost Database

**Vehicle Roll Gates**

Quantity: 2 Unit  
 Estimated Total Cost to Replace: \$ 6,800  
 Useful Life: 25  
 Remaining Life: 9  
 Straight-Line Annual Contribution: \$ 272  
 Cost Source: JDB Cost Database

**Card Readers/Buzzers**

Quantity: 4 Unit  
 Estimated Total Cost to Replace: \$ 4,800  
 Useful Life: 12  
 Remaining Life: 6  
 Straight-Line Annual Contribution: \$ 400  
 Cost Source: Recent Association Expense

**Front Wood Fence**

Quantity: 600 LnFt  
 Estimated Total Cost to Replace: \$ 31,800  
 Useful Life: 20  
 Remaining Life: 14  
 Straight-Line Annual Contribution: \$ 1,590  
 Cost Source: Recent Association Expense

**Metal Pool Fence 6'**

Quantity: 180 LnFt  
 Estimated Total Cost to Replace: \$ 9,000  
 Useful Life: 25  
 Remaining Life: 24  
 Straight-Line Annual Contribution: \$ 360  
 Cost Source: JDB Cost Database

**Stair Rails 3.5'**

Quantity: 500 LnFt  
 Estimated Total Cost to Replace: \$ 14,000  
 Useful Life: 30  
 Remaining Life: 2  
 Straight-Line Annual Contribution: \$ 467  
 Cost Source: JDB Cost Database

**Split-Rail Fence**

Quantity: 450 LnFt  
 Estimated Total Cost to Replace: \$ 7,200  
 Useful Life: 35  
 Remaining Life: 7  
 Straight-Line Annual Contribution: \$ 206  
 Cost Source: JDB Cost Database



<b>POOL AREA</b>
------------------

**Pool Heater**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 3,400  
 Useful Life: 10  
 Remaining Life: 3  
 Straight-Line Annual Contribution: \$ 340  
 Cost Source: Recent Association Expense

**Pool Filter**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 1,300  
 Useful Life: 12  
 Remaining Life: 3  
 Straight-Line Annual Contribution: \$ 108  
 Cost Source: Recent Association Expense

**Pool & Spa Pumps**

Quantity: 3 Unit  
 Estimated Total Cost to Replace: \$ 5,400  
 Useful Life: 8  
 Remaining Life: 4  
 Straight-Line Annual Contribution: \$ 675  
 Cost Source: JDB Cost Database

**Pool Re-Surface**

Quantity: 1,000 SqFt  
 Estimated Total Cost to Replace: \$ 11,000  
 Useful Life: 12  
 Remaining Life: 7  
 Straight-Line Annual Contribution: \$ 917  
 Cost Source: Recent Association Expense

**Pool Tile/Coping**

Quantity: 100 LnFt  
 Estimated Total Cost to Replace: \$ 3,600  
 Useful Life: 20  
 Remaining Life: 15  
 Straight-Line Annual Contribution: \$ 180  
 Cost Source: JDB Cost Database

**Spa Heater**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 3,200  
 Useful Life: 8  
 Remaining Life: 6  
 Straight-Line Annual Contribution: \$ 400  
 Cost Source: Recent Association Expense

**Spa Filter**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 1,300  
 Useful Life: 12  
 Remaining Life: 1  
 Straight-Line Annual Contribution: \$ 108  
 Cost Source: JDB Cost Database

**Spa Re-Tile**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 6,400  
 Useful Life: 30  
 Remaining Life: 4  
 Straight-Line Annual Contribution: \$ 213  
 Cost Source: Allowance

**Pool Decking**

Quantity: 1 Allow  
 Estimated Total Cost to Replace: \$ 11,700  
 Useful Life: 20  
 Remaining Life: 15  
 Straight-Line Annual Contribution: \$ 585  
 Cost Source: Recent Association Expense

**CABANA**

**Bath Floor & Wall Tile**

Quantity: 650 SqFt  
 Estimated Total Cost to Replace: \$ 11,700  
 Useful Life: 30  
 Remaining Life: 2  
 Straight-Line Annual Contribution: \$ 390  
 Cost Source: JDB Cost Database

**Bathrooms Remodel**

Quantity: 2 Allow  
 Estimated Total Cost to Replace: \$ 5,200  
 Useful Life: 30  
 Remaining Life: 2  
 Straight-Line Annual Contribution: \$ 173  
 Cost Source: Allowance

**Sauna Remodel**

Quantity: 1 Allow  
 Estimated Total Cost to Replace: \$ 5,700  
 Useful Life: 20  
 Remaining Life: 15  
 Straight-Line Annual Contribution: \$ 285  
 Cost Source: Allowance

**Sauna Heater**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 3,000  
 Useful Life: 20  
 Remaining Life: 20  
 Straight-Line Annual Contribution: \$ 150  
 Cost Source: JDB Cost Database

**Water Heater**

Quantity: 1 Unit  
 Estimated Total Cost to Replace: \$ 2,700  
 Useful Life: 12  
 Remaining Life: 1  
 Straight-Line Annual Contribution: \$ 225  
 Cost Source: JDB Cost Database

**TERMITE FUMIGATION**

All Buildings

Quantity: 13 \$ 6,300

Estimated Total Cost to Replace: \$ 81,900

Useful Life: 15

Remaining Life: 1-12

Straight-Line Annual Contribution: \$ 5,460

Cost Source: Allowance

**FOUNDATION REPAIRS**

Quantity: 1 Allow

Estimated Total Cost to Replace: \$ 172,000

Useful Life: 30

Remaining Life: 29

Straight-Line Annual Contribution: \$ 5,733

Cost Source: Recent Vendor Estimate of Repair Cost

**STRUCTURAL PLUMBING**

Quantity: 1 Allow

Estimated Total Cost to Replace: \$ 624,000

Useful Life: 35

Remaining Life: 7

Straight-Line Annual Contribution: \$ 17,829

Cost Source: Recent Vendor Estimate of Repair Cost

**BRIDGE REPAIR**

Quantity: 1 Allow

Estimated Total Cost to Replace: \$ 11,700

Useful Life: 20

Remaining Life: 9

Straight-Line Annual Contribution: \$ 585

Cost Source: Allowance

**TREE TRIMMING**

Quantity: 1 Allow

Estimated Total Cost to Replace: \$ 17,000

Useful Life: 3

Remaining Life: 2

Straight-Line Annual Contribution: \$ 5,667

Cost Source: Recent Association Expense

**EXERCISE ROOM**

Equipment / Remodel

Quantity: 1 Allow

Estimated Total Cost to Replace: \$ 7,500

Useful Life: 15

Remaining Life: 13

Straight-Line Annual Contribution: \$ 500

Cost Source: Allowance

**LIGHTING**

Large Street Fixtures

	Quantity:	14	Unit
Estimated Total Cost to Replace:	\$	23,800	
	Useful Life:	30	
	Remaining Life:	2	
Straight-Line Annual Contribution:	\$	793	
Cost Source:	Allowance		

**MAILBOXES**

Mailbox Pagoda

	Quantity:	200	Unit
Estimated Total Cost to Replace:	\$	15,000	
	Useful Life:	25	
	Remaining Life:	1	
Straight-Line Annual Contribution:	\$	600	
Cost Source:	JDB Cost Database		

## **DAVIS-STIRLING ACT**

### **Civil Code 1365. Financial Records and Reporting**

Unless the governing documents impose more stringent standards, the association shall prepare and distribute to all of its members the following documents:

(a) A pro forma operating budget, which shall include all of the following:

(1) The estimated revenue and expenses on an accrual basis.

(2) A summary of the association's reserves based upon the most recent review or study conducted pursuant to Section 1365.5, based only on assets held in cash or cash equivalents, which shall be printed in boldface type and 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:

(i) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.

(ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(iii) If applicable, the amount of funds received from either a compensatory damage award or settlement to an association from any person or entity 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 clause (ii). Instead of complying with the requirements set forth in this clause, an association that is obligated to issue a review of their financial statement pursuant to subdivision (b) may include in the review a statement containing all of the information required by this clause.

(C) The percentage that the amount determined for purposes of clause (ii) of subparagraph (B) equals the amount determined for purposes of clause (i) of subparagraph (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 clause (ii) of subparagraph (B) from the amount determined for purposes of clause (i) of subparagraph (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.

(3) A statement as to all of the following:

(A) Whether the board of directors of the association 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.

(f)

(1) A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies, which shall be distributed not less than 30 days nor more than 90 days preceding the beginning of the association's fiscal year, that includes all of the following information about each policy:

(A) The name of the insurer.

(B) The type of insurance.

(C) The policy limits of the insurance.

(D) The amount of deductibles, if any.

(2) The association shall, as soon as reasonably practicable, notify its members by first-class mail if any of the policies described in paragraph (1) have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the association receives any notice of nonrenewal of a policy described in paragraph (1), the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.

(3) To the extent that any of the information required to be disclosed pursuant to paragraph (1) 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 to all of its members.

(4) The summary distributed pursuant to paragraph (1) 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 subdivision (f) of Section 1365 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."

next five budget years is \$\_\_\_\_\_, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$\_\_\_\_\_, leaving the reserve at \_\_\_\_\_ 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 \$\_\_\_\_\_, leaving the reserve at \_\_\_\_\_ 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 \_\_\_\_\_ percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was \_\_\_\_\_ percent per year.

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

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

(2) "Major component" has the meaning used in Section 1365.5. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. 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.

(d) When the decision is made to use reserve funds or to temporarily transfer moneys from the reserve fund to pay for litigation, the association shall notify the members of the association of that decision in the next available mailing to all members pursuant to Section 5016 of the Corporations Code, and of the availability of an accounting of those expenses. 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.

(e) At least once every three years, the board of directors 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. The study required by this subdivision 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. The plan 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. The plan shall be adopted by the board of directors at an open meeting before the membership of the association as described in Section 1363.05. If the board of directors 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 1366.

(f) As used in this section, "reserve accounts" means both of the following:

(1) Moneys that the association's board of directors has identified for use to defray the future repair or replacement of, or additions to, those major components that the association is obligated to maintain.

(2) The funds received, and not yet expended or disposed of, from either a compensatory damage award or settlement to an association from any person or entity for injuries to property, real or personal, arising from any construction or design defects. These funds shall be separately itemized from funds described in paragraph (1).