

4.00

30 YEAR RESERVE FUNDING PLAN

2017/18 Average unit per month reserve contribution *1 = \$.

2017/18 Total annual reserve contribution *1 = \$1

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 1ST 10 YEARS	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Projected Beginning Fund Balance *1	\$39,860	\$92,287	\$70,692	\$77,731	\$99,832	\$109,366	\$135,581	\$158,094	\$172,024	\$198,262
Contribution % increase over previous yr.	2500000.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Contribution avg. unit/month \$ increase	\$10.21	\$0.41	\$0.42	\$0.44	\$0.46	\$0.48	\$0.50	\$0.52	\$0.54	\$0.56
Contribution avg. per unit/month	\$10.21	\$10.62	\$11.05	\$11.49	\$11.95	\$12.43	\$12.92	\$13.44	\$13.98	\$14.54
Reserve Contribution - Annual	\$25,001	\$26,001	\$27,041	\$28,123	\$29,248	\$30,418	\$31,634	\$32,900	\$34,216	\$35,584
Does increase require membership vote?										
Proposed avg. special assess per unit	\$220.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Special Assessment - Loan	\$45,000									
Does special assessment require vote?	YES									
Income from other sources										
Total Reserve Fund Available	\$109,861	\$118,288	\$97,733	\$105,853	\$129,080	\$139,784	\$167,215	\$190,993	\$206,240	\$233,846
Projected Expenditures - inflated	-\$18,690	-\$48,451	-\$20,942	-\$7,228	-\$21,036	-\$5,843	-\$11,033	-\$21,049	-\$10,375	-\$6,576
Balance after expenditures	\$91,171	\$69,837	\$76,791	\$98,625	\$108,044	\$133,941	\$156,182	\$169,944	\$195,865	\$227,270
Interest on balance after tax	\$1,116	\$855	\$940	\$1,207	\$1,322	\$1,639	\$1,912	\$2,080	\$2,397	\$2,782
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	29.33%	23.17%	24.94%	30.07%	32.13%	37.25%	41.18%	43.49%	47.40%	51.60%
Projected Year Ending Balance *3	\$92,287	\$70,692	\$77,731	\$99,832	\$109,366	\$135,581	\$158,094	\$172,024	\$198,262	\$230,052

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 2ND 10 YEARS	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38
Projected Beginning Fund Balance *1	\$230,052	\$243,475	\$276,145	\$308,223	\$331,033	\$364,761	\$404,370	\$426,360	\$189,608	\$227,273
Contribution % increase over previous yr.	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Contribution avg. unit/month \$ increase	\$0.58	\$0.60	\$0.63	\$0.65	\$0.68	\$0.71	\$0.74	\$0.77	\$0.80	\$0.83
Contribution avg. per unit/month	\$15.12	\$15.72	\$16.35	\$17.01	\$17.69	\$18.39	\$19.13	\$19.89	\$20.69	\$21.52
Reserve Contribution - Annual	\$37,008	\$38,488	\$40,027	\$41,629	\$43,294	\$45,025	\$46,826	\$48,699	\$50,647	\$52,673
Does increase require membership vote?										
Proposed avg. special assess per unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Special Assessment - Loan										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$267,060	\$281,963	\$316,173	\$349,851	\$374,327	\$409,786	\$451,196	\$475,060	\$240,255	\$279,947
Projected Expenditures - inflated	-\$26,529	-\$9,157	-\$11,677	-\$22,821	-\$13,976	-\$10,306	-\$29,992	-\$287,744	-\$15,730	-\$30,011
Balance after expenditures	\$240,531	\$272,806	\$304,496	\$327,030	\$360,350	\$399,480	\$421,205	\$187,315	\$224,525	\$249,935
Interest on balance after tax	\$2,944	\$3,339	\$3,727	\$4,003	\$4,411	\$4,890	\$5,156	\$2,293	\$2,748	\$3,059
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	53.40%	57.10%	60.40%	62.71%	65.70%	68.83%	70.73%	50.71%	57.11%	61.70%
Projected Year Ending Balance *3	\$243,475	\$276,145	\$308,223	\$331,033	\$364,761	\$404,370	\$426,360	\$189,608	\$227,273	\$252,994

4.00

30 YEAR RESERVE FUNDING PLAN

* All future numbers are PROPOSED and/or PROJECTED.

