



CALIFORNIA BUILDER SERVICES

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RESERVE ANALYSIS REPORT



Lushmeadows Mountain Estates

Triangle Rd. & Meadow Ln.
Mariposa, CA 95338



Full Study - FY22

June 30, 2021



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**Assessment and Reserve Funding Disclosure Summary
for the Fiscal Year Ending 2022**

(1) The regular assessment per ownership interest is \$3,380 per Month. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page 2-1 of the attached summary.

(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:

Date Assessment Will Be Due:	Amount Per Ownership Interest Per Month or Year (If Assessments Are Variable, See Note Immediately Below):	Purpose Of The Assessment:
	None	
	None	
	None	
	Total:	

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association’s obligation for repair and/or replacement of major components during the next 30 years?

Yes No

***If the Association continues with its current funding model, they will not be able to meet their financial obligations by year 2040.**

(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 Will Be Due:	Amount Per Ownership Interest Per Month or Year:
Years 2022 – 2029	10% Contribution Increase
2030 – 2038	5% Contribution Increase
2039 – Continuing	0% Contribution Increase
	Total:

(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 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$102,811 based in whole or in part on the last reserve study or update prepared by SMA as of November, 2011. The projected reserve fund cash balance at the end of the current fiscal year is \$94,905, resulting in reserves being 92% funded at this date.

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

Year	Estimated Reserve Amount Required
2022	\$102,811
2023	\$116,544
2024	\$121,197
2025	\$108,520
2026	\$116,397

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be:

Year	Projected Reserve Fund Balance	Percent Funded
2022	\$94,905	92%
2023	\$101,497	87%
2024	\$99,534	82%
2025	\$81,004	75%
2026	\$82,099	71%

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 0.05% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.0% per year.

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

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

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

(3) The form set out in subdivision (a) shall accompany each 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.

Lushmeadows Mountain Estates
 Mariposa, CA
Current Assessment Funding Model Summary

Report Date	June 30, 2021
Account Number	Full Study - FY22
Budget Year Beginning	January 1, 2022
Budget Year Ending	December 31, 2022
Total Units	1

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.05%
Tax Rate on Interest	30.00%
Contingency	3.00%
2022 Beginning Balance	\$98,755

Current Funding Model Summary

- For budgeting purposes, unless otherwise indicated, we have used January 1963 to begin aging the original components in this reserve study.
- This 15-Acre Development is located near the intersection of Triangle Rd. and Meadow Lane, Mariposa, California.
- The last Reserve Analyst field inspection was completed on April 20, 2021.
- The current monthly reserve allocation is \$843, for an annual contribution of \$10,118.
- This funding model has been given a 3.00% annual contribution increase to the reserves to sustain the rate of inflation.
- The projected percentage funded at the end of year 2022 is estimated to be 92%.
- **If the association continues with its current funding model, they will not be able to meet their financial obligations by year 2040.**

<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Month Contribution	\$843.17
Average Net Month Interest Earned	\$2.63
Total Month Allocation to Reserves	\$845.80

**Lushmeadows Mountain Estates
Current Assessment Funding Model Projection**

Beginning Balance: \$98,755

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2022	172,129	10,118	32	14,000	94,905	102,811	92%
2023	177,293	10,422	34	3,862	101,497	116,544	87%
2024	182,612	10,734	33	12,731	99,534	121,197	82%
2025	188,090	11,056	27	29,613	81,004	108,520	75%
2026	193,733	11,388	27	10,320	82,099	116,397	71%
2027	199,545	11,730	21	29,438	64,411	105,261	61%
2028	205,531	12,081	24	2,813	73,703	122,568	60%
2029	211,697	12,444	20	23,137	63,030	119,377	53%
2030	218,048	12,817	13	32,212	43,649	107,001	41%
2031	224,589	13,202	13	13,309	43,555	114,899	38%
2032	231,327	13,598	18		57,170	137,717	42%
2033	238,267	14,006	15	20,934	50,257	139,593	36%
2034	245,415	14,426	18	7,346	57,355	156,538	37%
2035	252,777	14,859	8	41,225	30,997	138,769	22%
2036	260,361	15,304	9	14,370	31,940	149,596	21%
2037	268,172	15,764	8	17,566	30,145	158,015	19%
2038	276,217	16,236	13	2,006	44,389	183,871	24%
2039	284,503	16,724	2	48,449	12,665	161,928	8%
2040	293,038	17,225		42,770	-12,880	146,070	
2041	301,829	17,742		12,535	-7,673	162,554	
2042	310,884	18,274		49,529	-38,928	141,049	
2043	320,211	18,822		4,383	-24,489	167,578	
2044	329,817	19,387		6,515	-11,616	193,451	
2045	339,712	19,969		41,939	-33,586	183,351	
2046	349,903	20,568		11,485	-24,504	206,113	
2047	360,400	21,185		6,591	-9,910	235,634	
2048	371,212	21,820		40,765	-28,855	230,696	
2049	382,349	22,475		59,648	-66,027	206,514	
2050	393,819	23,149		25,506	-68,384	218,793	
2051	405,634	23,844		29,928	-74,469	227,742	

Lushmeadows Mountain Estates
 Mariposa, CA
Recommended Funding Model Summary

Report Date	June 30, 2021
Account Number	Full Study - FY22
Budget Year Beginning	January 1, 2022
Budget Year Ending	December 31, 2022
Total Units	1

<i>Report Parameters</i>	
Inflation	3.00%
Interest Rate on Reserve Deposit	0.01%
Tax Rate on Interest	30.00%
Contingency	3.00%
2022 Beginning Balance	\$98,755

Recommended Funding Model Summary

- For budgeting purposes, unless otherwise indicated, we have used January 1963 to begin aging the original components in this reserve study.
- This 15-Acre development is located near the intersection of Triangle Rd. and Meadow Lane, Mariposa, California.
- **In order for this Association to meet their financial obligations, this funding model recommends the following;**
 - **A 10% annual contribution increase to the reserves from year 2022 – 2029.**
 - **A 5% annual contribution increase to the reserves from year 2030 – 2038.**
 - **And a 0% increase from years 2039 and continuing.**

Projected Funding Model Summary of Calculations

Required Month Contribution	\$843.17
Average Net Month Interest Earned	<u>\$0.23</u>
Total Month Allocation to Reserves	\$843.39

**Lushmeadows Mountain Estates
Recommended Funding Model Projection**

Beginning Balance: \$98,755

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2022	172,129	10,118	3	14,000	94,876	102,811	92%
2023	177,293	11,130	3	3,862	102,146	116,544	88%
2024	182,612	12,243	3	12,731	101,661	121,197	84%
2025	188,090	13,467	2	29,613	85,517	108,520	79%
2026	193,733	14,814	2	10,320	90,014	116,397	77%
2027	199,545	16,295	2	29,438	76,873	105,261	73%
2028	205,531	17,925	3	2,813	91,987	122,568	75%
2029	211,697	19,717	2	23,137	88,569	119,377	74%
2030	218,048	21,689	2	32,212	78,048	107,001	73%
2031	224,589	22,773	2	13,309	87,515	114,899	76%
2032	231,327	23,912	3		111,430	137,717	81%
2033	238,267	25,108	3	20,934	115,607	139,593	83%
2034	245,415	26,363	4	7,346	134,628	156,538	86%
2035	252,777	27,681	3	41,225	121,086	138,769	87%
2036	260,361	29,065	4	14,370	135,786	149,596	91%
2037	268,172	30,518	4	17,566	148,742	158,015	94%
2038	276,217	32,044	5	2,006	178,785	183,871	97%
2039	284,503	33,646	4	48,449	163,987	161,928	101%
2040	293,038	33,646	4	42,770	154,867	146,070	106%
2041	301,829	33,646	5	12,535	175,983	162,554	108%
2042	310,884	33,646	4	49,529	160,106	141,049	114%
2043	320,211	33,646	5	4,383	189,374	167,578	113%
2044	329,817	33,646	6	6,515	216,512	193,451	112%
2045	339,712	33,646	6	41,939	208,225	183,351	114%
2046	349,903	33,646	6	11,485	230,393	206,113	112%
2047	360,400	33,646	7	6,591	257,456	235,634	109%
2048	371,212	33,646	7	40,765	250,344	230,696	109%
2049	382,349	33,646	6	59,648	224,349	206,514	109%
2050	393,819	33,646	7	25,506	232,496	218,793	106%
2051	405,634	33,646	7	29,928	236,221	227,742	104%

**Lushmeadows Mountain Estates
Component Funding Summary**

Description	Future Cost	Useful Life	Remaining Life	Distribution	Required Contribution	Future Liability	Fully Funded
General							
Well Pump - Repairs/Replacement	7,267	15	11	1,400	277	5,867	1,400
Landscape - Tree Trimming	9,018	3	2	2,833	1,609	6,184	2,833
Mechanical - Well Pump; Repairs/Replac..	17,757	15	3	13,000	823	4,757	13,000
Septic Tank - Repairs/Replacement	1,748	25	3	1,408	59	340	1,408
Signage - Development Entrance; Repairs/..	2,154	30	8	1,247	59	907	1,247
Signage - Message Center; Replacement	7,490	25	13	2,448	201	5,042	2,448
Signage - Miscellaneous; Replacement	1,287	15	1	1,181	55	107	1,181
General - Total				<u>\$23,517</u>	<u>\$3,083</u>	<u>\$23,204</u>	<u>\$23,517</u>
Clubhouse							
Clubhouse - Concrete Walkways; Repairs/..	896	15	4	597	39	299	597
Clubhouse - Gravel Road; Refurbishment	5,973	7	5	1,932	420	4,041	1,932
Clubhouse - Roofing; Comp. Shingle	16,177	30	20	2,606	352	13,571	2,986
Clubhouse - Roofing; Raingutters & Down..	4,685	30	27		90	4,685	211
Clubhouse - Painting; Exterior	17,155	10	7	4,185	963	12,970	4,185
Clubhouse - Painting; Interior	2,813	15	6	1,571	107	1,243	1,571
Clubhouse - Paneling; Interior	1,699	15	5	1,194	52	505	1,194
Lighting - Interior Fixtures; Replacement	4,662	25	8	2,502	140	2,159	2,502
Lighting - Exterior Fixtures; Replacement	1,912	20	3	1,487	73	425	1,487
Clubhouse - Flooring; Carpeting	694	20	8	373	21	322	373
Clubhouse - Flooring; Vinyl	20,519	30	13	8,783	467	11,736	8,783
Clubhouse - Remodel; Cabinetry & Fixtures	9,854	15	5	6,926	303	2,928	6,926
Clubhouse - Furnishing; Replacement	2,500	15	0	2,500	135	0	2,500
Mechanical - Swamp Cooler; Repairs/Repl..	3,827	20	4	2,856	126	971	2,856
Mechanical - Water Heater; Replacement	1,845	20	7	1,138	52	707	1,138
Equipment - Kitchen Items; Replacement	2,058	10	5	1,253	84	805	1,253
Equipment - Picnic Table; Replacement	732	20	4	550	24	182	550
Mechanical - Furnace; Repairs/Replacement	2,575	30	1	2,458	60	117	2,458
Clubhouse - Restroom; Remodel	7,000	15	0	7,000	378	0	7,000
Clubhouse - Siding; Repairs/Replacement	4,137	10	7	1,009	232	3,128	1,009
Clubhouse - Main Lines; Repairs/Replac..	4,500	40	0	4,500	190	0	4,500
Pump House - Repairs/Replacement	4,434	15	8	1,633	182	2,800	1,633
Clubhouse - Total				<u>\$57,054</u>	<u>\$4,490</u>	<u>\$63,593</u>	<u>\$57,645</u>
Dawn Lake							
Fencing - Chain Link; Repairs/Replacement	13,175	30	27		253	13,175	593
Equipment - Charcoal Barbecues; Replace..	1,801	20	4	1,280	68	521	1,280
Equipment - Bench; Replacement	1,519	40	4	1,080	57	439	1,080
Equipment - Kids Area; Play Structure	7,176	25	9	3,520	211	3,656	3,520
Equipment - Picnic Table; Replacement	6,515	25	22		154	6,515	408
Equipment - Kids Area; Swing Set	4,175	20	9	2,048	123	2,127	2,048
Equipment - Kids Area; Footbridge	1,957	25	9	960	57	997	960
Restroom - Remodel	3,713	15	2	2,100	420	1,613	2,100
Ground Cover - Kids Area; Mulch Area	1,545	7	4	588	124	957	588

**Lushmeadows Mountain Estates
Component Funding Summary**

Description	Future Cost	Useful Life	Remaining Life	Distribution	Required Contribution	Future Liability	Fully Funded
<i>Dawn Lake continued...</i>							
Ground Cover - Culvert; Refurbishment	8,195	5	3	3,000	901	5,195	3,000
Pump House - Repairs/Replacement	1,513	15	14	<u>67</u>	<u>54</u>	1,446	<u>67</u>
Dawn Lake - Total				<u>\$14,643</u>	<u>\$2,420</u>	<u>\$36,642</u>	<u>\$15,644</u>
Mallard Lake							
Vehicle Gate - Metal; Replacement	2,104	30	19	465	45	1,640	465
Equipment - Bench; Replacement	2,203	15	13	<u>200</u>	<u>80</u>	2,003	<u>200</u>
Mallard Lake - Total				<u>\$665</u>	<u>\$125</u>	<u>\$3,642</u>	<u>\$665</u>
Asset Summary Total:	<u>\$222,960</u>			<u>\$95,879</u>	<u>\$10,118</u>	<u>\$127,081</u>	<u>\$97,470</u>

Percent Fully Funded	98%
Current Average Liability per Unit (Total Units: 1)	-\$1,639

**Lushmeadows Mountain Estates
Category Detail Index**

Asset ID	Description	Replacement	Page
General			
1107	Well Pump - Repairs/Replacement	2033	2-9
1039	Landscape - Tree Trimming	2024	2-9
1089	Mechanical - Well Pump; Repairs/Replacement	2025	2-10
1108	Septic Tank - Repairs/Replacement	2025	2-11
1024	Signage - Development Entrance; Repairs/Replacem..	2030	2-11
1043	Signage - Message Center; Replacement	2035	2-12
1044	Signage - Miscellaneous; Replacement	2023	2-12
Clubhouse			
1005	Clubhouse - Concrete Walkways; Repairs/Replacem..	2026	2-14
1109	Clubhouse - Gravel Road; Refurbishment	2027	2-14
1081	Clubhouse - Roofing; Comp. Shingle	2042	2-15
1082	Clubhouse - Roofing; Rain gutters & Downspouts	2049	2-16
1065	Clubhouse - Painting; Exterior	2029	2-17
1066	Clubhouse - Painting; Interior	2028	2-17
1090	Clubhouse - Paneling; Interior	2027	2-18
1028	Lighting - Interior Fixtures; Replacement	2030	2-19
1029	Lighting - Exterior Fixtures; Replacement	2025	2-19
1059	Clubhouse - Flooring; Carpeting	2030	2-20
1061	Clubhouse - Flooring; Vinyl	2035	2-21
1062	Clubhouse - Remodel; Cabinetry & Fixtures	2027	2-21
1099	Clubhouse - Furnishing; Replacement	2022	2-22
1045	Mechanical - Swamp Cooler; Repairs/Replacement	2026	2-23
1056	Mechanical - Water Heater; Replacement	2029	2-23
1083	Equipment - Kitchen Items; Replacement	2027	2-24
1085	Equipment - Picnic Table; Replacement	2026	2-25
1047	Mechanical - Furnace; Repairs/Replacement	2023	2-25
1097	Clubhouse - Restroom; Remodel	2022	2-26
1098	Clubhouse - Siding; Repairs/Replacement	2029	2-27
1022	Clubhouse - Main Lines; Repairs/Replacement	2022	2-27
1111	Pump House - Repairs/Replacement	2030	2-28
Dawn Lake			
1104	Fencing - Chain Link; Repairs/Replacement	2049	2-29
1091	Equipment - Charcoal Barbecues; Replacement	2026	2-29
1093	Equipment - Bench; Replacement	2026	2-30
1095	Equipment - Kids Area; Play Structure	2031	2-31
1096	Equipment - Picnic Table; Replacement	2044	2-31

**Lushmeadows Mountain Estates
Category Detail Index**

Asset ID	Description	Replacement	Page
<i>Dawn Lake Continued...</i>			
1101	Equipment - Kids Area; Swing Set	2031	2-32
1103	Equipment - Kids Area; Footbridge	2031	2-33
1100	Restroom - Remodel	2024	2-33
1102	Ground Cover - Kids Area; Mulch Area	2026	2-34
1110	Ground Cover - Culvert; Refurbishment	2025	2-35
1105	Pump House - Repairs/Replacement	2036	2-35
Mallard Lake			
1018	Vehicle Gate - Metal; Replacement	2041	2-37
1084	Equipment - Bench; Replacement	2035	2-37
	Total Funded Assets	42	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	42	

**Lushmeadows Mountain Estates
Detail Report by Category**

Well Pump - Repairs/Replacement - 2033

Asset ID	1107	1 LS	@ \$5,250.00
	General	Asset Actual Cost	\$5,250.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2018	Future Cost	\$7,267.23
Useful Life	15	Assigned Reserves	\$1,400.00
Replacement Year	2033	Monthly Assessment	\$23.08
Remaining Life	11	Interest Contribution	\$0.05
		Reserve Allocation	\$23.13



The Well-X-Trol pumps and related equipment appeared to be in good condition at the time of inspection. Annual inspections are recommended to ensure proper functionality.

*Last known repairs occurred in year 2018.

Landscape - Tree Trimming - 2024

Asset ID	1039	1 LS	@ \$8,500.00
	General	Asset Actual Cost	\$8,500.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	March 2021	Future Cost	\$9,017.65
Useful Life	3	Assigned Reserves	\$2,833.33
Replacement Year	2024	Monthly Assessment	\$134.10
Remaining Life	2	Interest Contribution	\$0.13
		Reserve Allocation	\$134.23

**Lushmeadows Mountain Estates
Detail Report by Category**

Landscape - Tree Trimming continued...



This component is for the tree trimming within the development. The trees are mature and will require regular trimming.

*Last known occurrence was in March of year 2021.

Mechanical - Well Pump; Repairs/Replacement - 2025

		1 ls	@ \$65,000.00
Asset ID	1089	Asset Actual Cost	\$16,250.00
	General	Percent Replacement	25%
Category	Contingency	Future Cost	\$17,756.81
Placed in Service	January 2010	Assigned Reserves	\$13,000.00
Useful Life	15		
Replacement Year	2025	Monthly Assessment	\$68.58
Remaining Life	3	Interest Contribution	<u>\$0.40</u>
		Reserve Allocation	\$68.98



This component covers the periodic repairs & parts replacement of the well & water pumps servicing the Clubhouse, Mallard, and Dawn Lake. Although not visible, it is presumed to be in fair working order due to the condition of the lake. Most won't need to be replaced, but only fixed periodically. If replacement is necessary, it's typically due to the lack of available parts. Annual maintenance inspections are recommended to ensure oil levels and

**Lushmeadows Mountain Estates
Detail Report by Category**

Mechanical - Well Pump; Repairs/Replacement continued...

functionality where the fuel and oil is changed and the machine is inspected. Funding levels established in this study to represent repairs by 25% every 15 years.

Septic Tank - Repairs/Replacement - 2025

		2 ea	@ \$800.00
Asset ID	1108	Asset Actual Cost	\$1,600.00
	General	Percent Replacement	100%
Category	Contingency	Future Cost	\$1,748.36
Placed in Service	January 2000	Assigned Reserves	\$1,408.00
Useful Life	25		
Replacement Year	2025	Monthly Assessment	\$4.90
Remaining Life	3	Interest Contribution	<u>\$0.04</u>
		Reserve Allocation	\$4.94

This component is for the periodic service & parts replacement of the Septic Tanks at the Clubhouse and Dawn Lake.

Signage - Development Entrance; Repairs/Replacement - 2030

		1 ea	@ \$1,700.00
Asset ID	1024	Asset Actual Cost	\$1,700.00
	General	Percent Replacement	100%
Category	Signs	Future Cost	\$2,153.51
Placed in Service	January 2000	Assigned Reserves	\$1,246.67
Useful Life	30		
Replacement Year	2030	Monthly Assessment	\$4.89
Remaining Life	8	Interest Contribution	<u>\$0.04</u>
		Reserve Allocation	\$4.93



This component covers the replacement of the granite monument sign. At time of inspection, it appeared to be in good condition with no signs of damage or defect.

**Lushmeadows Mountain Estates
Detail Report by Category**

Signage - Message Center; Replacement - 2035

Asset ID	1043	6 ea	@ \$850.00
Category	General	Asset Actual Cost	\$5,100.00
Placed in Service	January 2010	Percent Replacement	100%
Useful Life	25	Future Cost	\$7,489.52
Replacement Year	2035	Assigned Reserves	\$2,448.00
Remaining Life	13	Monthly Assessment	\$16.75
		Interest Contribution	\$0.08
		Reserve Allocation	\$16.83



This component covers the replacement of the message centers located throughout the development. At time of inspection, they all appeared to be in fair condition.

Signage - Miscellaneous; Replacement - 2023

Asset ID	1044	10 ea	@ \$125.00
Category	General	Asset Actual Cost	\$1,250.00
Placed in Service	January 2005	Percent Replacement	100%
Useful Life	15	Future Cost	\$1,287.50
Adjustment	3	Assigned Reserves	\$1,180.56
Replacement Year	2023	Monthly Assessment	\$4.62
Remaining Life	1	Interest Contribution	\$0.04
		Reserve Allocation	\$4.66

**Lushmeadows Mountain Estates
Detail Report by Category**

Signage - Miscellaneous; Replacement continued...



This component covers the periodic replacement of the signage throughout the development. At time of inspection, all signs appeared to be in good condition with no signs of damage, vandalism, or rust.

General - Total Current Cost	\$39,650
Assigned Reserves	\$23,517
Fully Funded Reserves	\$23,517

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Concrete Walkways; Repairs/Replacement - 2026

Asset ID	1005	260 sf	@ \$12.25
	Clubhouse	Asset Actual Cost	\$796.25
Category	Paving	Percent Replacement	25%
Placed in Service	January 2010	Future Cost	\$896.19
Useful Life	15	Assigned Reserves	\$597.19
Adjustment	1	Monthly Assessment	\$3.23
Replacement Year	2026	Interest Contribution	<u>\$0.02</u>
Remaining Life	4	Reserve Allocation	\$3.25



This component covers the repair of the concrete walkways located within the development. Annual inspection and repairs may be recommended and necessary to ensure the safety of its members by correcting any elevation changes and trip hazards that the association may be held liable for. Cracks in concrete can be unsightly and create moisture problems. Repairing such cracks is vital in order to keep moisture out. The concrete walks overall appearance is in good condition with some areas that have minor hairline cracks. We estimate 25% will need to be repaired or replaced every 15 years.

Clubhouse - Gravel Road; Refurbishment - 2027

Asset ID	1109	9,160 sf	@ \$2.25
	Clubhouse	Asset Actual Cost	\$5,152.50
Category	Paving	Percent Replacement	25%
Placed in Service	June 2019	Future Cost	\$5,973.16
Useful Life	7	Assigned Reserves	\$1,932.19
Adjustment	1	Monthly Assessment	\$35.01
Replacement Year	2027	Interest Contribution	<u>\$0.07</u>
Remaining Life	5	Reserve Allocation	\$35.08

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Gravel Road; Refurbishment continued...



The gravel bladed road located at the Clubhouse is approximately 916 feet long and 10 feet wide. The road appeared to be in fair condition; no noticeable or troublesome erosion was apparent on or through the gravel roadway. Annual inspections and weed control is recommended. It is best to correct any damage or abnormalities as quickly as possible to prevent any permanent or large scale repairs.

*Reserve Expense records indicate the last refurbishment occurred in June of year 2019.

Clubhouse - Roofing; Comp. Shingle - 2042			
Asset ID	1081	3,380 sf	@ \$2.65
Clubhouse	Clubhouse	Asset Actual Cost	\$8,957.00
Category	Roofing	Percent Replacement	100%
Placed in Service	July 2012	Future Cost	\$16,177.34
Useful Life	30	Assigned Reserves	\$2,606.40
Replacement Year	2042	Monthly Assessment	\$29.30
Remaining Life	20	Interest Contribution	<u>\$0.09</u>
		Reserve Allocation	\$29.39



The Composition Shingled roof on the Clubhouse appeared to be in fair condition. There were minimal signs of warping and curling. It's recommended that all roofs over 10 years old be inspected by a reputable roofing inspector and be repaired as indicated.

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Roofing; Comp. Shingle continued...

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Clubhouse - Roofing; Raingutters & Downspouts - 2049

		148 lf	@ \$14.25
Asset ID	1082	Asset Actual Cost	\$2,109.00
	Clubhouse	Percent Replacement	100%
Category	Roofing	Future Cost	\$4,684.70
Placed in Service	August 2019	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2049	Monthly Assessment	\$7.49
Remaining Life	27	Interest Contribution	<u>\$0.00</u>
		Reserve Allocation	<u>\$7.50</u>



This component covers replacement of the rain gutters and downspouts. Many factors can affect the useful life of rain gutters, such as climate and weather severity, debris and frequency of maintenance. The gutters appeared to be in fair condition without signs of damage, bending, leaks, corrosion, or any defect. However, they were full of Tree Debris and I recommend they get cleaned periodically as the weight will begin structurally damaging the sheet metal over time. It's also recommended that replacement and/or repairs should be completed at the same intervals as replacement of your roof.

*Last known repairs occurred in August of year 2019.

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Painting; Exterior - 2029		3,282 sf	@ \$4.25
Asset ID	1065	Asset Actual Cost	\$13,948.50
	Clubhouse	Percent Replacement	100%
Category	Painting	Future Cost	\$17,154.90
Placed in Service	July 2019	Assigned Reserves	\$4,184.55
Useful Life	10		
Replacement Year	2029	Monthly Assessment	\$80.25
Remaining Life	7	Interest Contribution	\$0.15
		Reserve Allocation	\$80.40



The present condition of the paint on the wood/trim siding was in good condition. There were no areas where the paint was peeling and chipping away. Proper painting intervals will help protect the component underneath from unnecessary damage or from exposure to the elements. Before the buildings are painted, the preparation should include power washing, scraping, sanding and repairs as found necessary.

*Reserve Expenses indicate the building was last painted in July of year 2019.

Clubhouse - Painting; Interior - 2028		1,885 sf	@ \$1.25
Asset ID	1066	Asset Actual Cost	\$2,356.25
	Clubhouse	Percent Replacement	100%
Category	Painting	Future Cost	\$2,813.49
Placed in Service	January 2010	Assigned Reserves	\$1,570.83
Useful Life	15		
Adjustment	3	Monthly Assessment	\$8.95
Replacement Year	2028	Interest Contribution	\$0.05
Remaining Life	6	Reserve Allocation	\$9.00

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Painting; Interior continued...



This component covers the repainting of interior walls at the Clubhouse. At time of inspection, the paint appeared to be in good condition with minimal signs of cracking, peeling, chalking, or other aging damage. More specifically, the cracking was more noticeable at the ceilings than the walls. If a change in color, texture, type or paint scheme is desired, a primer base and/or additional coats of paint may be required, which will increase the cost of this component.

Clubhouse - Paneling; Interior - 2027

		715 sf	@ \$2.05
Asset ID	1090	Asset Actual Cost	\$1,465.75
	Clubhouse	Percent Replacement	100%
Category	Painting	Future Cost	\$1,699.21
Placed in Service	January 2000	Assigned Reserves	\$1,194.31
Useful Life	15		
Adjustment	12	Monthly Assessment	\$4.36
Replacement Year	2027	Interest Contribution	<u>\$0.04</u>
Remaining Life	5	Reserve Allocation	\$4.40



This component covers the replacement of the interior wainscot wood paneling. At the time of inspection, the condition of the paneling appeared to be in good condition without signs of

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Paneling; Interior continued...

warping, cracking, or other defect.

Lighting - Interior Fixtures; Replacement - 2030

Asset ID	1028	32 ea	@ \$115.00
Clubhouse		Asset Actual Cost	\$3,680.00
Category	Lighting	Percent Replacement	100%
Placed in Service	January 2005	Future Cost	\$4,661.71
Useful Life	25	Assigned Reserves	\$2,502.40
Replacement Year	2030	Monthly Assessment	\$11.66
Remaining Life	8	Interest Contribution	<u>\$0.08</u>
		Reserve Allocation	\$11.74



The miscellaneous light fixtures located in the Clubhouse appeared to be in good condition. These fixtures include wall sconces, recessed lighting, tract lighting and fluorescent fixtures. Interior fixtures require no routine maintenance and usually have a wide ranging useful life. Replacement would be required due to corrosion, mounting fittings, or other structural damage.

Lighting - Exterior Fixtures; Replacement - 2025

Asset ID	1029	14 ea	@ \$125.00
Clubhouse		Asset Actual Cost	\$1,750.00
Category	Lighting	Percent Replacement	100%
Placed in Service	January 2005	Future Cost	\$1,912.27
Useful Life	20	Assigned Reserves	\$1,487.50
Replacement Year	2025	Monthly Assessment	\$6.12
Remaining Life	3	Interest Contribution	<u>\$0.05</u>
		Reserve Allocation	\$6.16

**Lushmeadows Mountain Estates
Detail Report by Category**

Lighting - Exterior Fixtures; Replacement continued...



This component is for the replacement of the exterior light fixtures located throughout the Clubhouse. At the time of inspection they appeared to be in fair condition with minimal signs of wear. Bulbs are an operating expense and should be replaced as noticed.

Clubhouse - Flooring; Carpeting - 2030		87 sf	@ \$6.30
Asset ID	1059	Asset Actual Cost	\$548.10
	Clubhouse	Percent Replacement	100%
Category	Interior Furnishings	Future Cost	\$694.32
Placed in Service	January 2005	Assigned Reserves	\$372.71
Useful Life	20		
Adjustment	5	Monthly Assessment	\$1.74
Replacement Year	2030	Interest Contribution	<u>\$0.01</u>
Remaining Life	8	Reserve Allocation	\$1.75



The carpet located at the pedestal area in the clubhouse appeared to be in good condition without any signs of fading, fraying or lifting. Carpets should be vacuumed on a regular basis and deep cleaning (steam) should be done to remove any embedded soil and stains. The normal cleaning cycle will depend on the amount of foot traffic, however it is recommended carpets be cleaned at least once every 6-12 months to improve the look and life expectancy of

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Flooring; Carpeting continued...

this component.

Clubhouse - Flooring; Vinyl - 2035			
Asset ID	1061	2,430 sf	@ \$5.75
	Clubhouse	Asset Actual Cost	\$13,972.50
Category	Interior Furnishings	Percent Replacement	100%
Placed in Service	January 2000	Future Cost	\$20,519.09
Useful Life	30	Assigned Reserves	\$8,782.71
Adjustment	5	Monthly Assessment	\$38.96
Replacement Year	2035	Interest Contribution	<u>\$0.27</u>
Remaining Life	13	Reserve Allocation	\$39.23



This component is to replace the vinyl flooring located in the Clubhouse. The flooring was noted to be in good condition without signs of lifting, bubbling, fading, tears, or unusual wear. Due to its minimal use and traffic area. The useful life of this component has been extended.

Clubhouse - Remodel; Cabinetry & Fixtures - 2027			
Asset ID	1062	1 LS	@ \$8,500.00
	Clubhouse	Asset Actual Cost	\$8,500.00
Category	Interior Furnishings	Percent Replacement	100%
Placed in Service	January 2000	Future Cost	\$9,853.83
Useful Life	15	Assigned Reserves	\$6,925.93
Adjustment	12	Monthly Assessment	\$25.29
Replacement Year	2027	Interest Contribution	<u>\$0.21</u>
Remaining Life	5	Reserve Allocation	\$25.50

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Remodel; Cabinetry & Fixtures continued...



This component covers replacement of the furniture, cabinetry, and fixtures throughout the clubhouse. It is not likely that all items will wear out at the same time, but for aesthetic reasons, the remodel should be done at the same time, at the board's discretion.

Clubhouse - Furnishing; Replacement - 2022

		1 LS	@ \$2,500.00
Asset ID	1099	Asset Actual Cost	\$2,500.00
	Clubhouse	Percent Replacement	100%
Category	Interior Furnishings	Future Cost	\$2,500.00
Placed in Service	January 2000	Assigned Reserves	\$2,500.00
Useful Life	15		
Replacement Year	2022	Monthly Assessment	\$11.24
Remaining Life	0	Interest Contribution	<u>\$0.00</u>
		Reserve Allocation	\$11.24



This component is for the replacement of the furnishings located throughout the Clubhouse. They all appeared to be in good condition at the time of inspection. Said furnishings consists of the following;

- (12) Rect. Tables
- (10) Roundtables

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Furnishing; Replacement continued...

- (25) Folding Chairs

Mechanical - Swamp Cooler; Repairs/Replacement - 2026

		1 ea	@ \$3,400.00
Asset ID	1045	Asset Actual Cost	\$3,400.00
	Clubhouse	Percent Replacement	100%
Category	Equipment	Future Cost	\$3,826.73
Placed in Service	January 2001	Assigned Reserves	\$2,856.00
Useful Life	20		
Adjustment	5	Monthly Assessment	\$10.48
Replacement Year	2026	Interest Contribution	<u>\$0.09</u>
Remaining Life	4	Reserve Allocation	\$10.57



The swamp cooler located on the Roof of the Clubhouse appeared to be in fair condition at the time of inspection. Its operation was not observed.

Mechanical - Water Heater; Replacement - 2029

		1 ea	@ \$1,500.00
Asset ID	1056	Asset Actual Cost	\$1,500.00
	Clubhouse	Percent Replacement	100%
Category	Equipment	Future Cost	\$1,844.81
Placed in Service	January 2000	Assigned Reserves	\$1,137.93
Useful Life	20		
Adjustment	9	Monthly Assessment	\$4.36
Replacement Year	2029	Interest Contribution	<u>\$0.03</u>
Remaining Life	7	Reserve Allocation	\$4.39

This component covers the replacement of the American PROLine model G52-40T34-3N natural gas water heater located in the clubhouse. At the time of inspection, it appeared to be

**Lushmeadows Mountain Estates
Detail Report by Category**

Mechanical - Water Heater; Replacement continued...

in good condition with no signs of leaks, corrosion, or surface rust noted.

Equipment - Kitchen Items; Replacement - 2027

		1 LS	@ \$3,550.00
Asset ID	1083	Asset Actual Cost	\$1,775.00
	Clubhouse	Percent Replacement	50%
Category	Equipment	Future Cost	\$2,057.71
Placed in Service	January 2010	Assigned Reserves	\$1,252.94
Useful Life	10		
Adjustment	7	Monthly Assessment	\$6.96
Replacement Year	2027	Interest Contribution	<u>\$0.04</u>
Remaining Life	5	Reserve Allocation	\$7.00



This component covers the replacement of the Items located in the Kitchen, all of which appeared to be in good condition. Such Items include;

- Coffee/Tea Maker
- Dishwashers
- Microwave
- Oven Range
- Refrigerator

**Lushmeadows Mountain Estates
Detail Report by Category**

Equipment - Picnic Table; Replacement - 2026

Asset ID	1085	1 ea	@ \$650.00
	Clubhouse	Asset Actual Cost	\$650.00
Category	Equipment	Percent Replacement	100%
Placed in Service	January 2000	Future Cost	\$731.58
Useful Life	20	Assigned Reserves	\$550.00
Adjustment	6	Monthly Assessment	\$1.96
Replacement Year	2026	Interest Contribution	<u>\$0.02</u>
Remaining Life	4	Reserve Allocation	\$1.98



This component covers the replacement of the picnic table located outside of the Clubhouse. The table appeared to be in really good condition with no signs of cosmetic or structural wear.

Mechanical - Furnace; Repairs/Replacement - 2023

Asset ID	1047	1 ea	@ \$2,500.00
	Clubhouse	Asset Actual Cost	\$2,500.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 1963	Future Cost	\$2,575.00
Useful Life	30	Assigned Reserves	\$2,458.33
Adjustment	30	Monthly Assessment	\$5.02
Replacement Year	2023	Interest Contribution	<u>\$0.07</u>
Remaining Life	1	Reserve Allocation	\$5.10

**Lushmeadows Mountain Estates
Detail Report by Category**

Mechanical - Furnace; Repairs/Replacement continued...



This component covers the replacement of the Carrier forced air furnaces located at the clubhouse. They were not observed, but are presumed to be working properly.

Clubhouse - Restroom; Remodel - 2022

		2 ea	@ \$3,500.00
Asset ID	1097	Asset Actual Cost	\$7,000.00
	Clubhouse	Percent Replacement	100%
Category	Building Components	Future Cost	\$7,000.00
Placed in Service	January 1963	Assigned Reserves	\$7,000.00
Useful Life	15		
Replacement Year	2022	Monthly Assessment	\$31.47
Remaining Life	0	Interest Contribution	<u>\$0.01</u>
		Reserve Allocation	\$31.48



The components in the restroom are typically "life-of-the-development" components and will not need to be replaced. Items do become dated and require periodic updating. This component covers the basic remodeling of the bathroom(s), including updated flooring, fixtures, and accessories. On inspection all fixtures were working and appeared in good condition.

*Note; the association is currently going thru major plumbing issues. Rust and other debris are noticeable on the faucets and toilet seats.

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Siding; Repairs/Replacement - 2029

		3,282 sf	@ \$10.25
Asset ID	1098	Asset Actual Cost	\$3,364.05
	Clubhouse	Percent Replacement	10%
Category	Building Components	Future Cost	\$4,137.36
Placed in Service	July 2019	Assigned Reserves	\$1,009.21
Useful Life	10		
Replacement Year	2029	Monthly Assessment	\$19.35
Remaining Life	7	Interest Contribution	<u>\$0.04</u>
		Reserve Allocation	\$19.39



The wood siding and trim located throughout the Clubhouse appeared to be in fair condition without major signs of damage, separation, cracking, or other signs of distress. We have budgeted for 10% to be repaired or replaced every 10 years to coincide with painting.

*Reserve Expenses indicate the last repairs occurred in July of year 2019.

Clubhouse - Main Lines; Repairs/Replacement - 2022

		1 LS	@ \$4,500.00
Asset ID	1022	Asset Actual Cost	\$4,500.00
	Clubhouse	Percent Replacement	100%
Category	Grounds Components	Future Cost	\$4,500.00
Placed in Service	January 1963	Assigned Reserves	\$4,500.00
Useful Life	40		
Replacement Year	2022	Monthly Assessment	\$15.81
Remaining Life	0	Interest Contribution	<u>\$0.01</u>
		Reserve Allocation	\$15.82

**Lushmeadows Mountain Estates
Detail Report by Category**

Clubhouse - Main Lines; Repairs/Replacement continued...



This component covers repairs and partial replacement to the main lines servicing the Clubhouse. These were not observed at the time of inspection but presumed to be functioning poorly due to the water debris shown at the interior faucets.

Pump House - Repairs/Replacement - 2030

Asset ID	1111	1 LS	@ \$3,500.00
Category	Clubhouse	Asset Actual Cost	\$3,500.00
Placed in Service	January 2015	Percent Replacement	100%
Useful Life	15	Future Cost	\$4,433.69
Replacement Year	2030	Assigned Reserves	\$1,633.33
Remaining Life	8	Monthly Assessment	\$15.14
		Interest Contribution	<u>\$0.05</u>
		Reserve Allocation	\$15.20



This component is for the periodic repairs/replacement that undergo at the Pump House.

Clubhouse - Total Current Cost	\$93,925
Assigned Reserves	\$57,054
Fully Funded Reserves	\$57,645

**Lushmeadows Mountain Estates
Detail Report by Category**

Fencing - Chain Link; Repairs/Replacement - 2049

		325 lf	@ \$18.25
Asset ID	1104	Asset Actual Cost	\$5,931.25
	Dawn Lake	Percent Replacement	100%
Category	Fencing/Security	Future Cost	\$13,175.02
Placed in Service	April 2019	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2049	Monthly Assessment	\$21.08
Remaining Life	27	Interest Contribution	<u>\$0.01</u>
		Reserve Allocation	\$21.08



This component covers the replacement of the 4ft thermoplastic covered chain link fencing surrounding the kids area. The fence appeared to be in good condition without major signs of defect.

*Last known repairs occurred in April of year 2019.

Equipment - Charcoal Barbecues; Replacement - 2026

		8 ea	@ \$200.00
Asset ID	1091	Asset Actual Cost	\$1,600.00
	Dawn Lake	Percent Replacement	100%
Category	Equipment	Future Cost	\$1,800.81
Placed in Service	December 2006	Assigned Reserves	\$1,280.00
Useful Life	20		
Replacement Year	2026	Monthly Assessment	\$5.63
Remaining Life	4	Interest Contribution	<u>\$0.04</u>
		Reserve Allocation	\$5.67

**Lushmeadows Mountain Estates
Detail Report by Category**

Equipment - Charcoal Barbecues; Replacement continued...



This component covers the replacement of the Pilot Rock post-mounted charcoal barbecues. At time of inspection, they appeared to be in fair condition with surface rust noted.

Equipment - Bench; Replacement - 2026

		6 ea	@ \$450.00
Asset ID	1093	Asset Actual Cost	\$1,350.00
	Dawn Lake	Percent Replacement	50%
Category	Equipment	Future Cost	\$1,519.44
Placed in Service	December 2006	Assigned Reserves	\$1,080.00
Useful Life	40		
Adjustment	-20	Monthly Assessment	\$4.75
Replacement Year	2026	Interest Contribution	<u>\$0.03</u>
Remaining Life	4	Reserve Allocation	\$4.78



This component covers the replacement of the recycled plastic benches located throughout Dawn Lake. At the time of inspection, they appeared to be in good structural condition. Since only 50% of the benches are of recycled plastic, we have budgeted for the remainder to be replaced with the same material.

**Lushmeadows Mountain Estates
Detail Report by Category**

Equipment - Kids Area; Play Structure - 2031

		1 ea	@ \$5,500.00
Asset ID	1095	Asset Actual Cost	\$5,500.00
	Dawn Lake	Percent Replacement	100%
Category	Equipment	Future Cost	\$7,176.25
Placed in Service	December 2006	Assigned Reserves	\$3,520.00
Useful Life	25		
Replacement Year	2031	Monthly Assessment	\$17.55
Remaining Life	9	Interest Contribution	<u>\$0.11</u>
		Reserve Allocation	\$17.66



This component covers the replacement of the play structure located at the Kids area at Dawn Lake. At the time of inspection, it appeared to be in good condition.

Equipment - Picnic Table; Replacement - 2044

		8 ea	@ \$850.00
Asset ID	1096	Asset Actual Cost	\$3,400.00
	Dawn Lake	Percent Replacement	50%
Category	Equipment	Future Cost	\$6,514.75
Placed in Service	May 2019	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2044	Monthly Assessment	\$12.80
Remaining Life	22	Interest Contribution	<u>\$0.00</u>
		Reserve Allocation	\$12.81

**Lushmeadows Mountain Estates
Detail Report by Category**

Equipment - Picnic Table; Replacement continued...



This component covers the Thermoplastic & Wood picnic tables located throughout Dawn Lake. Since 50% of the tables are that of Metal with a Thermoplastic Coating. This components is for the replacement of the wood tables.

Equipment - Kids Area; Swing Set - 2031

		1 ea	@ \$3,200.00
Asset ID	1101	Asset Actual Cost	\$3,200.00
	Dawn Lake	Percent Replacement	100%
Category	Equipment	Future Cost	\$4,175.27
Placed in Service	December 2006	Assigned Reserves	\$2,048.00
Useful Life	20		
Adjustment	5	Monthly Assessment	\$10.21
Replacement Year	2031	Interest Contribution	<u>\$0.06</u>
Remaining Life	9	Reserve Allocation	\$10.27



This component covers the replacement of the Swing Set located at the Kids area at Dawn Lake. At the time of inspection, it appeared to be in fair condition with minimal signs of structural wear noted.

**Lushmeadows Mountain Estates
Detail Report by Category**

Equipment - Kids Area; Footbridge - 2031

Asset ID	1103	1 ea	@ \$1,500.00
	Dawn Lake	Asset Actual Cost	\$1,500.00
Category	Equipment	Percent Replacement	100%
Placed in Service	December 2006	Future Cost	\$1,957.16
Useful Life	25	Assigned Reserves	\$960.00
Replacement Year	2031	Monthly Assessment	\$4.79
Remaining Life	9	Interest Contribution	\$0.03
		Reserve Allocation	\$4.82



This component covers the periodic repairs of the footbridge located at the Kids area at Dawn Lake. At the time of inspection, it appeared to be in fair condition with no signs of structural wear.

Restroom - Remodel - 2024

Asset ID	1100	2 ea	@ \$3,500.00
	Dawn Lake	Asset Actual Cost	\$3,500.00
Category	Building Components	Percent Replacement	50%
Placed in Service	April 2019	Future Cost	\$3,713.15
Useful Life	15	Assigned Reserves	\$2,100.00
Adjustment	-10	Monthly Assessment	\$34.96
Replacement Year	2024	Interest Contribution	\$0.07
Remaining Life	2	Reserve Allocation	\$35.03

**Lushmeadows Mountain Estates
Detail Report by Category**

Restroom - Remodel continued...



The components in the restroom are typically "life-of-the-development" components and will not need to be replaced. Items do become dated and require periodic updating. This component covers the basic remodeling of the bathroom(s), including updated flooring, fixtures, and accessories. On inspection all fixtures were working and appeared in fair condition.

*Note; The womens restroom recently underwent a major renovation. Next in line would be the Men's Restroom.

*Last known repairs occurred in April of year 2019.

Ground Cover - Kids Area; Mulch Area - 2026

Asset ID	1102	2,746 sf	@ \$0.50
	Dawn Lake	Asset Actual Cost	\$1,373.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	June 2019	Future Cost	\$1,545.32
Useful Life	7	Assigned Reserves	\$588.43
Replacement Year	2026	Monthly Assessment	\$10.37
Remaining Life	4	Interest Contribution	<u>\$0.02</u>
		Reserve Allocation	\$10.39



This component is for replacement of the the natural bark ground cover located throughout the

**Lushmeadows Mountain Estates
Detail Report by Category**

Ground Cover - Kids Area; Mulch Area continued...

kids area. The bark appeared to be in good condition with no noticeable low spots.

*Last known replenishment occurred in June of year 2019.

Ground Cover - Culvert; Refurbishment - 2025

Asset ID	1110	1 LS	@ \$7,500.00
	Dawn Lake	Asset Actual Cost	\$7,500.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	October 2020	Future Cost	\$8,195.45
Useful Life	5	Assigned Reserves	\$3,000.00
Replacement Year	2025	Monthly Assessment	\$75.07
Remaining Life	3	Interest Contribution	<u>\$0.11</u>
		Reserve Allocation	\$75.19



This component covers the periodic refurbishment and cleaning of the culverts located at Dawn Lake. Per the onsite walk, the culverts over time get covered in outgrown weeds and major hauling of said debris.

*Last known repairs occurred in October of year 2020.

Pump House - Repairs/Replacement - 2036

Asset ID	1105	1 LS	@ \$1,000.00
	Dawn Lake	Asset Actual Cost	\$1,000.00
Category	Contingency	Percent Replacement	100%
Placed in Service	April 2021	Future Cost	\$1,512.59
Useful Life	15	Assigned Reserves	\$66.67
Replacement Year	2036	Monthly Assessment	\$4.47
Remaining Life	14	Interest Contribution	<u>\$0.00</u>
		Reserve Allocation	\$4.47

**Lushmeadows Mountain Estates
Detail Report by Category**

Pump House - Repairs/Replacement continued...



This component is for the periodic repairs/replacement that undergo at the Pump House.

*Last known repairs occurred in April of year 2021.

Dawn Lake - Total Current Cost	\$35,854
Assigned Reserves	\$14,643
Fully Funded Reserves	\$15,644

**Lushmeadows Mountain Estates
Detail Report by Category**

Vehicle Gate - Metal; Replacement - 2041

		1 ea	@ \$1,200.00
Asset ID	1018	Asset Actual Cost	\$1,200.00
	Mallard Lake	Percent Replacement	100%
Category	Fencing/Security	Future Cost	\$2,104.21
Placed in Service	January 2010	Assigned Reserves	\$464.52
Useful Life	30		
Adjustment	1	Monthly Assessment	\$3.73
Replacement Year	2041	Interest Contribution	<u>\$0.01</u>
Remaining Life	19	Reserve Allocation	\$3.74



This component is for the replacement of the metal tubular vehicle gate at the main entry. The gate appeared to be in good condition without any sign of damage or rust. With proper maintenance, the useful life could be greatly extended.

Equipment - Bench; Replacement - 2035

		6 ea	@ \$250.00
Asset ID	1084	Asset Actual Cost	\$1,500.00
	Mallard Lake	Percent Replacement	100%
Category	Equipment	Future Cost	\$2,202.80
Placed in Service	June 2020	Assigned Reserves	\$200.00
Useful Life	15		
Replacement Year	2035	Monthly Assessment	\$6.67
Remaining Life	13	Interest Contribution	<u>\$0.01</u>
		Reserve Allocation	\$6.68

**Lushmeadows Mountain Estates
Detail Report by Category**

Equipment - Bench; Replacement continued...



This component covers the wood benches located throughout Mallard Lake. The benches appeared to be in fair structural condition, the paint however did appear to be peeling off.

*Last known repairs occurred in June of year 2020.

Mallard Lake - Total Current Cost	\$2,700
Assigned Reserves	\$665
Fully Funded Reserves	\$665

**Lushmeadows Mountain Estates
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2022	
Clubhouse	
Clubhouse - Furnishing; Replacement	2,500
Clubhouse - Restroom; Remodel	7,000
Clubhouse - Main Lines; Repairs/Replacement	4,500
Total for 2022	\$14,000
Replacement Year 2023	
General	
Signage - Miscellaneous; Replacement	1,287
Clubhouse	
Mechanical - Furnace; Repairs/Replacement	2,575
Total for 2023	\$3,862
Replacement Year 2024	
General	
Landscape - Tree Trimming	9,018
Dawn Lake	
Restroom - Remodel	3,713
Total for 2024	\$12,731
Replacement Year 2025	
General	
Mechanical - Well Pump; Repairs/Replacement	17,757
Septic Tank - Repairs/Replacement	1,748
Clubhouse	
Lighting - Exterior Fixtures; Replacement	1,912
Dawn Lake	
Ground Cover - Culvert; Refurbishment	8,195
Total for 2025	\$29,613
Replacement Year 2026	
Clubhouse	
Clubhouse - Concrete Walkways; Repairs/Replacement	896
Equipment - Picnic Table; Replacement	732

**Lushmeadows Mountain Estates
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2026 continued...</i>	
Mechanical - Swamp Cooler; Repairs/Replacement	3,827
Dawn Lake	
Ground Cover - Kids Area; Mulch Area	1,545
Equipment - Charcoal Barbecues; Replacement	1,801
Equipment - Bench; Replacement	1,519
Total for 2026	<u>\$10,320</u>
 Replacement Year 2027	
General	
Landscape - Tree Trimming	9,854
Clubhouse	
Clubhouse - Gravel Road; Refurbishment	5,973
Equipment - Kitchen Items; Replacement	2,058
Clubhouse - Paneling; Interior	1,699
Clubhouse - Remodel; Cabinetry & Fixtures	9,854
Total for 2027	<u>\$29,438</u>
 Replacement Year 2028	
Clubhouse	
Clubhouse - Painting; Interior	2,813
Total for 2028	<u>\$2,813</u>
 Replacement Year 2029	
Clubhouse	
Clubhouse - Painting; Exterior	17,155
Clubhouse - Siding; Repairs/Replacement	4,137
Mechanical - Water Heater; Replacement	1,845
Total for 2029	<u>\$23,137</u>
 Replacement Year 2030	
General	
Landscape - Tree Trimming	10,768
Signage - Development Entrance; Repairs/Replacement	2,154
Clubhouse	
Pump House - Repairs/Replacement	4,434

**Lushmeadows Mountain Estates
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2030 continued...</i>	
Clubhouse - Flooring; Carpeting	694
Lighting - Interior Fixtures; Replacement	4,662
Dawn Lake	
Ground Cover - Culvert; Refurbishment	9,501
Total for 2030	<u>\$32,212</u>
 Replacement Year 2031	
Dawn Lake	
Equipment - Kids Area; Swing Set	4,175
Equipment - Kids Area; Footbridge	1,957
Equipment - Kids Area; Play Structure	7,176
Total for 2031	<u>\$13,309</u>
 <i>No Replacement in 2032</i>	
 Replacement Year 2033	
General	
Landscape - Tree Trimming	11,766
Well Pump - Repairs/Replacement	7,267
Dawn Lake	
Ground Cover - Kids Area; Mulch Area	1,901
Total for 2033	<u>\$20,934</u>
 Replacement Year 2034	
Clubhouse	
Clubhouse - Gravel Road; Refurbishment	7,346
Total for 2034	<u>\$7,346</u>
 Replacement Year 2035	
General	
Signage - Message Center; Replacement	7,490
Clubhouse	
Clubhouse - Flooring; Vinyl	20,519
Dawn Lake	
Ground Cover - Culvert; Refurbishment	11,014

**Lushmeadows Mountain Estates
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2035 continued...</i>	
Mallard Lake	
Equipment - Bench; Replacement	2,203
Total for 2035	\$41,225
Replacement Year 2036	
General	
Landscape - Tree Trimming	12,857
Dawn Lake	
Pump House - Repairs/Replacement	1,513
Total for 2036	\$14,370
Replacement Year 2037	
Clubhouse	
Equipment - Kitchen Items; Replacement	2,765
Clubhouse - Furnishing; Replacement	3,895
Clubhouse - Restroom; Remodel	10,906
Total for 2037	\$17,566
Replacement Year 2038	
General	
Signage - Miscellaneous; Replacement	2,006
Total for 2038	\$2,006
Replacement Year 2039	
General	
Landscape - Tree Trimming	14,049
Clubhouse	
Clubhouse - Painting; Exterior	23,055
Clubhouse - Siding; Repairs/Replacement	5,560
Dawn Lake	
Restroom - Remodel	5,785
Total for 2039	\$48,449
Replacement Year 2040	
General	
Mechanical - Well Pump; Repairs/Replacement	27,665

**Lushmeadows Mountain Estates
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2040 continued...</i>	
Dawn Lake	
Ground Cover - Culvert; Refurbishment	12,768
Ground Cover - Kids Area; Mulch Area	2,337
Total for 2040	<u>\$42,770</u>
 Replacement Year 2041	
Clubhouse	
Clubhouse - Gravel Road; Refurbishment	9,035
Clubhouse - Concrete Walkways; Repairs/Replacement	1,396
Mallard Lake	
Vehicle Gate - Metal; Replacement	2,104
Total for 2041	<u>\$12,535</u>
 Replacement Year 2042	
General	
Landscape - Tree Trimming	15,352
Clubhouse	
Clubhouse - Paneling; Interior	2,647
Clubhouse - Remodel; Cabinetry & Fixtures	15,352
Clubhouse - Roofing; Comp. Shingle	16,177
Total for 2042	<u>\$49,529</u>
 Replacement Year 2043	
Clubhouse	
Clubhouse - Painting; Interior	4,383
Total for 2043	<u>\$4,383</u>
 Replacement Year 2044	
Dawn Lake	
Equipment - Picnic Table; Replacement	6,515
Total for 2044	<u>\$6,515</u>
 Replacement Year 2045	
General	
Landscape - Tree Trimming	16,775

**Lushmeadows Mountain Estates
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2045 continued...</i>	
Clubhouse	
Pump House - Repairs/Replacement	6,908
Lighting - Exterior Fixtures; Replacement	3,454
Dawn Lake	
Ground Cover - Culvert; Refurbishment	14,802
Total for 2045	<u>\$41,939</u>
 Replacement Year 2046	
Clubhouse	
Equipment - Picnic Table; Replacement	1,321
Mechanical - Swamp Cooler; Repairs/Replacement	6,911
Dawn Lake	
Equipment - Charcoal Barbecues; Replacement	3,252
Total for 2046	<u>\$11,485</u>
 Replacement Year 2047	
Clubhouse	
Equipment - Kitchen Items; Replacement	3,716
Dawn Lake	
Ground Cover - Kids Area; Mulch Area	2,875
Total for 2047	<u>\$6,591</u>
 Replacement Year 2048	
General	
Landscape - Tree Trimming	18,331
Well Pump - Repairs/Replacement	11,322
Clubhouse	
Clubhouse - Gravel Road; Refurbishment	11,112
Total for 2048	<u>\$40,765</u>
 Replacement Year 2049	
Clubhouse	
Clubhouse - Painting; Exterior	30,984
Clubhouse - Siding; Repairs/Replacement	7,473

**Lushmeadows Mountain Estates
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2049 continued...</i>	
Mechanical - Water Heater; Replacement	3,332
Clubhouse - Roofing; Raingutters & Downspouts	4,685
Dawn Lake	
Fencing - Chain Link; Repairs/Replacement	13,175
Total for 2049	<u>\$59,648</u>
 Replacement Year 2050	
General	
Septic Tank - Repairs/Replacement	3,661
Clubhouse	
Clubhouse - Flooring; Carpeting	1,254
Dawn Lake	
Ground Cover - Culvert; Refurbishment	17,159
Mallard Lake	
Equipment - Bench; Replacement	3,432
Total for 2050	<u>\$25,506</u>
 Replacement Year 2051	
General	
Landscape - Tree Trimming	20,031
Dawn Lake	
Pump House - Repairs/Replacement	2,357
Equipment - Kids Area; Swing Set	7,541
Total for 2051	<u>\$29,928</u>

**Lushmeadows Mountain Estates
Spread Sheet**

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
General										
Well Pump - Repairs/Replacement										
Landscape - Tree Trimming			9,018			9,854			10,768	
Mechanical - Well Pump; Repairs/Replacement				17,757						
Septic Tank - Repairs/Replacement				1,748						
Signage - Development Entrance; Repairs/Repla..									2,154	
Signage - Message Center; Replacement										
Signage - Miscellaneous; Replacement		1,287								
General Total:		1,287	9,018	19,505		9,854			12,921	
Clubhouse										
Clubhouse - Concrete Walkways; Repairs/Repla..					896					
Clubhouse - Gravel Road; Refurbishment						5,973				
Clubhouse - Roofing; Comp. Shingle										
Clubhouse - Roofing; Rain gutters & Downspouts										
Clubhouse - Painting; Exterior								17,155		
Clubhouse - Painting; Interior							2,813			
Clubhouse - Paneling; Interior						1,699				
Lighting - Interior Fixtures; Replacement									4,662	
Lighting - Exterior Fixtures; Replacement				1,912						
Clubhouse - Flooring; Carpeting									694	
Clubhouse - Flooring; Vinyl										
Clubhouse - Remodel; Cabinetry & Fixtures						9,854				
Clubhouse - Furnishing; Replacement	2,500									
Mechanical - Swamp Cooler; Repairs/Replacem..					3,827					
Mechanical - Water Heater; Replacement								1,845		
Equipment - Kitchen Items; Replacement						2,058				
Equipment - Picnic Table; Replacement					732					
Mechanical - Furnace; Repairs/Replacement		2,575								
Clubhouse - Restroom; Remodel	7,000									
Clubhouse - Siding; Repairs/Replacement								4,137		
Clubhouse - Main Lines; Repairs/Replacement	4,500									
Pump House - Repairs/Replacement									4,434	
Clubhouse Total:	14,000	2,575		1,912	5,454	19,584	2,813	23,137	9,790	

**Lushmeadows Mountain Estates
Spread Sheet**

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Dawn Lake										
Fencing - Chain Link; Repairs/Replacement										
Equipment - Charcoal Barbecues; Replacement					1,801					
Equipment - Bench; Replacement					1,519					
Equipment - Kids Area; Play Structure										7,176
Equipment - Picnic Table; Replacement										
Equipment - Kids Area; Swing Set										4,175
Equipment - Kids Area; Footbridge										1,957
Restroom - Remodel			3,713							
Ground Cover - Kids Area; Mulch Area					1,545					
Ground Cover - Culvert; Refurbishment				8,195					9,501	
Pump House - Repairs/Replacement										
Dawn Lake Total:			3,713	8,195	4,866				9,501	13,309
Mallard Lake										
Vehicle Gate - Metal; Replacement										
Equipment - Bench; Replacement										
Mallard Lake Total:										
Year Total:	14,000	3,862	12,731	29,613	10,320	29,438	2,813	23,137	32,212	13,309

**Lushmeadows Mountain Estates
Spread Sheet**

Description	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
General										
Well Pump - Repairs/Replacement		7,267								
Landscape - Tree Trimming		11,766			12,857			14,049		
Mechanical - Well Pump; Repairs/Replacement									27,665	
Septic Tank - Repairs/Replacement										
Signage - Development Entrance; Repairs/Repla..										
Signage - Message Center; Replacement				7,490						
Signage - Miscellaneous; Replacement							2,006			
General Total:		19,033		7,490	12,857		2,006	14,049	27,665	
Clubhouse										
Clubhouse - Concrete Walkways; Repairs/Repla..										1,396
Clubhouse - Gravel Road; Refurbishment			7,346							9,035
Clubhouse - Roofing; Comp. Shingle										
Clubhouse - Roofing; Rain gutters & Downspouts								23,055		
Clubhouse - Painting; Exterior										
Clubhouse - Painting; Interior										
Clubhouse - Paneling; Interior										
Lighting - Interior Fixtures; Replacement										
Lighting - Exterior Fixtures; Replacement										
Clubhouse - Flooring; Carpeting										
Clubhouse - Flooring; Vinyl				20,519						
Clubhouse - Remodel; Cabinetry & Fixtures										
Clubhouse - Furnishing; Replacement						3,895				
Mechanical - Swamp Cooler; Repairs/Replacem..										
Mechanical - Water Heater; Replacement										
Equipment - Kitchen Items; Replacement						2,765				
Equipment - Picnic Table; Replacement										
Mechanical - Furnace; Repairs/Replacement										
Clubhouse - Restroom; Remodel						10,906				
Clubhouse - Siding; Repairs/Replacement								5,560		
Clubhouse - Main Lines; Repairs/Replacement										
Pump House - Repairs/Replacement										
Clubhouse Total:			7,346	20,519		17,566		28,615		10,431

**Lushmeadows Mountain Estates
Spread Sheet**

Description	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Dawn Lake										
Fencing - Chain Link; Repairs/Replacement										
Equipment - Charcoal Barbecues; Replacement										
Equipment - Bench; Replacement										
Equipment - Kids Area; Play Structure										
Equipment - Picnic Table; Replacement										
Equipment - Kids Area; Swing Set										
Equipment - Kids Area; Footbridge										
Restroom - Remodel								5,785		
Ground Cover - Kids Area; Mulch Area		1,901							2,337	
Ground Cover - Culvert; Refurbishment				11,014					12,768	
Pump House - Repairs/Replacement						1,513				
Dawn Lake Total:		1,901		11,014		1,513		5,785	15,106	
Mallard Lake										
Vehicle Gate - Metal; Replacement										2,104
Equipment - Bench; Replacement				2,203						
Mallard Lake Total:				2,203						2,104
Year Total:		20,934	7,346	41,225	14,370	17,566	2,006	48,449	42,770	12,535

**Lushmeadows Mountain Estates
Spread Sheet**

Description	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
General										
Well Pump - Repairs/Replacement							11,322			
Landscape - Tree Trimming	15,352			16,775			18,331			20,031
Mechanical - Well Pump; Repairs/Replacement										
Septic Tank - Repairs/Replacement									3,661	
Signage - Development Entrance; Repairs/Repla..										
Signage - Message Center; Replacement										
Signage - Miscellaneous; Replacement										
General Total:	15,352			16,775			29,653		3,661	20,031
Clubhouse										
Clubhouse - Concrete Walkways; Repairs/Repla..										
Clubhouse - Gravel Road; Refurbishment							11,112			
Clubhouse - Roofing; Comp. Shingle	16,177									
Clubhouse - Roofing; Rain gutters & Downspouts								4,685		
Clubhouse - Painting; Exterior								30,984		
Clubhouse - Painting; Interior		4,383								
Clubhouse - Paneling; Interior	2,647									
Lighting - Interior Fixtures; Replacement										
Lighting - Exterior Fixtures; Replacement				3,454						
Clubhouse - Flooring; Carpeting									1,254	
Clubhouse - Flooring; Vinyl										
Clubhouse - Remodel; Cabinetry & Fixtures	15,352									
Clubhouse - Furnishing; Replacement										
Mechanical - Swamp Cooler; Repairs/Replacem..					6,911					
Mechanical - Water Heater; Replacement								3,332		
Equipment - Kitchen Items; Replacement						3,716				
Equipment - Picnic Table; Replacement					1,321					
Mechanical - Furnace; Repairs/Replacement										
Clubhouse - Restroom; Remodel										
Clubhouse - Siding; Repairs/Replacement								7,473		
Clubhouse - Main Lines; Repairs/Replacement										
Pump House - Repairs/Replacement				6,908						
Clubhouse Total:	34,177	4,383		10,361	8,233	3,716	11,112	46,473	1,254	

**Lushmeadows Mountain Estates
Spread Sheet**

Description	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Dawn Lake										
Fencing - Chain Link; Repairs/Replacement								13,175		
Equipment - Charcoal Barbecues; Replacement					3,252					
Equipment - Bench; Replacement										
Equipment - Kids Area; Play Structure										
Equipment - Picnic Table; Replacement			6,515							
Equipment - Kids Area; Swing Set										7,541
Equipment - Kids Area; Footbridge										
Restroom - Remodel										
Ground Cover - Kids Area; Mulch Area						2,875				
Ground Cover - Culvert; Refurbishment				14,802					17,159	
Pump House - Repairs/Replacement										2,357
Dawn Lake Total:			6,515	14,802	3,252	2,875		13,175	17,159	9,898
Mallard Lake										
Vehicle Gate - Metal; Replacement										
Equipment - Bench; Replacement									3,432	
Mallard Lake Total:									3,432	
Year Total:	49,529	4,383	6,515	41,939	11,485	6,591	40,765	59,648	25,506	29,928

Important Information

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of California Builder Services. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual, McGraw-Hill Professional, and the Operating Cost Manual by the California Bureau of Real Estate. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of building design, HOA Budget preparation, Public Report processing, and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

California Builder Services would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study. Collaboration with the customer and the Association is vital to the accuracy and effectiveness of this study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

Part III

Introduction

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a *physical analysis* and a *financial analysis*.

- **Physical Analysis:**

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement costs of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

This assessment does not include destructive testing, unless otherwise noted. Furthermore, field measurements are taken at the time of the site inspection along with review and measurement take-offs based on building and site plans, among others. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

Operational Expenses: Operational expenses are expenses that typically occur monthly or quarterly and sometimes annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next.

Reserve Expenses: Reserve Expenses are the major expenses that occur *other than annually*, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance.

Items not usually included in the Reserve Calculations:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

- **Financial Analysis**

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan." The Financial Analysis takes into account the balance of the reserve fund in cash or cash equivalents, investment yields, and inflation rate.

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

Funding Methods

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The **cash flow method** develops 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a “window” in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The **Threshold** and the **Current Assessment** funding models are based upon the cash flow method.

The **component method** develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Component Funding model is based upon the component methodology.

Funding Strategies

There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association’s need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below:

Full Funding--Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be “fully-funded.” This model is important in that it is a measure of the adequacy of an association’s reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

When an association’s total accumulated reserves for all components meet this criterion, its reserves are considered “fully-funded.”

The **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association’s current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

The **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual

component assessments, hence the name “Component Funding Model”. This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

Definitions

Annual Assessment Increase

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be greater than or equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year’s allocation less formidable.

Investment Yield Before Taxes

The average interest rate anticipated by the association based upon its current investment practices.

Projected Reserve Balance

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Total Monthly Allocation

The sum of the monthly assessment and interest contribution figures.

Group and Category

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

Estimated Useful Life

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards, and prior history, among other methods. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life

This calculation is completed internally based upon the report’s fiscal year date and the date the asset was placed-in-service.

Replacement Year

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Fixed Assessment

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

One-Time Replacement

Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared.

Future Replacement Cost

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Supplemental Disclosures

General

CBS has no other involvement(s) with the Association which could result in actual or perceived conflicts of interest.

California Builder Services Credentials

With over half a century of combined experience in working with the Bureau of Real Estate's investigators as well as new home design, California Builder Services has the experience to accurately and efficiently complete reserve studies on all types and sizes of developments. We are acutely experienced in the application and use of reserve studies, as we have created thousands of homeowner association budgets, all of which have been reviewed and approved by the Bureau of Real Estate's investigators.

This Reserve Study was prepared by, or under the direct supervision of, a Community Associations Institute credentialed Reserve Specialist.

Completeness

CBS has found no material issues which, if not disclosed, would cause a distortion of the association's situation.

Reliance on Client Data

Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by CBS.

Scope

This Reserve Study is a reflection of information provided to CBS and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reserve Balance

The actual or projected total presented in the Reserve Study is based upon information provided and was not audited.

Reserve Projects

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.