DESCRIPTION - 3RD 10 YEARS	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48
Projected Beginning Fund Balance *1	\$252,994	\$296,569	\$348,377	\$345,106	\$398,489	\$451,384	\$491,438	\$547,445	\$119,344	\$153,408
Contribution % increase over previous yr.	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Contribution avg. unit/month \$ increase	\$0.86	\$0.90	\$0.93	\$0.97	\$1.01	\$1.05	\$1.09	\$1.13	\$1.18	\$1.23
Contribution avg. per unit/month	\$22.38	\$23.27	\$24.20	\$25.17	\$26.18	\$27.23	\$28.31	\$29.45	\$30.63	\$31.85
Reserve Contribution - Annual	\$54,780	\$56,971	\$59,250	\$61,620	\$64,085	\$66,649	\$69,315	\$72,087	\$74,971	\$77,969
Does increase require membership vote?										
Proposed avg. special assess per unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Special Assessment - Loan										
Does special assessment require vote?										
Income from other sources										
Total Reserve Fund Available	\$307,775	\$353,540	\$407,627	\$406,726	\$462,574	\$518,032	\$560,752	\$619,532	\$194,315	\$231,378
Projected Expenditures - inflated	-\$14,792	-\$9,376	-\$66,695	-\$13,055	-\$16,649	-\$32,537	-\$19,927	-\$501,631	-\$42,761	-\$11,877
Balance after expenditures	\$292,983	\$344,164	\$340,933	\$393,671	\$445,926	\$485,495	\$540,825	\$117,901	\$151,553	\$219,501
Interest on balance after tax	\$3,586	\$4,213	\$4,173	\$4,819	\$5,458	\$5,942	\$6,620	\$1,443	\$1,855	\$2,687
Minimum requested balance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent funded (if implemented) *2	67.75%	73.75%	75.95%	81.68%	86.82%	91.21%	95.83%	81.19%	100.00%	100.00%
Projected Year Ending Balance *3	\$296,569	\$348,377	\$345,106	\$398,489	\$451,384	\$491,438	\$547,445	\$119,344	\$153,408	\$222,187

***1. Current Year Financial Information**

The Association has provided current financial information including reserve account balance, total annual assessment amount and total annual reserve contribution. Reserve Analysis Consulting, L.L.C. assumes no responsibility for the accuracy of current or projected budget figures provided by others.

***2. Percent Funded**

The percent funded figure is calculated as defined by the Davis-Stirling Act, which states in 5570(b)(4) ((old 1365.2.5)) that the amount projected to be in reserves at a given time be divided by the amount "required to be fully funded" at that time. The amount required is defined in 5570(b)(4) ((old 1365.2.5)) 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." The data required to calculate this amount for the current year is located in Section 11.00, Percent Funded Calculation. The percent funding method of calculation for future years includes estimated interest earned in the projected reserve account balances, as well as an estimated inflation of costs in the amount "required." The final sentence in 5570(b)(4) ((old 1365.2.5)) states "**This shall not be construed to require the board to fund reserves in accordance with this calculation.**"

*** 3. Projected Year Ending Balance.**

The Davis-Stirling Act does not require a minimum funding level other than to say in 5550(b)(5) ((old 1365.5)) that the association "plans...to meet" its 30 year obligations of repair and replacement. Through the Reserve Study preparation process, the Association and its Management have reviewed the preliminary funding plan(s) and have approved the plan as shown here to be sufficient at this time.

General Notes:

- 1) The cash flow projections shown are based on current economic conditions. These projections are based upon future variables that cannot be controlled. Therefore, reliance on these projections beyond the first year of this study is not recommended. As required by the Davis-Stirling Act, we recommend the Association review its Reserve Fund accounts quarterly and cause the Reserve Study to be reviewed and adjustments integrated annually.
- 2) Additionally, California Civil Code § 5550 ((old 1365.5)) states in part, "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 which the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements."